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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM DORCHESTER COUNTY
Court of Common Pleas

Maite Murphy, Circuit Court Judge

Appellate Case No. 2025-001032

Steve Rickenbaker, ...Respondent,

v.

Oakbrook Healthcare, LLC
d/b/a Oakbrook Health and Rehabilitation Center, ...Appellant.

FINAL BRIEF OF RESPONDENT

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INTRODUCTION

At its core, this Appeal presents a narrow issue that this Court has conclusively determined on at least nineteen occasions in the recent past by the undersigned's last count: whether Appellant may bind a nonsignatory resident, or his estate, to an arbitration agreement when there is ambiguity as to whether the Appellant's arbitration agreement and separate facility admission agreement ever merged. In January of 2023 in a reported Opinion this Court analyzed the exact same admission and arbitration agreements that are now presented to the Court by Appellant and held that the subject agreements did not merge and that the personal representative of a resident's estate would not be precluded by estoppel from denying the validity of the arbitration agreement if it was not signed by the decedent or a properly authorized representative.[1] *Estate of Solesbee by Bayne v. Fundamental Clinical and Operational Servs., LLC*, 438 S.C. 638, 885 S.E.2d 144 (Ct. App. 2023).

The Court's, and the Supreme Court's, prior decisions have clearly set forth that in order for a healthcare facility to rely on estoppel doctrines to prevent a nonsignatory resident from arguing that he would not be bound by an arbitration agreement signed by a third party, the admission and arbitration agreements must avoid any ambiguity in their terms that would indicate an intention contrary to merger. If a healthcare facility purposefully muddies the water and makes such terms unclear, presumably so that it may conveniently argue, depending on the

[1] Despite this Court's numerous prior decisions regarding the exact same legal issues and exact same agreements, and the Supreme Court's decision not to grant certiorari to entertain Appellant's arguments nineteen times, Appellant and its related entities continue to appeal the issues unabated, with ten appeals currently pending before this Court.

circumstances, that the agreements are alternatively separate or merged, it has created an ambiguity that must be construed against the healthcare facility as the drafter of the documents. This exact scenario is presented by the subject agreements, and that is exactly why this Court has previously looked at these exact same agreements on numerous occasions and held that they do not merge, and that a resident (or his estate) as a nonsignatory of the agreements is not estopped from denying the arbitration agreement's validity. For these and the following reasons, the Circuit Court's Orders should be affirmed.

COUNTERSTATEMENT OF THE CASE

This action was commenced on August 9, 2021, by filing a Summons and Complaint in the Dorchester County Court of Common Pleas. (R. pp. 35-39). Respondent Steve Rickenbaker alleged a single cause of action for negligence against Appellant Oakbrook Healthcare, LLC d/b/a Oakbrook Health and Rehabilitation Center ("the Facility") as a result of the care and treatment provided to Rickenbaker while he was a resident at the Facility. (*Id.*). Rickenbaker properly complied with the Notice of Intent and affidavit requirements of S.C. Code Ann. §§ 15-79-125 and 15-36-100 prior to filing suit.[2] The Facility answered the Complaint on September 30, 2021, and denied all allegations pertaining to any liability for Rickenbaker's treatment while he was in the Facility's care. (R. pp. 40-45). The Facility raised as an affirmative defense the potential arbitrability of this action and reserved the right to file a motion to dismiss and compel arbitration. (R. p. 42).

[2] *Rickenbaker v. Oakbrook Healthcare, LLC et al.*, Case Number: 2021-NI-18-00006.

On November 15, 2021, the Facility filed a Motion to Compel Arbitration, arguing that a valid and binding arbitration agreement had been entered between the parties. (R. pp. 64-65). The Facility contended that the Federal Arbitration Act ("FAA"), as opposed to the South Carolina Uniform Arbitration Act, applied to the arbitration agreement.[3] (*Id.*). The Facility also requested that the Circuit Court stay all discovery, pretrial motions practice, and any requirements to file any responsive pleadings until its Motion could be resolved. (*Id.*).

The Facility's Motion was set for hearing by the Circuit Court on April 13, 2022. The Facility filed a supporting memorandum further arguing that the FAA governed the arbitration agreement, that arbitration agreements are favored and under state law are required to be placed on equal footing with all other contracts, that the arbitration agreement was not facially invalid or unconscionable, and that the Rickenbaker's negligence claim was within the scope of the arbitration agreement. (R. pp. 70-78). In the alternative, the Facility argued that even if the arbitration agreement was not valid, that the arbitration agreement and admission agreement merged such that it would be inequitable for Rickenbaker to be permitted to argue that the arbitration agreement was not valid. (R. pp. 84-100).

The Honorable R. Markley Dennis, Jr. denied the Facility's Motion in an Order filed May 11, 2022. (R. pp. 1-9). The Order finds that the Arbitration Agreement and

[3] The Circuit Court did not specifically find in its May 11, 2022, or April 3, 2025 Orders that the agreements involve or affect interstate commerce and are thus governed by the FAA. (R. pp. 1-9; R. pp. 23-31). Regardless, even if the FAA did govern the agreement, it does not give "the party seeking arbitration a leg up" in determining whether arbitration should be compelled. *Weaver v. Brookdale Senior Living, Inc.*, 431 S.C. 223, 229, 847 S.E.2d 268, 271 (Ct. App. 2020).

Admission Agreement did not merge and that equitable estoppel would not apply to preclude Rickenbaker's argument that the Arbitration Agreement was signed without authority. (R. pp. 1-9). The Facility filed a Motion for Reconsideration on May 20, 2022. (R. pp. 240-259.). Even though no discovery had been conducted in the case due to the pending Motions, the case was placed on the jury roster for March 13, 2023. Upon Rickenbaker's motion and with consent of the opposing parties, on February 7, 2023, the Circuit Court struck the case from the trial docket pursuant to Rule 40(j), SCRCP. (R. pp. 10-13). At that time, no order regarding the pending Motion for Reconsideration had been filed.

On December 18, 2023, the case was restored to the General Docket by consent of the parties. (R. pp. 14-16). On April 18, 2024 the Facility filed a second Motion to Compel Arbitration based on the same grounds as the first Motion, despite the fact that Judge Dennis had already filed an Order denying its previous Motion.[4] (R. pp. 265-266). On December 11, 2024, the Facility filed a third Motion to Compel Arbitration based on the same grounds as the first and second Motions. (R. pp. 267-268). The Motion was set for hearing by the Circuit Court on January 21, 2025. On January 21, 2025, the parties filed opposing memoranda with the Circuit Court making the same arguments that were previously made to Judge Dennis. (R. pp. 269-287; R. pp. 343-371).

[4] The second Motion was set for hearing on July 11, 2024, which the parties agreed to continue, but the request was not granted by the Circuit Court and the motion was not argued. By mistake, instead of denying the Motion without prejudice, on July 31, 2024 the Circuit Court filed an Order dismissing the entire action. (R. pp. 17-19). After Rickenbaker filed a motion to vacate the dismissal Order, the Circuit Court filed an Amended Order on November 26, 2024 denying the second Motion without prejudice. (R. pp. 20-22).

On April 3, 2025 the Circuit Court filed an Order denying the third Motion, based on the same reasoning as Judge Dennis's previous Order. (R. pp. 23-31). On April 14, 2025, the Facility filed a Motion for Reconsideration. (R. pp. 372-399.). The Circuit Court entered an Order on May 24, 2025 denying the Motion for Reconsideration. (R. pp. 32-34). The Facility appealed the Circuit Court's Orders on May 23, 2025. (R. pp. 403-405).

STANDARD OF REVIEW

An appeal from an order denying a motion to compel arbitration is subject to de novo review. *Solesbee*, 438 S.C. at 645, 885 S.E.2d at 147. "Whether an arbitration agreement may be enforced against a nonsignatory to the agreement is a matter subject to de novo review by an appellate court" with no presumption in favor of arbitration. *Wilson v. Willis*, 426 S.C. 326, 335, 337, 827 S.E.2d 167, 172-73 (2019). Under de novo review, a circuit court's underlying factual findings will not be reversed on appeal if any evidence reasonably supports those findings. *Weaver v. Brookdale Senior Living, Inc.*, 431 S.C. 223, 228, 847 S.E.2d 268, 271 (Ct. App. 2020).

ARGUMENT

The Circuit Court's April 3, 2025 and May 24, 2025 Orders should be affirmed by the Court because they do not contain any clear legal errors, and the factual conclusions of the Circuit Court are reasonably supported by the evidence in the record. Under this Court's prior rulings, the exact same arbitration agreement and admission agreement at issue have been found by this Court not to merge, and that a nonsignatory would not be precluded from denying the validity of the arbitration agreement. And since the Facility has not contested the Circuit Court's finding that

the signatory did not have authority to enter the arbitration agreement, either by way of the Adult Health Care Consent Act, a valid power of attorney, or common law agency principles, that finding is now the law of the case, and the Facility can only argue that the agreements merge such that Rickenbaker should have been estopped from opposing arbitration. *See Atlantic Coast Builders and Contractors, LLC v. Lewis*, 398 S.C. 323, 329, 730 S.E.2d 282, 285 (2012) ("[A]n unappealed ruling, right or wrong, is the law of the case."). For these and the following reasons, the Circuit Court's Orders denying the Facility's motions should be affirmed.

I. Statement of Facts.

On May 11, 2018, Steve Rickenbaker was admitted to Trident Medical Center after falling and fracturing his cervical spine and right knee. (R. p. 36). During his stay at Trident, his condition worsened and he developed hospital-associated delirium and an occipital scalp pressure ulcer. (R. p. 37). On June 18, 2018, Rickenbaker was admitted to the Facility after being discharged from Trident, where his occipital scalp pressure ulcer worsened and he sustained a deep tissue wound to his sacrum. (*Id.*). Eventually, the wound developed into a stage IV wound with bone exposure and required debridement and a wound vac. (*Id.*). Rickenbaker commenced this action on August 9, 2021, alleging negligence and gross negligence in his care and treatment while a resident at the Facility. (R. pp. 35-39).

Upon admission, the Facility's admission and arbitration agreements were signed by Ms. Faye Rickenbaker, Mr. Rickenbaker's wife. (R. pp. 66, 103-14). The Facility has not appealed and did not ask for reconsideration of the Circuit Court's

finding that there was no evidence of any actual or apparent agency relationship between Mr. Rickenbaker and Ms. Rickenbaker, it has not appealed and did not ask for reconsideration of the Circuit Court's finding that the Adult Health Care Consent Act did not grant authority to Ms. Rickenbaker to enter an arbitration agreement on behalf of Mr. Rickenbaker, and it has not appealed or asked for reconsideration of the Circuit Court's finding that Ms. Rickenbaker had no authority to execute the arbitration agreement, so these finding are the law of the case.[5]

Ms. Rickenbaker signed the Facility's arbitration agreement and admission agreement on August 6, 2010. (R. pp. 66, 103-14). The admission agreement contains provisions regarding the Facility's obligations, the resident's obligations, and a financial agreement, as well as provisions regarding the termination of the admission agreement, governing law, and an entirety of agreement provision. (*Id.*). The admission agreement has its own signature page, is separately entitled "Admission Agreement – South Carolina", and is separately paginated as pages one through 12. (*Id.*).

The arbitration agreement sets forth that all claims arising out of or relating to the Facility's admission agreement are to be resolved by arbitration and provides the governing law for the arbitration agreement. The arbitration agreement has its own separate signature page, is entitled "Facility – Resident/Representative Arbitration Agreement", and is paginated as "Page 1 of 1". (*Id.*). The Facility has

[5] The authority conveyed by a principal to an agent to make health care decisions or handle finances does not encompass executing an agreement to arbitrate. *Hodge v. UniHealth Post Acute Care of Bamberg, LLC*, 422 S.C. 544, 572, 813 S.E.2d 292, 307 (Ct. App. 2018).

acknowledged that the arbitration agreement is optional, and it contains no provision for medical, nursing, or health care services to be provided to residents, nor does it require any financial commitment to pay for such services. Since it is undisputed that Ms. Rickenbaker did not have authority to enter the arbitration agreement, the Court's analysis is confined to whether Mr. Rickenbaker should have been precluded from denying the validity of the arbitration agreement under a merger/estoppel theory.

II. The arbitration agreement and admission agreement did not merge because they are governed by separate bodies of law, the contract terms recognize them as separate documents, they have separate procedures for termination, they are separately paginated and have their own signature pages, and the arbitration agreement was optional and not a precondition to admission.

Because arbitration exists solely by agreement of the parties, a presumption against arbitration arises where the party resisting arbitration is a nonsignatory to the written agreement to arbitrate. *Wilson*, 426 S.C. at 337, 827 S.E.2d at 173. State law provides when an arbitration agreement may be enforced against a nonsignatory, and South Carolina permits a nonsignatory to be bound by an arbitration agreement under several theories: incorporation by reference, assumption, agency, veil piercing/alter ego, and estoppel. *Solesbee*, 438 S.C. at 647, 885 S.E.2d at 148. Only two of these theories were at play before the Circuit Court, and the Facility has declined to appeal any issues concerning agency. Therefore, the Facility may only prevail if it can show there is no evidence reasonably supporting the Circuit Court's finding that the Estate was not estopped from denying the validity of the arbitration agreement.

A nonsignatory may be estopped from denying the validity of an arbitration agreement when it receives a direct benefit from a contract containing an arbitration clause. *Solesbee*, 438 S.C. at 647, 885 S.E.2d at 148. It is undisputed in this case that the Facility's arbitration agreement was not a clause in its admission agreement, and Mr. Rickenbaker has not received any direct benefit from the arbitration agreement itself. The Facility thus argues that under a theory of merger, the arbitration agreement and the admission agreement became a unified contract once they were executed, and since Rickenbaker "benefited" from the terms of the admission agreement, he is precluded from denying the validity of the arbitration agreement. However, the language and formatting of the agreements serve as evidence that the two agreements were intended to be separate documents, and at minimum, create an ambiguity as to merger that must be construed against the Facility.

> In South Carolina, "[t]he 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.

Coleman v. Mariner Health Care, Inc., 407 S.C. 346, 355, 755 S.E.2d 450, 455 (2014) (emphasis added). Here, the terms of the agreements indicate an intent that the doctrine of merger would in some instances not apply to the agreements, and at minimum create an ambiguity as to merger. *See id.* at 355-56, 755 S.E.2d at 455 (stating that ambiguity as to merger must be construed against the drafter). The Facility makes an argument that there is a presumption of merger when documents are executed at the same time and for the same purpose, and that any ambiguity in

the documents demonstrative of the drafter's intent therefore cannot be construed against the drafter.[6] This makes little sense and misrepresents the language of *Coleman*, as the rule makes clear that there is an exception to any presumption of merger when *anything* exists which would indicate a contrary intention. Ambiguity in the documents as to whether they merge is clearly *something* which could indicate contrary intent and cautions against a finding of merger.

In determining whether a health care facility's admission and arbitration agreements merge, this Court has looked to the following factors: (1) whether the two agreements are governed by separate bodies of law, (2) whether the language of the agreements recognizes the two agreements as separate, (3) whether the agreements contain different terms regarding revocation and termination, (4) whether the agreements are separately paginated and have their own signature pages, and (5) whether both agreements are required for the execution of the other, or whether one agreement is optional. *Hodge*, 422 S.C. at 562-63, 813 S.E.2d at 302. This Court has previously analyzed the exact admission and arbitration agreements at issue here in *Solesbee* and found the agreements do not merge.

In *Solesbee*, the Court found that the admission agreement is governed by South Carolina law, while the arbitration agreement is governed by federal law. *Solesbee*, 438 S.C. at 648, 885 S.E.2d at 149. To be precise, the admission agreement is governed by "applicable Federal regulations" and South Carolina law. (R. p. 112). The arbitration agreement, on the other hand, purports to be governed by the FAA's

[6] To be clear, South Carolina law has never stated that there is any sort of evidentiary presumption of merger.

statutes and specifically not by South Carolina law.[7] (R. p. 66). Therefore, the two agreements are not governed by identical spheres of law: one is subject to state law and the federal code of regulations, while the other claims to be only subject to the statutes contained within the FAA.

Second, the Court has previously found that the language of the agreements recognizes that they are separate: "The Arbitration Agreement recognized the two documents were separate, stating the Arbitration Agreement 'shall survive any termination or breach of this Agreement or the Admission Agreement.'" *Solesbee*, 438 S.C. at 648-49, 885 S.E.2d at 149. This language mirrors that addressed in *Coleman* and *Thompson*, in which the Supreme Court and this Court found such language to be proof that an admission agreement was separate and did not merge with an arbitration agreement:

> The court then explained the evidence of the parties' intent to keep the two agreements separate by highlighting the admission agreement's recognition of the arbitration agreement as a separate document, i.e., "This Agreement, including all Exhibits hereto, and the Arbitration Agreement . . . ."

Thompson v. Pruitt Corp., 416 S.C. 43, 52, 784 S.E.2d 679, 685 (Ct. App. 2016).

The Facility argues that the admission agreement's "Entire Agreement" clause contains language indicating that the agreements merged, specifically the statement that "[t]he undersigned further acknowledges that he/she has received and read the

[7] The Facility argues that both agreements are broadly governed by South Carolina and federal law; however, the arbitration agreement specifically states it will only be enforced under the FAA. To the extent that the arbitration agreement provides that the arbitration *proceedings* will be governed by the South Carolina Alternate Dispute Resolution/Mediation Rules, these Rules are not substantive, only govern any ADR proceedings, and are irrelevant to the enforcement of the arbitration agreement and the Court's determination of merger.

Admission Handbook and other Admissions materials and understand that these documents are made a part of this Agreement by reference *herein*." (R. p. 114) (emphasis added). Problematically, there is no reference to the arbitration agreement anywhere within the entire admission agreement. Regardless, even if there was some reference to the arbitration agreement within the admission agreement, when viewed alongside the other details of the agreements, there remains an ambiguity as to merger that at best must be construed against the Facility.

The Facility wholly relies on dicta from prior decisions of this Court discussing that arbitration agreements can be part of admissions documentation to support that its arbitration agreement was an "Admissions material" that was incorporated into its admission agreement, but those decisions have no evidentiary value to this Appeal. Additionally, the "Entire Agreement" provision purports to incorporate the admissions materials by reference within the admission agreement itself, but nowhere within the admission agreement, including the "Entire Agreement" provision, does it ever refer to the arbitration agreement. In short, there is no admissible evidence that the arbitration agreement and admission agreement were executed at the same time, even if they were executed on the same date. The "Entire Agreement" provision creates at best an ambiguity as to merger when taken in context of the totality of the circumstances.

Third, the Court has found that the arbitration agreement contains no language indicating that it may be revoked or terminated, but the admission agreement provides that a resident may terminate the admission agreement at any

time. *Solesbee*, 438 S.C. at 649, 885 S.E.2d at 149. Fourth, the Court has found that the agreements at issue are separately paginated and have their own signature pages. *Id.* Since the arbitration and admission contracts have different pagination with different signature pages, and the arbitration contract is entitled "Arbitration Agreement" at the top of its first page, these factors further indicate the drafter's intent for the arbitration agreement to stand by itself as an independent contract, at least when it suits the Facility for it to do so. *See Thompson*, 416 S.C. at 53 n.1, 784 S.E.2d at 685 n.1 (noting that a separately labeled arbitration agreement indicates the drafter's intent for the agreement to stand by itself as an independent contract). Lastly, the Court has found that the arbitration agreement is optional and voluntary, while the admission agreement is required for admission. *Solesbee*, 438 S.C. at 649, 885 S.E.2d at 149. The Facility does not dispute in this case that the arbitration agreement is voluntary and optional.

In this case, the text of the agreements constitutes "actual evidence" and at minimum creates ambiguity as to whether the agreements merged. The Facility misconstrues that there is a legal presumption of merger, arguing that the above-discussed factors are not sufficient to overcome this presumption. However, the language of *Coleman* never states that there is a presumption of merger in the context of health care facility arbitration agreements, or that one interpretation as to merger or the other is favored in any way, and in fact the Court's precedents state that *there is a presumption against arbitration, and therefore merger, when an arbitration*

agreement is attempted to be enforced against a nonsignatory. *Wilson*, 426 S.C. at 337, 827 S.E.2d at 173.

Coleman dictates that the Court can assume merger only if the agreements were made at the same time, by the same parties, for the same purpose, and in the course of the same transaction, so long as there is no language or other indication within the agreements of a contrary intent. The fact that there is ample evidence that the agreements were drafted in such a manner that they could, if necessary, be construed as separate contracts only strengthens the Circuit Court's reasoning and cautions against a finding of merger. The language, pagination, and formatting of the admission agreement and arbitration agreement evince an intent for the agreements to be considered separately, presumably when such a position would work to the advantage of the Facility.

The Facility argues that this evidence is not "actual evidence", and that the Circuit Court's and this Court's former decisions were based on speculation. This begs the question of what else was the Circuit Court supposed to rely on to determine if there was an intent contrary to merger that could be gleaned from the agreements. Additionally, if the above-discussed evidence is not indicative of a contrary intent, and the Facility intended the documents to merge, then why hasn't it made the arbitration agreement a provision of the admission agreement, or merged the two documents with an explicit merger provision in the arbitration agreement? Why make separate documents to begin with? The answer to these questions is that for certain purposes not relevant to this Appeal, the Facility wants the agreements to be

separate. The language of the agreements purposefully creates an ambiguity that must be construed against the drafter and required the Circuit Court to find that in this instance there was no merger of the documents. This Court has repeatedly reached the same conclusion based on the same language and agreements. The Court should adhere to stare decisis and uphold *Solesbee* by affirming the Circuit Court's Order.

III. Even if the arbitration agreement and admission agreement did merge, Rickenbaker would not be estopped from denying the validity of the arbitration agreement.

Equitable estoppel is "a theory designed to prevent injustice, and it should be used sparingly." *Wilson*, 426 S.C. at 345, 827 S.E.2d at 177. Equitable estoppel is only available when the party seeking to invoke the doctrine "was misled to his injury". *Rodarte v. Univ. of S.C.*, 419 S.C. 592, 601, 799 S.E.2d 912, 916 (2017). Rickenbaker would have been estopped from denying the arbitration agreement's validity only if the Facility could have proven the elements of estoppel to the Circuit Court and demonstrated that Rickenbaker himself misled the Facility. The Facility failed to do so and cannot do so. The evidence is undisputed that Rickenbaker was suffering from hospital-associated delirium at the time of his admission to the Facility and did not possess legal capacity to make health care decisions. (R. p. 288-89).

A nonsignatory is estopped from refusing to comply with an arbitration clause "when [he] receives a direct benefit from a contract containing an arbitration clause." *Pearson v. Hilton Head Hosp.*, 400 S.C. 281, 290, 733 S.E.2d 597, 601 (Ct. App. 2012) (quoting *Int'l Paper Co. v. Schwabedissen Maschinen & Anlagen GMBH*, 206 F.3d

411, 416-17 (4th Cir. 2000)). The direct benefits test is frequently used to determine whether a theory of estoppel is applicable within the arbitration context. *Solesbee*, 438 S.C. at 647, 885 S.E.2d at 148. Here, the arbitration agreement is not a clause within the admission agreement, and the two agreements did not merge. However, even if the agreements did merge, the Facility cannot satisfy the remaining requirements of the direct benefits estoppel test.

Direct benefits estoppel precludes a nonsignatory from denying the validity of an arbitration *provision* of a contract if "(1) the nonsigner's claim arises from the contractual relationship, (2) the nonsigner has "exploited" other parts of the contract by reaping its benefits, *and (3) the claim relies solely on the contract terms to impose liability*. *Weaver*, 431 S.C. at 230, 847 S.E.2d at 272 (emphasis added). Thus, even if the arbitration agreement and admission agreement merged, the Facility would still have to demonstrate that Rickenbaker's tort claim relies solely on the terms of the admission agreement to impose liability in order to benefit from a direct benefits estoppel theory.

Rickenbaker has not asserted a breach of contract claim, or a violation of contractual duties, and instead has brought his lawsuit under a negligence theory arising from common law duties. *See Wilson*, 426 S.C. at 342, 827 S.E.2d at 176 (noting that a claim may rely on general principles of South Carolina law in addition to or to the exclusion of contractual rights). Rickenbaker does not claim that the Facility breached a contractual duty created by the admission agreement, but that it breached a duty owed by all healthcare practitioners, regardless of any contractual

agreements, not to negligently care for their patients. Any contractual duties between Rickenbaker and the Facility are irrelevant as to whether the Facility breached common law tort duties owed to him. Rickenbaker's claims rely on common law tort duties owed by the Facility to anyone in its care and not solely on any provision of the admission agreement and as such, the claims do not rely solely on the contract terms to impose liability, and he is not precluded by direct benefits estoppel from denying the validity of the arbitration agreement. *Weaver*, 431 S.C. at 232-33, 847 S.E.2d at 273-74.

Simply because the alleged conduct would not have arisen in the absence of the admission agreement (and Rickenbaker's admission to the Facility) does not mean that direct benefits estoppel is implicated.

> When a claim depends on the contract's existence *and cannot stand independently* – that is, the alleged liability "arises solely from the contract or must be determined by reference to it" – equity prevents a person from avoiding the arbitration clause that was part of that agreement. But "when the substance of the claim arises from general obligations imposed by state law, including statutes, torts, and other common law duties, or federal law," direct benefits estoppel is not implicated even if the claim refers to or relates to the contract *or would not have arisen "but for" the contract's existence*.

Wilson, 426 S.C. at 343, 827 S.E.2d at 176 (quoting *Jody James Farms, JV v. Altman Grp., Inc.*, 547 S.W.3d 624, 637 (Tex. 2018)). Therefore, just because Rickenbaker "benefited" from the admission agreement by receiving "every night's stay, every meal, every amenity/service provided, every instance of care/treatment" as argued by the Facility, it does not mean that his tort claims against the Facility depend on the agreement's existence. This lawsuit is predicated on the breach of common law duties

owed by the Facility to Rickenbaker and is justiciable even if there was never a valid admissions agreement to begin with.

The fact of the matter is that Rickenbaker ultimately did not benefit from being admitted because the Facility allegedly caused his injuries. *See Hodge*, 422 S.C. at 563, 813 S.E.2d at 302 ("However, because the Facility allegedly caused Mable's injuries that later led to her death, we find it difficult to find she benefited even from being admitted."). Rickenbaker does not ask the Circuit Court to enforce certain provisions of the admission agreement to his benefit while attempting to repudiate the arbitration agreement. Despite the Facility's contentions, the analysis does not stop and start with whether Rickenbaker received any "benefits" not directly related to the subject matter of this action from an admission agreement,

There are other requirements that must be met before direct benefits estoppel is implicated. Here, direct benefits estoppel is not applicable because Rickenbaker's claims derive from common law duties and are not solely derived from contractual obligations or a contractual provision. The Circuit Court also correctly found that since the documents did not merge Rickenbaker was not estopped from denying the arbitration agreement's validity. The Court should affirm the Circuit Court's finding that direct benefits estoppel is inapplicable under the facts of this case.[8]

[8] The Facility argues that the April 3, 2025 Order violates the FAA's equal footing principle by "charging the Facility with a heightened duty to determine the existence of Ms. Rickenbaker's authority that does not exist under South Carolina's general contract law." The Facility bases this argument on dicta from the Order stating that "Ms. Rickenbaker had no legal authority to sign the Arbitration Agreement, and Oakbrook knew or should have known this fact, as she did not present them with documentation demonstrating power of attorney or guardianship." (R. p. 26). To the contrary of the Facility's argument, this statement does not place any heightened duty on the Facility that is specific to the arbitration

IV. The Facility was not entitled to limited discovery on the issue of agency.

In the alternative, the Facility requested a stay of its motion to conduct limited discovery on the nature of Mr. Rickenbaker's agency relationship with Ms. Rickenbaker. Because Mr. Rickenbaker was undisputedly incapacitated at the time of his admission, he could not have made any representations of authority to the Facility or its employees, and there is no testimony he can now provide as to any such representations or authority. And any testimony that Ms. Rickenbaker could provide as to actual or apparent authority is not sufficient to establish authority. *See Hodge*, 422 S.C. at 579, 813 S.E.2d at 311 ("Moreover . . . even if Husband provided in a deposition he was Mable's agent, this alone would not be enough to prove agency."). "The law is clear in this state that statements made by an agent concerning the existence or extent of his authority are insufficient standing alone to establish agency." *Klippel v. Mid-Carolina Oil, Inc.*, 303 S.C. 127, 130, 399 S.E.2d 163, 165 (Ct. App. 1990).

Additionally, there is no evidence in the record that a general power of attorney or other instrument was ever recorded granting Ms. Rickenbaker authority to agree to arbitration on Mr. Rickenbaker's behalf or that Mr. Rickenbaker ever gave authority to Ms. Rickenbaker to waive any of his rights by some alternative method.

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context. Under South Carolina's equitable estoppel doctrine, the party seeking estoppel must demonstrate that it reasonably relied on the conduct of the party estopped and lacked the means of knowledge of the truth of the facts in question. *Strickland v. Strickland*, 375 S.C. 76, 84, 650 S.E.2d 465, 470 (2007). The dicta merely points out that the Facility had failed to adduce any evidence showing that it lacked as to or the means to determine whether Ms. Rickenbaker actually had authority to enter an arbitration agreement prior to having her sign the agreement on Mr. Rickenbaker's behalf, which would be relevant to an estoppel analysis regardless of context.

Since the Facility did not point out to the Circuit Court any evidence creating a factual dispute as to agency, any limited discovery on the issue of agency would have only prolonged the litigation, wasted judicial resources, and increased costs for both parties unnecessarily, and would not have been permissible under the FAA. *See Sanders v. Allenbrooke Nursing & Rehab. Ctr., LLC*, No. 2:20-cv-02001, 2020 U.S. Dist. LEXIS 170943, at *24 (W.D. Ten. Sep. 17, 2020) ("When there are genuine disputes of material fact about whether a valid arbitration agreement exists, courts sometimes allow limited discovery on those issues.").

Most importantly, the Facility's argument that the Circuit Court should have granted limited discovery has been mooted by its failure to preserve any arguments concerning agency. Because the Circuit Court's finding of no authority is now the law of the case, the Court cannot meaningfully reverse the Circuit Court's finding regarding limited discovery on the issue of agency. Regardless, it was well within the Circuit Court's discretion to deny any request for limited discovery, and the Facility has not pointed to anything in the record demonstrating that it should have been entitled to discovery, or that the Circuit Court committed legal error. The Circuit Court's Orders should be affirmed.

CONCLUSION

For the foregoing reasons, the Court should affirm the Circuit Court's Orders denying the Appellant's Motion to Compel Arbitration.

Respectfully submitted,

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March 24, 2026
Hampton, South Carolina

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM DORCHESTER COUNTY
Court of Common Pleas

Maite Murphy, Circuit Court Judge

Appellate Case No. 2025-001032

Steve Rickenbaker, ...Respondent,

v.

Oakbrook Healthcare, LLC
d/b/a Oakbrook Health and Rehabilitation Center, ...Appellant.

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that the Final Brief of Respondent complies with Rule 211(b), SCACR.

[SIGNATURE PAGE TO FOLLOW]

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