

IN THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

Carmen T. Mullen, Circuit Court Judge
Case No.: 2025-CP-10-02946

RECEIVED

MAY 04 2026

SC Court of Appeals

Appellate Case No. 2025-002543

Delores Walker.....Respondent,

v.

RE Carroll Management Company,
Harborstone LLC, and Harborstone Apartments.....Appellants.

RESPONDENT'S INITIAL BRIEF

Dominick J. Callela, Esq.
Jeffrey W. Ward, Jr., Esq.
Amy E. McLaren, Esq.
Miller, Dawson, Sigal & Ward, LLC
4969 Centre Pointe Dr., Suite 103B
North Charleston, SC 29418
Phone: (843) 284-7780
Attorneys for Respondent

TABLE OF CONTENTS

TABLE OF AUTHORITIES.....ii

STATEMENTS OF ISSUE ON APPEAL.....1

STATEMENT OF THE CASE.....1

STANDARD OF REVIEW.....2

ARGUMENT.....3

I. This Court should uphold the Circuit Court’s decision and find that the arbitration clause is invalid because the Lease does not involve interstate commerce, and therefore, the FAA does not govern the arbitration clause in the Lease.....3

 A. The FAA governs an arbitration provision only if the contract involves interstate commerce, and Appellants failed to meet the burden to prove the contract met this requirement.....3

 B. The Lease Agreement lacks a sufficient nexus to interstate commerce, because the parties agreed to and contemplated a contract that explicitly took place in South Carolina and thus, is invalid under the FAA.....5

 C. The Circuit Court properly rejected the consideration of Appellants’ Affidavit on its Motion to Reconsider, further evidencing Appellants’ failure to meet its burden of proof in establishing a sufficient nexus between the Lease Agreement and interstate commerce.....8

 D. The FAA cannot preempt South Carolina Code Ann. § 15-48-10 because the Circuit Court found the Lease Agreement does not involve interstate commerce, and therefore, the FAA does not apply and South Carolina law controls.....9

II. The Circuit Court properly held that the Lease Agreement was unconscionable because of the lack of Respondent’s meaningful choice and the one-sided, oppressive terms of the contract favor the Appellants.....10

CONCLUSION.....13

TABLE OF AUTHORITIES

Bradley v. Brentwood Homes, Inc.,
398 S.C. 447, 730 S.E.2d 312 (2012).....4

Damico v. Lennar Carolinas, LLC,
430 S.C. 188, 844 S.E.2d 66 (Ct. App. 2020).....4, 11

Dean v. Heritage Healthcare of Ridgeway, LLC,
408 S.C. 371, 759 S.E.2d 727 (2014).....3, 5

Elam v. S.C. Dep't of Transp.,
361 S.C. 9, 602 S.E.2d 772 (2004).....8

Gladden v. Boykin,
402 S.C. 140, 739 S.E.2d 882 (2013).....10

Hickman v. Hickman,
301 S.C. 455, 392 S.E.2d 481 (Ct. App. 1990).....8

Hicks Unlimited, Inc. v. Unifirst Corp.,
439 S.C. 632, 889 S.E.2d 568 (2023).....3, 4, 5, 6, 7

Lampo v. Amedisys Holding, LLC,
445 S.C. 305, 914 S.E.2d 139 (2025).....3, 5

Morgan v. Sundance, Inc.,
596 U.S. 411, 212 L.Ed 2d 753 (2022).....3

Munoz v. Green Tree Financial Corp.,
343 S.C. 531, 452 S.E.2d 360 (2001).....4, 11

Palmetto Constr. Grp. V. Restoration Specialists, LLC,
432 S.C. 633, 856 S.E.2d 150 (2021).....3

Simpson v. MSA of Myrtle Beach, Inc.,
373 S.C. 14,, 644 S.E.2d 663 (2007).....2, 10, 11

Smith v. D.R. Horton,
417 S.C. 42, 790 S.E.2d 1 (2016).....10, 11

Spreeuw v. Barker,
385 S.C. 68, 682 S.E.2d 843 (Ct. App. 2008).....8

State v. Hudgins,
319 S.C. 233, 460 S.E.2d 288 (1995), *cert. denied*, 516 U.S. 1096, 133 L. Ed. 2d 764
(1996).....8

Zabinski v. Bright Acres Assocs.,
346 S.C. 580, 553 S.E.2d 110 (2001).....2, 5

Statutes and Rules

Rule 59(e), SCRCP.....8, 9

S.C. Code Ann. § 15-48-10.....9, 10

9 U.S.C. § 2.....3

STATEMENT OF ISSUES ON APPEAL

- I. Did the circuit court err in denying Appellants' Motion to Dismiss and/or Compel Arbitration pursuant to Paragraph 42 of the Lease Agreement and the Federal Arbitration Act?

STATEMENT OF THE CASE

Respondent Delores Walker (hereinafter "Respondent") entered into a Lease Agreement with Appellant Harborstone, LLC d/b/a Harborstone Apartments (hereinafter "Appellant Harborstone Apartments") on November 21, 2022, for a lease term from January 25, 2023, to February 24, 2024. Lease Agreement, p.1. The Lease Agreement between Respondent and Appellant Harborstone Apartments contains an arbitration clause stating that all "Disputes" arising between Respondent and Appellant Harborstone Apartments will be resolved through arbitration pursuant to the Federal Arbitration Act ("FAA"). *Id.* at p.13; ¶ 42. On March 7, 2023, Respondent was disposing waste into the trash compactor, located in the common area of the apartment complex owned and operated by Appellant Harborstone Apartments, when the trash compactor door opened at a high rate of speed causing Respondent to suffer significant injuries to her fingers and hand. Compl. ¶ 16.

Respondent filed her lawsuit against Appellants in the Charleston County Court of Common Pleas on May 20, 2025. *See generally*, Compl. Appellants filed an Answer to Respondent's complaint on June 26, 2025. *See generally*, Answer. Appellants filed a Motion to Dismiss and/or Compel Arbitration (hereinafter "the Motion") on June 26, 2025. *See generally*, Appellants' Mot. to Dismiss and/or Compel Arbitration. Respondent submitted a Memorandum in Opposition of the Motion, and Appellants submitted a Memorandum in Support of the Motion. *See generally*, Appellants' Mem. in Support; Respondent's Mem. in Opp'n. The Circuit Court heard oral arguments for the Motion on September 11, 2025. After review of the memoranda and oral

arguments by parties, the Circuit Court requested Respondent's counsel submit a proposed order to the Court. *See* Mot. Tr. 17;1-6, September 11, 2025. The Court subsequently adopted the Order drafted by Respondent's counsel and denied the Motion to Dismiss and/or Compel Arbitration on October 24, 2025. *See* Order Denying App.'s Mot. to Dismiss and/or Compel Arbitration.

On October 30, 2025, Appellants filed a Motion to Reconsider, submitting for the first time an Affidavit signed by RE Carroll Management Company's General Counsel, Adam Spivey, on June 26, 2025. *See* Appellants' Mot. To Reconsider; *see also* Aff. of Associate General Counsel Adam Spivey. Following the hearing on November 24, 2025, the Circuit Court denied Appellants' Motion to Reconsider. *See* Order Denying Appellants' Mot. to Reconsider. Appellants subsequently filed a Notice of Appeal for this Court's consideration of the issue. *See* Not. of App.

STANDARD OF REVIEW

"Arbitrability determinations are subject to *de novo* review." *Simpson v. MSA of Myrtle Beach, Inc.*, 373 S.C. 14, 22, 644 S.E.2d 663, 667 (2007). Absent an agreement by the parties to the contrary, the question of arbitrability of a claim is an issue reserved for judicial determination. *Zabinski v. Bright Acres Assocs.*, 346 S.C. 580, 596, 553 S.E.2d 110, 118 (2001). "Nevertheless, a circuit court's factual findings will not be reversed on appeal if any evidence reasonably supports the findings." *Simpson*, 373 S.C. at 22, 644 S.E.2d at 667.

ARGUMENT

- I. This Court should uphold the Circuit Court’s decision and find that the arbitration clause is invalid because the Lease does not involve interstate commerce, and therefore, the FAA does not govern the arbitration clause in the Lease.**

South Carolina does not have a public policy in favor of arbitration. *Lampo v. Amedisys Holding, LLC*, 445 S.C. 305, 317, 914 S.E.2d 139, 146 (2025). The Supreme Court of South Carolina previously dispensed with this notion five years prior. *See Palmetto Constr. Grp. v. Restoration Specialists, LLC*, 432 S.C. 633, 639, 856 S.E.2d 150, 153 (2021). An arbitration contract is like any other contract and, if it exists, it will be enforced according to its terms. *See Morgan v. Sundance, Inc.*, 596 U.S. 411, 417-19, 1712-14, 212 L.Ed 2d 753, 759-60 (2022).

The Federal Arbitration Act (“FAA”) states that in order to enforce agreements to arbitrate under the FAA, the arbitration provision must involve “[a] written provision in any maritime transaction or a contract evidencing a transaction involving commerce to settle by arbitration a controversy thereafter arising out of such contract or transaction, or the refusal to perform the whole or any part thereof, or an agreement in writing to submit to arbitration an existing controversy arising out of such contract.” 9 U.S.C. § 2. To ascertain whether a transaction involves commerce within the meaning of the FAA, the court must examine the agreement, the complaint, and the surrounding facts. *See Hicks Unlimited, Inc. v. Unifirst Corp.*, 439 S.C. 632, 633, 889 S.E.2d 568, 569 (2023) (citing *Dean v. Heritage Healthcare of Ridgeway, LLC*, 408 S.C. 371, 380, 759 S.E.2d 727, 732 (2014)).

- A. The FAA governs an arbitration provision only if the contract involves interstate commerce, and Appellants failed to meet the burden to prove the contract met this requirement.**

The Lease between Appellants and Respondent included an arbitration provision on page 13, Paragraph 42, stating “all claims, demands, disputes, actions for damages, or other causes of

action, whether in contract, tort, statutory or other law, ('Disputes') that in any way (i) arise out of and relate to this Lease, or (ii) arise out of and relate to the relationship of the Landlord and Resident created by this Lease...will be resolved by binding arbitration conducted pursuant to the Federal Arbitration Act and will enforceable pursuant to the Federal Arbitration Act." Lease Agreement ¶ 42. "To the extent that the laws of any state, including the laws of the State of South Carolina, conflict with the enforcement of this arbitration provision, the Federal Arbitration Act will control." *Id.*

The Supreme Court of South Carolina in its recent *Hicks Unlimited* opinion made it clear that "[a] provision in an arbitration agreement declaring that the FAA applies is not a '*fait accompli*.'" 439 S.C. at 630, 889 S.E.2d at 567. "Just as the parties may not prove the requisite connection by agreeing their transaction or relationship 'contemplates' interstate commerce, *they may not make the connection by declaring or contemplating the FAA will govern.*" *Hicks Unlimited*, 439 S.C. at 632, 889 S.E.2d at 568 (emphasis added). The *Hicks Unlimited* opinion further clarified that the reliance on the Supreme Court's prior opinions in *Munoz v. Green Tree Fin. Corp.* and *Damico v. Lennar Carolinas, LLC*, "allow[ing] parties to agree the FAA preempts South Carolina law without an accompanying demonstration the contract involves interstate commerce," are misplaced and the analysis must start with finding the contract involves interstate commerce. *Id.* (referencing *Munoz v. Green Tree Financial Corp.*, 343 S.C. 531, 542, S.E.2d 360 (2001); *Damico v. Lennar Carolinas, LLC*, 430 S.C. 188, 844 S.E.2d 66 (Ct. App. 2020)). The party claiming the FAA preempts state law bears the burden of proving the contract involves interstate commerce. *Hicks Unlimited*, 439 S.C. at 633, 889 S.E.2d at 569 (citing *Bradley v. Brentwood Homes, Inc.*, 398 S.C. 447, 458, 730 S.E.2d 312, 317-18 (2012)).

The language of the arbitration provision in the Lease Agreement states that the FAA controls and preempts the laws of South Carolina. Appellants continue to contend that by simply invoking the language of the FAA in a contract without more support qualifies an arbitration provision to become enforceable. The provision merely declares the FAA governs but does not offer any other description of the FAA's control. As stated in *Lampo*, South Carolina does not have any public policy favoring arbitration and, as stated in *Hicks Unlimited*, simply invoking the language of the FAA does not create an obligation that all adhesion contracts containing FAA language are subject to precedent in favor of the Appellants. This argument from the Appellants, that one party of a contract expressly stating the FAA language affords a broad construction, so much so that it bars the lower court from its duty to analyze and consider the purposes of a contract, is unfounded. The Circuit Court's conclusion that the Lease Agreement does not implicate interstate commerce was a result of the Circuit Court's review of the surrounding facts of the contract and relevant case law and is consistent with binding precedent.

B. The Lease Agreement lacks a sufficient nexus to interstate commerce because the parties agreed to and contemplated a contract that explicitly took place in South Carolina and thus, is invalid under the FAA.

To ascertain whether a transaction involves commerce within the meaning of the FAA, the court must examine the agreement, the complaint, and the surrounding facts. *See Hicks Unlimited*, 439 S.C. at 633, 889 S.E.2d at 569 (citing *Dean v. Heritage Healthcare of Ridgeway, LLC*, 408 S.C. 371, 380, 759 S.E.2d 727, 732 (2014)). "The inquiry is fact dependent and focuses on what the specific contract terms require for performance." *Hicks Unlimited*, 439 S.C. at 633, 889 S.E.2d at 569. The United States Supreme Court and the South Carolina Supreme Court have relied on affidavits when determining whether a transaction involves interstate commerce. *Zabinski v. Bright Acres Associates*, 346 S.C. 580, 592, 553 S.E.2d 110, 117 (2001).

The Court in *Hicks Unlimited* analyzed a contract between a Massachusetts corporation and a South Carolina corporation to provide fire retardant overalls. The contract was entered into in South Carolina, titled “Flame Retardant Garment Agreement,” and the delivery of the overalls always occurred between the Greenville and Anderson County locations. *See Hicks Unlimited, Inc. v. Unifirst Corp.*, No. 2017-CP-01932 (Order 10th Cir. Ct. S.C., Jan. 09, 2018). “The contract is devoid of basis for holding that the transaction *between the parties involved or implicated* interstate commerce.” *Id* at p. 2 (emphasis added).

Here, the Circuit Court analyzed the Lease Agreement between the Respondent and Appellants in the same manner as the South Carolina Supreme Court in *Hicks Unlimited*. The Lease Agreement agreed upon between Respondent and Appellant Harborstone Apartments is titled “Apartment Lease – South Carolina.” *See* Lease Agreement p.1. Respondent was to lease and rent from Appellant Harborstone Apartments, an apartment located at address 3826 Ladson Road, Apartment 1202, Ladson South Carolina 29456. *Id*. Appellant RE Carroll Management Company is a North Carolina corporation, authorized to do business in the County of Charleston, State of South Carolina. Appellant RE Carroll Management Company manages and maintains Harborstone Apartments in Charleston County, South Carolina. While Appellants attempt to make a connection that their dealings across state lines and engagement with third parties amount to dealings of interstate commerce, Appellants failed to point to a single example of how Respondent and Appellant Harborstone Apartment’s Lease Agreement specifically involved or implicated interstate commerce. Additionally, the Lease Agreement does not create any obligation between Respondent and the third parties contemplated by Appellants. The obligations between Appellant Harborstone Apartments and Respondent arose out of the contractual relationship, solely regarding the Harborstone premises, located in Charleston County, South Carolina. *See* Lease Agreement.

Respondent is a South Carolina resident, the apartment was furnished and maintained in South Carolina, and Respondent sustained her injuries while disposing her trash into a trash compactor owned and maintained by Appellant Harborstone Apartments in Charleston County, South Carolina. *See* Compl. ¶¶ 1, 3, 10, 16; *see* Lease Agreement.

The Circuit Court found that the contract was devoid of any basis of fact for holding that the Lease Agreement between these parties involved or implicated interstate commerce. Appellants contend the Circuit Court adopted the written Order by relying on “post-hearing findings” and “legal analysis conclusions that were neither articulated nor contemplated by the Circuit Court during oral arguments” on September 11, 2025. Appellants’ Br. at 3. However, this is a misguided assumption by Appellants. Relying on relevant case law, Respondents identified an almost identical nexus between the *Hicks Unlimited* case and the case at hand. Respondent’s reliance on the relevant case law, the congruence of the surrounding facts, and Lease Agreement at bar were fully articulated and heard by the Circuit Court during the September 11, 2025, hearing. *See* Mot. Tr., Sep. 11, 2025. Appellants were presented an opportunity to rebut during the September 11, 2025, hearing, however, Appellants’ rebuttal restated their position that the FAA controls the Lease Agreements through declarations of FAA language in Paragraph 42 of the Lease Agreement. *See* Mot. Tr., 13:17-22, Sep.11, 2025. The Circuit Court adopted the written Order verbatim because of its agreement with the Respondent’s argument. *See* Order Denying App.’s Mot. to Dismiss and/or Compel Arbitration. Although the Appellants argue that the Circuit Court’s reliance was on “post-hearing findings,” the Appellants fail to mention that the entirety of their evidence indicating any mention of the Lease involving interstate commerce was improperly submitted post-hearing. Without a finding that the contract involves interstate commerce, there was no basis for the Circuit

Court to rule that the FAA governs the arbitration provision, and the Circuit Court correctly held that the provision was invalid and unenforceable.

C. The Circuit Court properly rejected the consideration of Appellants' Affidavit on its Motion to Reconsider further evidencing of Appellants' failure to meet its burden of proof in establishing a sufficient nexus between the Lease Agreement and interstate commerce.

“Issues not raised in the trial court will not be considered on appeal. *State v. Hudgins*, 319 S.C. 233, 460 S.E.2d 288 (1995), *cert. denied*, 516 U.S. 1096, 133 L. Ed. 2d 764 (1996). “The United States Supreme Court explicitly has described a motion under federal Rule 59(e) as one which ‘involves reconsideration of matters properly encompassed in a decision on the merits.’” *Elam v. S.C. Dep’t of Transp.*, 361 S.C. 9, 22, 602 S.E.2d 772, 779 (2004) (quoting *Osternick v. Ernst & Whinney*, 489 U.S. 169, 174 (1989)). “Issues and arguments are preserved for appellate review only when they are raised to and ruled on by the [circuit] court.” *Spreeuw v. Barker*, 385 S.C. 68, 69, 682 S.E.2d 843, 855 (Ct. App. 2008). “A party cannot use Rule 59(e) to present to the court an issue the party could have raised prior to judgment but did not.” *Hickman v. Hickman*, 301 S.C. 455, 456, 392 S.E.2d 481, 482 (Ct. App. 1990).

In response to the Circuit Court’s decision denying the Appellants’ Motion to Dismiss and/or Compel Arbitration, the Appellants filed a Motion to Reconsider. Attached as an exhibit to that Motion to Reconsider was an Affidavit of Associate General Counsel Adam Spivey (hereinafter “the Affidavit”), which was executed by General Counsel, Adam Spivey, for Appellant RE Carroll Management Company. Appellants improperly assert that their Rule 59(e) Motion sought to “supplement the record with evidence”; however, Appellant is confusing supplementation with an attempt to introduce new evidence that was readily available at the time of Appellants’ first filing - Answer to the Summons and Complaint on June 26, 2025. The June 26, 2025, notarization date on the Affidavit is further evidence that this information and the exact

Affidavit was readily available at the time of filing the Answer. *See generally*, Aff. of Associate General Counsel Adam Spivey. Appellants contend that the Circuit Court “relied on post-hearing findings and warrant no deference”; however, as Appellants attempted to misuse the Rule 59(e) vehicle for reconsideration to introduce evidence for initial consideration, Appellants are now also misusing this Court for the same reason.

Appellants attempted the same maneuver in a prior case involving this same Lease Agreement, the same Appellants, and the same trash compactor that caused the injuries to Respondent. This Court ruled on March 3, 2026, that the Lease Agreement in that case was properly not considered by the Circuit Court. While Appellants did submit and attach the full Lease Agreement in their filings with the Circuit Court in this case, they failed to include the Affidavit prior to the Rule 59(e) Motion to Reconsider; and therefore, the Circuit Court correctly did not consider the Affidavit.

D. The FAA cannot preempt South Carolina Code Ann. § 15-48-10 because the Circuit Court found the Lease Agreement does not involve interstate commerce, and therefore, the FAA does not apply and South Carolina law controls.

With or without consideration of the Affidavit, Appellants failed to provide any meaningful evidence to the Circuit Court to establish a nexus between the Lease Agreement and interstate commerce, other than the invocation of the FAA language, which the Circuit Court properly analyzed to be insufficient. Respondent agrees with the Appellants that the Circuit Court should not have relied on determinations neither articulated nor contemplated at the September 11, 2025, hearing. Appellants’ Br. at 3. However, that principle condemns Appellants’ own conduct. Appellants’ improper and untimely submission of the Affidavit was their sole attempt to establish a nexus between interstate commerce and the Lease Agreement, and it is precisely the type of post hoc assertion they now claim is impermissible. Relying on guidance of the South Carolina

Supreme Court in *Hicks Unlimited*, the Circuit Court analyzed and properly ruled that the Lease Agreement did not involve nor implicate interstate commerce, and therefore, the FAA does not govern the arbitration provision.

Appellants improperly insist that the Circuit Court relied on S.C. Code Ann. § 15-48-10 to defeat enforcement of an arbitration agreement governed by the FAA; however, without a finding that the contract involves interstate commerce, there is no basis to hold that the FAA governs the arbitration provision and therefore, does not preempt the South Carolina Arbitration Act notice requirement in S.C. Code Ann. § 15-48-10(a) (2005). The initial page of the contract is silent regarding the Lease being subject to arbitration and fails to meet the notice requirement in S.C. Code Ann. § 15-48-10(a) (2005). Therefore, the Circuit Court was correct in finding that the arbitration provision is invalid and unenforceable.

II. The Circuit Court properly held that the Lease Agreement was unconscionable because of the lack of Respondent's meaningful choice and the one-sided, oppressive terms of the contract favor the Appellants.

“In conducting an unconscionability inquiry, courts may only consider the provisions of the arbitration agreement itself, and not those of the whole contract.” *Smith v. D.R. Horton*, 417 S.C. 42, 48, 790 S.E.2d 1, 4, (2016). Unconscionability, as it pertains to a contractual arbitration clause, is defined as “the absence of meaningful choice on the part of one party due to one-sided contract provisions, together with terms that are so oppressive that no reasonable person would make them, and no fair and honest person would accept them.” *Simpson v. MSA of Myrtle Beach, Inc.*, 373 S.C. 14, 25, 644 S.E.2d 663, 669 (2007). Whether one party lacks meaningful choice in entering the arbitration agreement at issue typically speaks to the fundamental fairness of the bargaining process.” *Gladden v. Boykin*, 402 S.C. 140, 148, 739 S.E.2d 882, 886 (2013). In determining whether an arbitration clause is unconscionable, South Carolina courts consider both

the absence of meaningful choice and whether the clause contains oppressive, one-sided terms. *Simpson*, 373 S.C. at 25, 644 S.E.2d at 669.

Predictably, arbitration clauses are often found in contracts of adhesion. An adhesion contract is a standard form contract offered on a “take-it-or-leave-it” basis with terms that are not negotiable. *Munoz v. Green Tree Fin. Corp.*, 343 S.C. 531, 541, 542 S.E.2d 360, 365 (2001). And while an arbitration clause in an adhesion contract is not *per se* unconscionable, it is a strong indication that there is lack of meaningful choice in negotiating the terms of the contract and is met with “considerable skepticism” by courts. *Simpson*, 373 S.C. at 25, 644 S.E. 2d at 669. The South Carolina Supreme Court in *Simpson* held this position particularly in analysis of adhesion contracts involving a consumer or weaker party and a retailer, due to the disparity in bargaining positions of the parties. *Id.* at 26.

The South Carolina Supreme Court in *Smith v. D.R. Horton*, adopted the *Simpson* analysis to determine if a meaningful choice to arbitrate was made by considering (1) the relative disparity in the parties’ bargaining power, (2) the parties’ relative sophistication, (3) whether the parties were represented by counsel, and (4) whether the plaintiff is a substantial business concern. 417 S.C. at 49, 790 S.E.2d at 4 (quoting *Simpson*, 373 S.C. at 25, 644 S.E.2d at 669). Courts will also consider the inconspicuous nature of the arbitration provision in light of its consequences. *Simpson*, 373 S.C. at 27, 644 S.E.2d at 663. In determining whether an arbitration clause is unconscionable and therefore unenforceable, South Carolina courts will also consider whether the contract contains oppressive and one-sided terms. *See Simpson*, 373 S.C. at 27, 644 S.E.2d at 670. The court in *Damico v. Lennar Carolinas, LLC* stated “*adhesive contracts are not unconscionable in and of themselves so long as the terms are even-handed.*” 437 S.C. 596, 614, 879 S.E.2d 746, 756 (2022) (emphasis in the original).

The Circuit Court agreed that the Lease Agreement between the Respondent and Appellant Harborstone Apartments is clearly an adhesion contract. *See* Order Denying App.'s Mot. to Dismiss and/or Compel Arbitration. Taking into consideration the elements of unconscionability laid out by the South Carolina Supreme Court, the Circuit Court analyzed the surrounding facts of the Lease Agreement's arbitration provision. *Id.* at 6-7. The arbitration provision was not negotiable on the Respondent's behalf and was presented to her on a "take-it-or-leave-it" basis. *Id.* at 6. There is no bargaining power to the terms of the Lease agreement on the Respondent's behalf. There is a clear distinction in the sophistication of the parties. Appellants manage multiple apartment complexes across South Carolina and regularly conduct property lease transactions and other real property transactions. *Id.* Respondent is a 55-year-old woman, with a high school level education, and had no other formal knowledge of business transactions or contracts. *Id.* at 6-7. Even if the Respondent held any form of bargaining power to the provisions of the Lease Agreement, she would lack the business judgment to understand the effect of the arbitration provision. Respondent lacked assistance from counsel when signing and entering into the Lease agreement. The Lease Agreement was delivered via electronic mail and was electronically signed by Respondent. *Id.* at 7; Mot. Tr. 10:22-25. Respondent is a party to a singular Lease Agreement with Appellant Harborstone and rented a single unit in the Harborstone Apartment complex. Appellant RE Carroll Management Company is a multi-million-dollar corporation, does business across the State of South Carolina, and is a party to numerous leasing agreements. Respondent would hardly be considered a substantial business concern to a multi-state corporation such as RE Carroll Management Company.

The arbitration provision contains several oppressive and one-sided terms including the inability to participate in a class action or any proceeding where someone acts in a representative

capacity, limitations on the award of attorneys' fees, and language limiting the Defendants' liabilities. *See* Lease Agreement ¶ 42. Lastly, the arbitration provision is found in Paragraph 42 of the 13-page Lease Agreement and is written in the same font and format as all other Paragraphs. *See* Lease Agreement, p.13; ¶ 42. Other than the parties' initials below the paragraph, there are no other conspicuous aspects that would alert Plaintiff to the significance of the arbitration provision. *See id.*

As the subject Lease Agreement is a contract of adhesion, the Circuit Court properly determined the Respondent lacked meaningful choice and could not negotiate its terms, and that the arbitration clause contains several oppressive and one-sided terms. For these reasons, the arbitration clause of the Lease Agreement was found unconscionable and thus, unenforceable.

CONCLUSION

For the foregoing reasons, the Circuit Court correctly determined that the arbitration clause is invalid and unenforceable under the FAA because the Lease Agreement does not contemplate or involve interstate commerce. The Circuit Court also held that the Lease Agreement was unconscionable because of the lack of Respondent's meaningful choice and the one-sided oppressive terms of the contract in favor of the Appellants. Respondent respectfully requests that this Court affirm the Circuit Court's decision.

[SIGNATURE PAGE TO FOLLOW]

MILLER, DAWSON, SIGAL & WARD, LLC

By: s/ Dominick J. Callela, Esq.
Dominick J. Callela, Esq. (SC Bar No.: 105727)
Jeffrey W. Ward, Jr., Esq. (SC Bar No.: 102399)
Amy E. McLaren, Esq. (SC Bar No.: 101308)
4969 Centre Pointe Drive, Suite 103B
North Charleston, SC 29418
P: 843-284-7780
F: 843-284-9118
E: dominick@mdswlegal.com
E: ward@mdswlegal.com
Attorneys for Plaintiff

North Charleston, SC
April 27, 2026.

IN THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

Carmen T. Mullen, Circuit Court Judge
Case No.: 2025-CP-10-02946

RECEIVED
MAY 04 2026
SC Court of Appeals

Appellate Case No. 2025-002543

Delores Walker.....Respondent,

v.

RE Carroll Management Company,
Harborstone LLC, and Harborstone Apartments.....Appellants.

PROOF OF SERVICE

I certify that I have served Respondent's Designation of Matter upon the parties below by electronic mail, addressed as follows:

Amanda M. Gaston, Esq.
Clawson and Staubes, LLP
126 Seven Farms Drive, Suite 200
Charleston, SC 29492
agaston@cslaw.com
Counsel for Appellants

[SIGNATURE PAGE TO FOLLOW]

MILLER, DAWSON, SIGAL & WARD, LLC

By: s/ Dominick J. Callela, Esq.
Dominick J. Callela, Esq. (SC Bar No.: 105727)
Jeffrey W. Ward, Jr., Esq. (SC Bar No.: 102399)
Amy E. McLaren, Esq. (SC Bar No.: 101308)
4969 Centre Pointe Drive, Suite 103B
North Charleston, SC 29418
P: 843-284-7780
F: 843-284-9118
E: dominick@mdswlegal.com
E: ward@mdswlegal.com
Attorneys for Plaintiff

North Charleston, SC
April 27, 2026.