

THE STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS

APPEAL From The South Carolina
Administrative Law Court
Sebastian Phillip Lenski, Administrative
LAW Judge

ADMINISTRATIVE LAW COURT
Docket # 25-AJ-0701-AP

APPELLATE CASE # 2026-000275

John Dale Taylor # 169451 APPELLANT,

South Carolina Department
of Corrections V,
Respondent,

Appellant's Initial Brief

John Dale Taylor # 169451
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STATEMENT OF ISSUES ON APPEAL

I- whether the ALC erred in dismissing the grievance because SCDC contracted around mandatory statutes?

II- whether the ALC erred by implicitly concluded that statutory can be waived by Private agreement?

III- whether the ALC erred by concluding that Past settlement agreement released the present claim?

IV- whether the ALC misapplied Property interest Jurisprudence?

V- whether the ALC Lacked

Authority to enforce SCDC's action of non-payment to Appellant's (Escrow) deposits?

STATEMENT OF THE CASE:

While incarcerated with the South Carolina Department of Corrections ("SCDC"), The Appellant John Dale Taylor ("Appellant") participated in a Prison Industry Enhancement Certification Program ("PIECP") October 16, 1995 to present day for various Private Industry sponsors.

On April 14, 2025 Appellant entered into a Private contract or settlement agreement with SCDC

settling a claim that he had made against for its failure to pay him the prevailing wage for work he performed under the former S.C. Code Ann. § 24-3-430 (D) (2007)

After Appellant's previous prevailing wage claim was settled on April 14, 2025 He filed a new and distinct grievance charging SCDC's unlawful disposition of wages after the settlement payment. Appellant's grievance was elevated to step 2 level of a grievance process which was denied September 30, 2025 There after on October 8, 2025 Appellant filed a notice of appeal with the South Carolina Administrative Law Court ("ALC"). On December 5, 2025, SCDC filed a motion to dismiss requesting the court to dismiss the Appellant's appeal, because on April 14, 2025

the parties settled any and all claims arising out of the Appellant's participation in the prison industries program, including any PIECP.

On December 15, 2025, the Appellant filed a response to SCDC motion to Dismiss arguing that state statute sets forth that 100% of his hourly wages automatically goes into a long-term or escrow account and SCDC lacks the authority to make deals or enter into separate contracts that are against the law.

On January 14, 2026 the ALC issued its order granting respondents motion to Dismiss stating "After reviewing the final release and settlement agreement signed by the

Appellant on April 14, 2025, the court agrees that by his signature, he released all claims regarding his P.I. wages consequently there is no state created liberty or property interest implicated in this matter and as such, the court concludes that summary dismissal is appropriate in this case". (emphasis added)

Therefore, and on January 28, 2026 the Appellant served a notice of appeal in connection with this case on SCDC and the clerk of ALC.

STANDARD OF REVIEW

Appellant review of the ALC's decisions is governed by S.C. code Ann. § 1-23-610 Pursuant to this

section, reversal is required where the decision is:

- (A) is violation of constitution or statutory provision;
- (B) in excess of the statutory authority of the agency;
- (C) made upon unlawful procedure;
- (D) affected by other error of law;
- (E) clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record; or
- (F) arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.

sc. code Ann. 1-23-610 (B)(a)-(F)

ARGUMENT

I- The ALL erred in Dismissing grievance: BECAUSE SCDC CANNOT CONTRACT AROUND MANDATORY STATUTE.

This APPEAL presents a fundamental question of legislative supremacy: MAY A STATE AGENCY nullify a mandatory statute through a "TAKE IT OR LEAVE IT" settlement agreement?

The South Carolina General Assembly has spoken clearly. South Carolina Code Ann. § 24-3-40 mandate how all wages earned in the PIECP must be distributed. Once gross wages are remitted to SCDC the statute requires specific deductions, including child support and long-term

savings, using unequivocal mandatory language. Yet SCDC drafted settlement agreement declaring that settlement wages were (not) "subject to statutory deductions" and that "no additional funds will be placed into long-term savings," (see: settlement agreement pg. 2) in doing so, SCDC attempted to do what no administrative agency may do: Override a Legislative command by contract. The ALC enforced that agreement and dismissed appellant grievance concluding that by signing the settlement relinquished any right to statutory distribution of his wages. (see: ALC January 14, 2026 order pg. 2) That ruling elevates private agreement above public

law, and conflicts with controlling South Carolina law that prohibits an agency from overriding a statute through private agreement. (see: Kiawah Development Partners II, V. S.C. Dept. Health and Environment Control, 411 S.C. 16, 766, S.E. 2d 707 (2014))

Additionally Appellant argued this issue in his, Appellant Answering motion to Respondant motion to dismiss, to the ALC, stating "SCDC lacks the Authority to make deals or enter into separate contracts that are against law. These contracts are voided. (see: Laird v. Nationwide Ins. Co., 243 S.C. 388, 398, 134 S.E. 2d 206 (1964)) (NO contract can override a positive

mandate of the law) "see: Appellant's December 15, 2025, Answer to the ALC". South Carolina Code Ann. § 24-3-40 mandates how all inmates wages earned in the PIECP must be disbursed. The statute uses mandatory language ("shall") and contains no exception for settlements. The South Carolina Supreme Court has already interpreted this statute in Torrence v. SCDC, 373 S.C. 586, 646, S.E. 2d 868 (May 7, 2007). The Court held: The statute governs the disposition of inmates wages in strict compliance with the statutory formula. Thus once wages are earned and remitted to SCDC by the

private industry sponsor, SCDC has a non-discretionary duty to distribute them according to § 24-3-40. Because the statutory scheme is mandatory SCDC lacked authority to enter a settlement purporting to eliminate statutory deduction. An Administrative Agency possesses only powers granted by statute. (Captains Quarters Motor Inn, Inc. v. South Carolina Coastal Council, 306 S.C. 488, 413 S.E. 2d 13 (December 16, 1991)) As a creature of statute an agency is possessed of only those powers expressly conferred or necessarily implied for it to effectively fulfill the duties with which it is charged).

(SCDC) acted outside of its statutory authority when it contracted a settlement agreement with Appellant omitting mandatory statutory deductions for his PIECP gross wages. Furthermore South Carolina courts consistently hold agencies cannot alter statutes by contract. Governmental entities cannot contract in violation of statute (see: Abbeville County School District v. State, 410 S.C. 619, 767 S.E. 2d 157 (2014); contracts contrary to statute is void. (see: McConnell v. Kitchens, 20 S.C. 430, 47 Am. Rep. 845 (March 1, 1884)).

Therefore, the settlement provisions stating funds were

not subject to statutory deductions is void as a matter of law, and the ALC erred in enforcing it.

II- STATUTORY WAGE RIGHTS CANNOT BE WAIVED BY PRIVATE AGREEMENT

On December 4, 2025, SCDC filed its Respondant's motion to Dismiss. Arguing "Appellant knowingly and voluntarily released any and all claims regarding his P.I. wages." "under the terms of Appellant's settlement agreement with SCDC Appellant is precluded from bringing any future claims... Airsing out of or in PIECP." Appellant knowingly and expressly agreed that

no additional funds will be disbursed to his long-term savings account," (see: SCDC's motion to Dismiss to the ACC Pg. 2). Appellant asserts that even assuming arguendo the settlement were valid, Appellant could not legally waive protections. Courts universally hold rights created to protect public policy cannot be privately waived. Additionally, the United States Supreme Court has repeatedly held statutory wage rights are non-waivable by private agreement because they protect not only the worker but also the statutory regime. This rule is well established (see: Brooklyn Savings Bank v. O'Neil, 324 US 697 (1945)). (FLSA wage rights cannot be waived by settlement)

“ To allow waiver of statutory wages by agreement would nullify the purpose of the act,” Barrentine v. Arkansas Best Freight System Inc., 450 US 728 (1981) - FLSA wage right cannot be abridged by contract or otherwise waived because this would “nullify the purpose” of the statute and thwart the legislative policies it was designed to effectuate.” The same reasoning applies directly here. PIECP wages are governed by federal-state statutory regime designed to prevent prison labor exploitation and protect dependants and reentry savings. Allowing waiver would defeat the legislative purpose. Thus, wage protections cannot be waived. (see; Evans v. Taylor Made

Sandwich Co, 337 S.C. 95, 522 S.E. 2d 350
(Ct. App. 1999)).

Furthermore the Torrence court held that SCDC must distribute wages pursuant to statute once received. (see: Torrence-supra.) The settlement therefore could not legally eliminate mandatory child support and long-term savings deductions. The ALC's reliance on the settlement agreement elevated a contract above a statute which constitute a reversible error under the provisions of S.C. code Ann § 1-23-610 (B)(A)-(F)

III - THE SETTLEMENT DID NOT RELEASE THE PRESENT CLAIM BECAUSE THIS

IS A NEW STATUTORY VIOLATION

On April 14, 2025, Appellant filed a step 1 grievance, asserting that SCDC was without authority to withhold long-term saving from his escrow account in accordance with S.C. Code Ann. § 24-3-40 (see: step 1 grievance). Appellant's step 1 grievance was elevated to the step 2 level of the grievance process on September 30, 2025, SCDC denied Appellant's grievance basing his denial on the grounds that Appellant has signed a settlement agreement releasing SCDC of its obligation to place funds as mandated by § 24-3-40 in Appellant's

escrow account. (see: step 2 grievance and step 2 grievance response.

The Appellant asserts that the grievance at issue is not a prevailing wage claim. It is a post payment statutory distribution claim. The prior dispute concerned underpayment of wages. This grievance concerns unlawful disposition of wages after payment. The moment SCDC paid funds that represent PIECP wages, the statutory distribution scheme in §24-3-40 was triggered, regardless of what the settlement said. A contract made in violation of a statute is void and unenforceable. (MASON V. MASON, 412 S.C. 28, 770 S.E. 2d 405 (March 4, 2015))

If § 24-3-40 mandates long-term escrow savings deductions from gross wages, then a settlement clause stating "NO ADDITIONAL funds will be placed into long-term savings" is void as against statute. Thus Appellant is not trying to rescind the settlement but instead only to invalidate the unlawful cause.

Furthermore if the Legislature mandated long-term savings deductions from gross wages, SCDC had no authority to bargain that away.

SCDC's settlement clause that "NO ADDITIONAL funds will be placed in long-term savings" must fail, IF IT CANNOT show the three following reasons:

- 1) That §24-3-40 is discretionary;
- 2) That long-term savings deductions are optional; and
- 3) That settlement funds are not "Gross Wages"

IV- THE ALC MISAPPLIED PROPERTY INTEREST JURISPRUDENCE

The ALC relied on Allen v. SCDL, 439 S.C. 164, 170-71, 886 S.E. 2d 671, 674 (2023) (see: January 14, 2026 order pg. 2 to conclude no protected interest existed. That was error because this case involves a mandatory statutory entitlement, not discretionary prison privileges. A protected property interest

exists were statutes mandate payment.
(see: Board of Regents v. Roth, 408 U.S.
564 (1972) - (Logan v. Zimmerman Brush
Co., 455 U.S. 422 (1982))).

Section §24-3-40 imposes
mandatory percentages that must
be deducted from inmates wages
earned through PIECP, including
10% to the inmates long-term or
Escrow Account. This statute
uses imperative language ("must") and
("shall") indicating these deductions
are non-discretionary. Thus, the use
of mandatory language, creates a
legitimate claim of entitlement - i.e.
property. Federal courts specifically
recognize prisoner wage interests when
governed by mandatory statute (see:

Young v. Wall, 642 F.3d 49 (1st Cir. 2011));
Tellis v. Godinez, 5 F.3d 1314 (9th Cir 1993)

The Washlefske courts recognize state law determines prisoner property rights. (see: Washlefske v. Winston, 234 F.3d 179 (4th Cir 2000) Likewise, South Carolina recognizes statutory entitlements as property. (see: Ross v. Medical University of South Carolina, 328 S.C. 51, 492 S.E. 2d 62 (1997)).

Because § 24-3-40 mandates deposit into long-term savings, Appellant possessed a protected property interest, and summary dismissal by the ALC was improper.

V- THE ALC WAS WITHOUT AUTHORITY TO ENFORCE SCDC ACTION OF NON-PAYMENT

TO APPELLANTS (ESCROW) DEPOSITS.

In the instant case, SCDC used an illegal and private agreement to deny Appellant of his entitlement to monies that lawfully were to be placed into his long-term savings (Escrow) account. An illegal contract is unenforceable. "The general rule is courts will not enforce a contract which is violative of public policy, statutory law, or provisions of the constitution (see: MASON, supra)

Clearly the ALC enforced a decision that SCDC refused to disburse any monies into Appellant's long-term savings account. The ALC's

Affirmation of SCDC denial of Appellant's grievance challenging the non-disposition of long-term savings rest on three legal errors:

- 1) Enforcing a contract that contradicts a statute
- 2) Treating statutory rights as waivable, and
- 3) Denying a protected property interest created by mandatory law.

The settlement provisions is void, the statutory duty remained, and Appellant stated a valid claim. Such a decision by the ALC constitute an abuse and unwarranted discretion, and thus warrants reversal under S.C. Code Ann. §1-23-610(B)(F).

CONCLUSION

Wherefore, Appellant pray that this Honorable court enter a judicial declaration that the general Assembly's legislative intentions regarding PIECP gross wages be disbursed in strict accordance with § 24-3-40 and SCDC be required to pay pursuant to the section and not omit any of these mandatory deductions through private settlements, and such settlements are unenforceable.

WHEREFORE, the Appellant pray that judgement be entered in favor of Appellant against SCDC as follows:

- 1) Order SCDC to disburse 10%

of the gross wages that SCDC
previously determined Appellant was
entitled to under S.C. code Ann. §
24-3-430(d) (2007); And
2) For any other relief as this
court deems proper and just.

Respectfully
submitted,
X John Taylor

Date: 3-2-26