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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

Heath P. Taylor, Circuit Court Judge

Case No. 2023-CP-18-00722
Appellate Case No. 2024-000910

Beverly Calloway,
as Personal Representative of the Estate of Hattie Admore,

Respondent,

v.

Oakbrook Healthcare, LLC, d/b/a Oakbrook Health and
Rehabilitation Center and Patricia Castle,

Appellants.

RECORD ON APPEAL

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FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF Dorchester
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NO. 2023CP1800722

Beverly Calloway et al
PLAINTIFF(S)

Oakbrook Healthcare Llc et al
DEFENDANT(S)

DISPOSITION TYPE (CHECK ONE)

- ☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☒ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ **ACTION DISMISSED** (CHECK REASON): ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit); ☐ Rule 43(k), SCRPC (Settled);
☐ Other
- ☐ **ACTION STRICKEN** (CHECK REASON): ☐ Rule 40(j), SCRPC; ☐ Bankruptcy;
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award;
☐ Other
- ☐ **STAYED DUE TO BANKRUPTCY**
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT** (CHECK APPLICABLE BOX):
☐ Affirmed; ☐ Reversed; ☐ Remanded;
☐ Other

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order (formal order to follow) ☒ Statement of Judgment by the Court:

Based upon the Court of Appeals decision in Estate of Solesbee by Bayne v. Fundamental and Operational Services, LLC, 438 S.C. 638, 885 S.E. 2d 144 (Ct. App. 2023), the Court finds and concludes that the Arbitration Agreement and Admission Agreement did not merge and Defendants Oakbrook Healthcare and Patricia Castle's motions to compel arbitration based on equitable estoppel are denied.

ORDER INFORMATION

This order ☐ ends ☒ does not end the case.

☐ See Page 2 for additional information.

For Clerk of Court Office Use Only

This judgment was electronically entered by the Clerk of Court as reflected on the Electronic Time Stamp, and a copy mailed first class to any party not proceeding in the Electronic Filing System on 11/02/2023 .

Hattie Admore Est
Beverly Calloway
Hattie Admore Estate

NAMES OF TRADITIONAL FILERS SERVED BY MAIL

Court Reporter:

E-Filing Note: The date of Entry of Judgment is the same date as reflected on the Electronic File Stamp and the clerk's entering of the date of judgment above is not required in those counties. The clerk will mail a copy of the judgment to parties who are not E-Filers or who are appearing pro se. See Rule 77(d), SCRCP.



Dorchester Common Pleas

Case Caption: Beverly Calloway , plaintiff, et al VS Oakbrook Healthcare Llc ,
defendant, et al
Case Number: 2023CP1800722
Type: Order/Electronic Form 4

IT IS SO ORDERED.

Heath P. Taylor

Electronically signed on 2023-11-02 15:21:57 page 3 of 3

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF Dorchester
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NO. 2023CP1800722

Beverly Calloway et al
PLAINTIFF(S)

Oakbrook Healthcare Llc et al
DEFENDANT(S)

DISPOSITION TYPE (CHECK ONE)

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☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award;
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- ☐ **STAYED DUE TO BANKRUPTCY**
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NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order (formal order to follow) ☒ Statement of Judgment by the Court:

The Defendant's motion to alter, amend and/or reconsider is hereby denied. Counsel for Appellant is reminded of the requirement to provide a copy of the motion to alter or amend to the undersigned pursuant to Rule 59(g) to ensure timely and efficient disposition of the motion.

ORDER INFORMATION

This order ☐ ends ☒ does not end the case.

☐ See Page 2 for additional information.

For Clerk of Court Office Use Only

This judgment was electronically entered by the Clerk of Court as reflected on the Electronic Time Stamp, and a copy mailed first class to any party not proceeding in the Electronic Filing System on 05/02/2024 .

Hattie Admore Est
Beverly Calloway
Hattie Admore Estate

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Dorchester Common Pleas

Case Caption: Beverly Calloway , plaintiff, et al VS Oakbrook Healthcare Llc ,
defendant, et al

Case Number: 2023CP1800722

Type: Order/Electronic Form 4

IT IS SO ORDERED.

Heath P. Taylor

Electronically signed on 2024-05-02 11:03:57 page 3 of 3

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF DORCHESTER) CIVIL ACTION NO.: 2023-CP-18-

BEVERLY CALLOWAY, AS)
PERSONAL REPRESENTATIVE OF)
THE ESTATE OF HATTIE ADMORE.,)

v.)

OAKBROOK HEALTHCARE, LLC, d/b/a)
OAKBROOK HEALTH AND)
REHABILITATION CENTER AND)
PATRICIA CASTLE)

Summons
(Jury Trial Requested)

TO THE DEFENDANT ABOVE NAMED:

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, of which a copy is herewith served upon you, and to serve a copy of your answer to said Complaint on the subscribed at their office, 101 Mulberry Street East, Hampton, South Carolina, within thirty (30) days after the service hereof; exclusive of the day of such service; and if you fail to answer the Complaint within the time aforesaid, judgment by default will be rendered against you for the relief demanded in this Complaint.

-Signature Page to Follow-

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ATTORNEYS FOR THE PLAINTIFF

May 8, 2023.
Hampton, South Carolina

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF DORCHESTER	)	CIVIL ACTION NO.: 2023-CP-18-
	)	
BEVERLY CALLOWAY, AS	)	
PERSONAL REPRESENTATIVE OF	)	
THE ESTATE OF HATTIE ADMORE.,	)	
	)	
	)	Complaint
	)	(Jury Trial Requested)
v.	)	
	)	
OAKBROOK HEALTHCARE, LLC, d/b/a	)	
OAKBROOK HEALTH AND	)	
REHABILITATION CENTER AND	)	
PATRICIA CASTLE	)	
	)	

COMES NOW Plaintiff above named, and complaining of Defendants, alleges and says as follows:

1. That the Plaintiff is a citizen and resident of Colleton County State of South Carolina, and brings this action as the Personal Representative of the Estate of Hattie Admore pursuant to the S.C. Code Ann. 15-5-90, the Survival Action Act, on behalf of the statutory beneficiaries of the deceased for all damages authorized by said statute and pursuant to the S.C. Code Ann. 15-51-10, the Wrongful Death Act, and other applicable statutory and/or common law.

2. That upon information and belief, Defendant Oakbrook Healthcare, LLC, d/b/a Oakbrook Health and Rehabilitation Center is a Delaware corporation with its principal place of business in Dorchester County, South Carolina. At the time of the acts complained of, Oakbrook Health and Rehabilitation Center was a skilled nursing home facility.

3. That upon information and belief, Defendant Patricia Castle is upon information and belief a resident of Dorchester County State of South Carolina and was the administrator of the Defendant Oakbrook Health and Rehabilitation Center.

4. That on September 3, 2020, Mrs. Admore was admitted to Oakbrook Health & Rehabilitation Center. She required total care for all daily living activities as well as monitoring her blood sugar.

5. That on admission Mrs. Admore was assessed as being at high risk for pressure injuries and had a Stage II pressure injury to her sacrum measuring .2cm x .2cm.

6. That on September 8, 2020, Mrs. Admore's blood sugar was elevated and she was given insulin. She was rechecked an hour later and it was still elevated. The nurse gave additional units of insulin and was told to continue to monitor every hour.

7. That on September 10, 2020, Mrs. Admore was found non-responsive to verbal stimuli and she was transferred to the hospital.

8. That on September 10, 2020, Mrs. Admore was admitted to Summerville Medical Center with a Stage III pressure sore on her sacrum and hyperkalemia.

9. That on September 17, 2020, Mrs. Admore was readmitted to Oakbrook.

10. That on September 21, 2020, Mrs. Admore's wound on her sacrum was unstageable.

11. That on September 22, 2020, Mrs. Admore's blood sugar was elevated again. She began to vomit and suddenly collapsed. She was sent to Summerville Medical Center.

12. That on admission to the hospital her blood sugar was >600. Shortly after arriving at the hospital, Mrs. Admore went into cardiac arrest.

13. That on September 22, 2020, Mrs. Admore passed away.

FOR A FIRST CAUSE OF ACTION
(Negligence/Gross Negligence)

14. While in the Defendants care, custody and control, Ms. Admore did suffer grave and severe injuries and humiliation at the facility as a direct and proximate result of the

following negligent, reckless, willful, careless, negligent per se and grossly negligent acts of the Defendants, combining and concurring:

- a. In failing to provide oversight of Mrs. Admore' safety and dignity;
- b. In failing to exercise due care, including without limitation, failing to care for Mrs. Admore;
- c. In failing to provide appropriate administrative oversight and management to assure Mrs. Admore was appropriately cared for;
- d. In failing to implement appropriate skin prevention measures;
- e. In failing to accurately assess Mrs. Admore's risk for development and deterioration of pressure injuries;
- f. In failing to treat Mrs. Admore's pressure sore;
- g. In failing to properly monitor and treat Mrs. Admore's diabetes;
- h. In failing to exercise reasonable care for the safety and well-being of Mrs. Admore under the circumstances;
- i. In failing to have sufficient and properly trained staff to care for its residents;
- j. In failing to have sufficient nursing and nursing assist time to provide the care that was needed for Mrs. Admore;
- k. In failing to manage its revenue and income such that appropriate care may be rendered to Mrs. Admore;
- l. In failing to implement an appropriate care plan;
- m. In failing to exercise that degree of care which a reasonably prudent person would have exercised under the same or similar circumstances; and
- n. In such other particulars as the evidence may establish.

15. That as a direct and proximate result of the aforesaid negligent, reckless, willful, careless, negligent per se and grossly negligent acts of the Defendants, the deceased Plaintiff's beneficiaries have suffered grief, sorrow, mental anguish and all of the damages which accompany the loss of a loved one; the beneficiaries have suffered pecuniary loss, all to the Plaintiff's actual and punitive damages.

16. That as a direct and proximate result of the aforesaid negligent, reckless, willful, careless, negligent per se and grossly negligent acts of the Defendants, the deceased Plaintiff suffered grave and severe injuries prior to her death; she was hospitalized; she incurred medical expenses; she suffered conscious pain and suffering and mental anguish prior to her death; she suffered a loss of her dignity and individuality; she suffered a diminished quality of life prior to her death; her estate has incurred funeral expenses.

17. That by reason of the foregoing, the Plaintiff is informed and believes that she is entitled to judgment against the Defendants on behalf of the Estate of the deceased Plaintiff, for both actual and punitive damages; all of which damages were proximately caused by the Defendants' acts and/or omissions as are more fully set forth above, in an amount as may be set and determined by the trier of fact in this matter.

WHEREFORE, Plaintiff prays this Honorable Court for a Judgment against the Defendants for actual and punitive damages in an amount to be determined by a trier of fact, and any other and further relief as this Honorable Court deems just, proper, and equitable.

-Signature Page to Follow-

PARKER LAW GROUP, LLP

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SC Bar # 13200
P.O. Box 499
Walterboro, SC 29488

ATTORNEYS FOR THE PLAINTIFF

May 8, 2023.
Hampton, South Carolina

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
)
 COUNTY OF DORCHESTER) CIVIL ACTION NO.: 2023-NI-18-

BEVERLY CALLOWAY, AS)
 PERSONAL REPRESENTATIVE OF)
 THE ESTATE OF HATTIE ADMORE.,)

**AFFIDAVIT OF MERIT OF
 LUANNE TRAHANT MSN, APRN, FNP-**

v.)

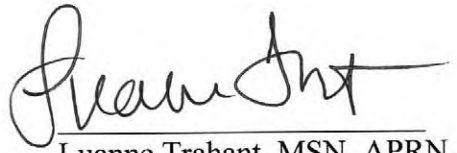
OAKBROOK HEALTHCARE, LLC, d/b/a)
 OAKBROOK HEALTH AND)
 REHABILITATION CENTER AND)
 PATRICIA CASTLE)

The Affiant, Luanne Trahan, MSN, APRN, FNP-BC, LNCC, having been duly sworn testifies as follows:

- 1) I am over 18, legally competent, and I make this affidavit based upon medical records provided to me as well as my background, education, training, and experience.
- 2) I am a registered nurse in Louisiana. I received my Bachelor of Science in Nursing from Northwestern State University in 1992 and a Master of Science in Nursing in 2005. I am a Board-Certified Family Nurse Practitioner. I have practiced in the field of which I give this opinion for at least three out of the last five years.
- 3) I have been provided with the medical records from Oakbrook Health & Rehab, Roper St. Francis, Colleton Medical Center, Sandpiper Rehab, Summerville Medical Center and Trident Medical Center pertaining to Hattie Admore.
- 4) On September 3, 2020, Mrs. Admore was admitted to Oakbrook Health & Rehab. Mrs. Admore was dependent on the staff to provide all of her nutrition and hydration needs. She was dependent on the staff to control her diabetes.
- 5) On admission she was identified to be at risk for pressure injuries. The admission assessment at Oakbrook showed that Mrs. Admore had a Stage II to her sacrum measuring .2cm x .2cm.
- 6) On September 8, 2020, Ms. Admore had been hyperglycemic with a blood sugar that was too high to read on the bedside glucometer. Insulin was given and the NP was notified. An hour later, Ms. Admore's blood sugar was still too high to register on the bedside glucometer (above 600), more insulin was given and the recheck at this time revealed a blood sugar of 564. The nurse documented that at 6pm, Ms. Admore's blood sugar was 486 and that the NP was made aware and ordered 12 units of insulin.

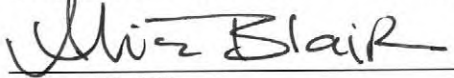
The nurse documented that she would recheck Ms. Admore's blood sugar "in an hour". There is no documentation that this intervention was carried out. According to the Medication Administration record, there were no other blood sugar checks documented after this event although the nursing staff had orders to check her blood sugar 4 times per day.

- 7) On September 10, 2020, Mrs. Admore was seen by the physician at the facility. She became non-responsive to verbal stimuli. She was taken to the hospital.
- 8) On admission at Trident Medical Center, the records indicate that Mrs. Admore was diagnosed with an acute kidney injury from dehydration. The physician noted a Stage III pressure injury to her coccyx/buttock area. Her laboratory values were consistent with dehydration, hyperglycemia (glucose was 309 mg/dl) and acute kidney injury.
- 9) On September 17, 2020, Mrs. Admore was discharged back to Oakbrook Health & Rehab. The sacral wound was described as measuring 6cm x 6cm x 0.1cm and was now a Stage III.
- 10) On September 21, 2020, a wound management assessment was completed that noted her sacral wound was 8.5cm x 9cm x 0.1cm with moderate serous drainage and slough.
- 11) On September 22, 2020, Mrs. Admore was found on the floor in her room. She was transferred to Summerville Medical Center.
- 12) On admission to Summerville Medical Center, the history, and physical notes that Ms. Admore suffered syncope and collapsed suddenly prior to arrival. They noted that this event was unwitnessed, and she was found on the ground vomiting, poorly responsive and lethargic.
- 13) She was noted to be significantly hypoxic, profoundly ill, covered in vomitus with dilated pupils that were sluggish to light response. Her labs were consistent with infection, acidosis, hyperglycemia (489 mg/dl) and dehydration.
- 14) Due to her severe respiratory condition, she was intubated and placed on mechanical ventilation, however, during treatment in the ED, she went into cardiac arrest and died.
- 15) The Defendants failed to implement appropriate skin preventions measures and failed to monitor Mrs. Admore's sugar.
- 16) The Defendants also failed to properly assess, monitor, and treat her diabetes to prevent prolonged hyperglycemia.
- 17) I reserve the right to alter, amend, add, or delete opinions as new information becomes available.



Luanne Trahant, MSN, APRN, FNP-BC,

Sworn to and subscribed before me:



Notary Public

Date: 01/31/2023



STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

BEVERLY CALLOWAY AS PERSONAL
REPRESENTATIVE OF THE ESTATE OF
HATTIE ADMORE,

Plaintiff,

vs.

OAKBROOK HEALTHCARE, LLC d/b/a
OAKBROOK HEALTH AND
REHABILITATION CENTER AND
PATRICIA CASTLE,

Defendants.

IN THE COURT OF COMMON PLEAS

C/A NO. 2023-CP-18-00722

**DEFENDANT OAKBROOK
HEALTHCARE, LLC d/b/a OAKBROOK
HEALTH AND REHABILITATION
CENTER'S ANSWER TO PLAINTIFF'S
COMPLAINT**

TO LEE D. COPE, CHELCI AVANT AND MARGIE BRIGHT MATTHEWS,
ATTORNEYS FOR THE PLAINTIFF

The Defendant Oakbrook Healthcare, LLC d/b/a Oakbrook Health and Rehabilitation Center (hereinafter "Facility" or "this Defendant"), *subject to and without waiving its right to compel this matter to arbitration*, hereby responds to the allegations set forth in Plaintiff's Complaint as follows:

1. Any and all allegations set forth in Plaintiff's Complaint which are not specifically admitted, qualified, or otherwise explained or denied, are hereby expressly denied and strict proof is demanded thereof.

2. This Defendant is without knowledge or information sufficient to respond to the allegations set forth in Paragraph 1 of Plaintiff's Complaint regarding Ms. Calloway's citizenship, residency, or status as personal representative of the estate of Ms. Admore, and therefore denies the same and demands strict proof thereof. The remaining allegations in Paragraph 1 call for legal

conclusions and require no response. To the extent those allegations intend to allege liability against this Defendant, they are denied and strict proof is demanded thereof.

3. Responding to the allegations set forth in Paragraph 2 of Plaintiff's Complaint, this Defendant admits those allegations insofar as they allege that this Defendant operates the skilled nursing facility at issue in Plaintiff's Complaint located in Dorchester County, South Carolina.

4. The allegations set forth in Paragraph 3 of Plaintiff's Complaint are directed at parties other than this Defendant and therefore no response is required.

5. Responding to the allegations set forth in Paragraph 4 of Plaintiff's Complaint, this Defendant admits Ms. Admore was a resident of the Facility but would crave reference to her medical records for their contents, including Ms. Admore's admission date and medical needs. This Defendant denies any and all allegations inconsistent with those contents including those intended to allege liability or damages against this Defendant.

6. Responding to the allegations set forth in Paragraphs 5, 6, 7, 8, 9, 10 and 11 of Plaintiff's Complaint, this Defendant would crave reference to Ms. Admore's medical records for their contents. Any allegations inconsistent with those contents or which assert or imply liability and/or damages as to this Defendant are denied and strict proof is demanded thereof.

7. This Defendant is without sufficient knowledge or information to respond to the allegations set forth in Paragraphs 12 and 13 of Plaintiff's Complaint and therefore denies the same and demands strict proof thereof.

8. This Defendant denies the allegations set forth in Paragraphs 14, 15, 16 and 17 of Plaintiff's Complaint, including all subparts, and demands strict proof thereof.

9. This Defendant denies the allegations set forth in Plaintiff's Prayer for Relief, in full.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

10. Plaintiff's claim for punitive damages and an award of punitive damages would violate those clauses of the Constitutions of the United States and South Carolina related to privileges and immunities, due process and equal protection and Defendants would further assert the protections and defenses set forth in S.C. Code Ann. § 15-32-510, et. seq., including but not limited to S.C. Code Ann. §§ 15-32-520, 15-32-530, and 15-32-540.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

11. This Court lacks jurisdiction over this matter because Plaintiff's claims as to Defendants should be submitted to arbitration pursuant to a valid arbitration agreement entered into between this Defendant and Ms. Admore, and therefore this matter should be stayed and/or dismissed pursuant to rule 12(b)(1) of the South Carolina Rules of Civil Procedure and Section 3 of the Federal Arbitration Act and compelled to arbitration.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

12. The Plaintiff's Complaint fails to state facts sufficient to constitute a cause of action and fails to state a claim upon which relief can be granted against Defendants and should be dismissed pursuant to Rule 12(b)(6) of the South Carolina Rules of Civil Procedure.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

13. Plaintiff's recovery in the matter, if any, is limited by and subject to the provisions of the South Carolina Noneconomic Damages Awards Act of 2005 which is codified in. S.C. Code Ann. § 15-32-200, et. seq. which is pled as a limitation or partial bar to the Plaintiff's claims and alleged damages.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

14. Defendant would affirmatively assert that, to the extent it is liable to Plaintiff or Plaintiff's decedent, as alleged, which is vehemently denied, it would be entitled to any and all benefits, joint and several liability protections, emergency situations on liability, any and all monetary limitations or caps or liability and/or damages under the Uniform Contributions Among Tortfeasors Act, Noneconomic Damages Award Act, and Medical Malpractice Reform Bill, including but not limited to §15-38-15; §15-32-200 *et. seq.*; §15-36-100; and §15-79-125 and any other applicable provisions under the acts.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

15. Defendant would affirmatively assert that the Plaintiff's injuries were caused by intervening and superseding acts of third parties not a party to this action.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

16. To the extent Defendant is required to raise the affirmative defenses under applicable South Carolina law in order to avoid an argument of waiver by Plaintiff, Defendants would assert Plaintiff's damages, if any, should be proportionately barred or reduced under the doctrine of comparative fault if such evidence is found as the case proceeds.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

17. Some or all of the Plaintiff's claims are barred by the applicable statute of limitations.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

18. Defendant asserts the election of remedies as an affirmative defense in this matter.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

19. There was no negligence, gross negligence, or recklessness by this Defendant that caused or contributed to the injuries allegedly suffered by Ms. Admore.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

20. Defendant hereby gives notice that it intends to rely upon such other affirmative defenses as may become available or apparent during the course of discovery, and thus reserves the right to amend this Answer to assert any such defenses.

WHEREFORE, having fully answered the Plaintiff's Complaint, this Defendant prays the Court issue an order dismissing this case with prejudice, and that it be awarded the costs and reasonable fees associated with this matter and such other relief as this Court may deem just and proper.

CLEMENT RIVERS, LLP

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*Attorneys for the Defendant Oakbrook Healthcare,
LLC d/b/a Oakbrook Health and Rehabilitation Center*

Dated: June 13, 2023
Charleston, South Carolina

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

BEVERLY CALLOWAY AS PERSONAL
REPRESENTATIVE OF THE ESTATE OF
HATTIE ADMORE,

Plaintiff,

vs.

OAKBROOK HEALTHCARE, LLC d/b/a
OAKBROOK HEALTH AND
REHABILITATION CENTER AND
PATRICIA CASTLE,

Defendants.

IN THE COURT OF COMMON PLEAS

C/A NO. 2023-CP-18-00722

**DEFENDANT PATRICIA CASTLE'S
ANSWER TO PLAINTIFF'S
COMPLAINT**

TO LEE D. COPE, CHELCI AVANT AND MARGIE BRIGHT MATTHEWS,
ATTORNEYS FOR THE PLAINTIFF:

The Defendant Patricia Castle (hereinafter "this Defendant"), *subject to and without waiving her right to compel this matter to arbitration*, hereby responds to the allegations set forth in Plaintiff's Complaint as follows:

1. Any and all allegations set forth in Plaintiff's Complaint which are not specifically admitted, qualified, or otherwise explained or denied, are hereby expressly denied and strict proof is demanded thereof.

2. This Defendant is without knowledge or information sufficient to respond to the allegations set forth in Paragraph 1 of Plaintiff's Complaint regarding Ms. Calloway's citizenship, residency, or status as personal representative of the estate of Ms. Admore, and therefore denies the same and demands strict proof thereof. The remaining allegations in Paragraph 1 call for legal conclusions and require no response. To the extent those allegations intend to allege liability against this Defendant, they are denied and strict proof is demanded thereof.

3. The allegations set forth in Paragraph 2 of Plaintiff's Complaint are directed at parties other than this Defendant and therefore no response is required.

4. This Defendant denies the initial allegations set forth in Paragraph 3 of Plaintiff's Complaint regarding this Defendant's residency and demands strict proof thereof. Responding to the remaining allegations, this Defendant admits that she was the administrator at Oakbrook Health and Rehabilitation Center during Ms. Admore's residency there.

5. Responding to the allegations set forth in Paragraph 4 of Plaintiff's Complaint, this Defendant admits Ms. Admore was a resident of the Facility but would crave reference to her medical records for their contents, including Ms. Admore's admission date and medical needs. This Defendant denies any and all allegations inconsistent with those contents including those intended to allege liability or damages against this Defendant.

6. Responding to the allegations set forth in Paragraphs 5, 6, 7, 8, 9, 10 and 11 of Plaintiff's Complaint, this Defendant would crave reference to Ms. Admore's medical records for their contents. Any allegations inconsistent with those contents or which assert or imply liability and/or damages as to this Defendant are denied and strict proof is demanded thereof.

7. This Defendant is without sufficient knowledge or information to respond to the allegations set forth in Paragraphs 12 and 13 of Plaintiff's Complaint and therefore denies the same and demands strict proof thereof.

8. This Defendant denies the allegations set forth in Paragraphs 14, 15, 16 and 17 of Plaintiff's Complaint, including all subparts, and demands strict proof thereof.

9. This Defendant denies the allegations set forth in Plaintiff's Prayer for Relief, in full.

FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE

10. Plaintiff's claim for punitive damages and an award of punitive damages would violate those clauses of the Constitutions of the United States and South Carolina related to privileges and immunities, due process and equal protection and Defendants would further assert the protections and defenses set forth in S.C. Code Ann. § 15-32-510, et. seq., including but not limited to S.C. Code Ann. §§ 15-32-520, 15-32-530, and 15-32-540.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

11. This Court lacks jurisdiction over this matter because Plaintiff's claims as to Defendants should be submitted to arbitration pursuant to a valid arbitration agreement entered into between parties to this lawsuit, and therefore this matter should be stayed or dismissed pursuant to rule 12(b)(1) of the South Carolina Rules of Civil Procedure and Section 3 of the Federal Arbitration Act and compelled to arbitration.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

12. The Plaintiff's Complaint fails to state facts sufficient to constitute a cause of action and fails to state a claim upon which relief can be granted against Defendants and should be dismissed pursuant to Rule 12(b)(6) of the South Carolina Rules of Civil Procedure.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

13. Plaintiff's recovery in the matter, if any, is limited by and subject to the provisions of the South Carolina Noneconomic Damages Awards Act of 2005 which is codified in. S.C. Code Ann. § 15-32-200, et. seq. which is pled as a limitation or partial bar to the Plaintiff's claims and alleged damages.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

14. Defendant would affirmatively assert that, to the extent she is liable to Plaintiff or Plaintiff's decedent, as alleged, which is vehemently denied, she would be entitled to any and all benefits, joint and several liability protections, emergency situations on liability, any and all monetary limitations or caps or liability and/or damages under the Uniform Contributions Among Tortfeasors Act, Noneconomic Damages Award Act, and Medical Malpractice Reform Bill, including but not limited to §15-38-15; §15-32-200 *et. seq.*; §15-36-100; and §15-79-125 and any other applicable provisions under the acts.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

15. Defendant would affirmatively assert that the Plaintiff's injuries were caused by intervening and superseding acts of third parties not a party to this action.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

16. To the extent Defendant is required to raise the affirmative defenses under applicable South Carolina law in order to avoid an argument of waiver by Plaintiff, Defendants would assert Plaintiff's damages, if any, should be proportionately barred or reduced under the doctrine of comparative fault if such evidence is found as the case proceeds.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

17. Some or all of the Plaintiff's claims are barred by the applicable statute of limitations.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

18. Defendant asserts the election of remedies as an affirmative defense in this matter.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

19. There was no negligence, gross negligence, or recklessness by this Defendant that caused or contributed to the injuries allegedly suffered by Ms. Admore.

**FURTHER ANSWERING AND
FOR A FURTHER AFFIRMATIVE DEFENSE**

20. Defendant hereby gives notice that she intends to rely upon such other affirmative defenses as may become available or apparent during the course of discovery, and thus reserves the right to amend this Answer to assert any such defenses.

WHEREFORE, having fully answered the Plaintiff's Complaint, this Defendant prays the Court issue an order dismissing this case with prejudice, and that it be awarded the costs and reasonable fees associated with this matter and such other relief as this Court may deem just and proper.

CLEMENT RIVERS, LLP

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Attorneys for the Defendant Patricia Castle

Dated: June 13, 2023
Charleston, South Carolina

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF DORCHESTER) FIRST JUDICIAL CIRCUIT

KEVIN WHITE, as personal) NO. 2022-CP-18-01775
representative of the ESTATE OF)
MARY BRISBON)
VS.)
ST. GEORGE HEALTHCARE, LLC, et al)

and

BEVERLY CALLOWAY, as personal) NO. 2023-CP-18-00722
representative of the ESTATE OF)
HATTIE ADMORE)
VS.) TRANSCRIPT OF RECORD
OAKBROOK HEALTHCARE, LLC, et al) Motions

B E F O R E:

The Honorable Heath P. Taylor, Judge

DATE: Monday, October 23, 2023
10:46 a.m.
Saint George, South Carolina

A P P E A R A N C E S:

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Reported by: Cathy J. Provost, RMR, Official Court Reporter

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INDEX TO WITNESSES

(No witnesses called.)

INDEX TO EXHIBITS

(No exhibits marked.)

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COURT REPORTER LEGEND:

dash -- intentional/purposeful interruption; change in thought
 ellipses ... trailing off
 [ph] phonetically written
 [sic] written as said
 [indiscernible] unable to be understood due to low volume or
 quality of audio

-- P R O C E E D I N G S --

CLERK OF COURT: The first motion up is going to be on case No. 2022-CP-18-01775, Kevin White versus St. George Healthcare, LLC. And we have two motions on this case.

THE COURT: All right. What are we hearing first?

ATTORNEY HINES: Your Honor, may it please the Court.

THE COURT: Yes, sir.

ATTORNEY HINES: Russ Hines on behalf of Defendants St. George Healthcare, LLC, d/b/a St. George Healthcare Center, and Vicki Sides. I believe both motions are our motions. We filed them separately but what they are, both of them are substantively identical motions to compel arbitration, is what they are.

And, Your Honor, also out there is another case on your roster this morning, a case called Calloway. And I spoke briefly about this with opposing counsel before, I spoke with him. When that case gets called, what we might do is ask Your Honor to simply incorporate the arguments from this motion into that one just to save the Court time, because they are essentially, in both cases, although they're separate cases, the same arguments will be presented to the Court.

THE COURT: All right. And that's No. 12?

ATTORNEY HINES: I believe that's right, Your Honor.

THE COURT: Okay.

ATTORNEY HINES: But if it pleases the Court, I'll go ahead

1 with the motions in this case, which again is the White case, and
2 they are both motions to compel arbitration.

3 Your Honor, this is a nursing-home malpractice case, and the
4 motions today are made on behalf of both the facility, the
5 nursing-home facility, skilled-nursing facility and its
6 individual defendant, Ms. Sides.

7 Just as a housekeeping-type matter, the arguments that go
8 for the facility also cover Ms. Sides. The basis for that is
9 that the arbitration agreement involved in the case is signed on
10 behalf of the facility and its employees, agents, servants.
11 Ms. Sides is the administrator of the facility, so I say that
12 just to say that I'll be referring to the facility primarily as
13 opposed to Ms. Sides but the arguments go for one and all.

14 THE COURT: I understand.

15 ATTORNEY HINES: Now, Your Honor, we filed a rather
16 extensive memo in support, and there's a lot in there, but what
17 I'd like to focus on in the relatively brief amount of time that
18 we have today is our argument for merger and equitable estoppel.
19 And I want to -- there's plenty an arm on that, but I want to try
20 to hit the main points and then also be available to answer any
21 questions the Court might have, and also, of course, to reply, if
22 I might, briefly to opposing counsel's argument.

23 But, Your Honor, the way to look at this is sort of a
24 one-two punch, if you will, and it's merger and equitable
25 estoppel. And I'll admit to the Court, to prevail I've got to

1 land both punches.

2 And let me explain what I'm talking about in merger. Merger
3 has to do with when this resident was admitted into our facility,
4 Ms. Brisbon, her son, Mr. White, he signed the admissions
5 documents on his mother's behalf. Those documents included both
6 the arbitration agreement and an admission agreement, and so
7 merger is the idea that the arbitration agreement and admission
8 agreement merge under our law and they are to be considered and
9 construed as a single instrument.

10 And the basis for that argument, Your Honor, is a case
11 called *Coleman v. Mariner Healthcare*. There's other authority,
12 too. In fact, *Coleman* cites a case called *Klutts v. Down'Round*.
13 This is cited in our brief, but the point of law in the matters
14 is that when you have multiple instruments that are signed at the
15 same time, by the same parties, for the same purpose, and in the
16 course of the same transaction, our law deems them to merge
17 unless there is evidence indicating a contrary intention; that
18 is, an intention contrary to merger.

19 Now, that is the first punch that I have to land to win my
20 argument, Your Honor. Admittedly, I've got to win both of them.
21 Then you turn to equitable estoppel, and I just want to give you
22 a fairly brief overview before I come back and explain a little
23 bit more about both.

24 Equitable estoppel, Your Honor, there's a principle that's
25 called "direct-benefits estoppel." The best case that, I think,

1 gets into this in our law is a case called *Wilson v. Willis*.
2 It's a fairly recent Supreme Court case. I think it dates back
3 maybe four years now. The bottom line on "direct-benefits
4 estoppel" is you can't have your cake and eat it, too; you cannot
5 enjoy the benefits under a contract that includes an arbitration
6 clause and then deny the enforceability of the arbitration
7 clause.

8 So that's the roadmap, Your Honor: Merger of the
9 arbitration agreement and admission agreement; "direct-benefits
10 estoppel" of the merged agreement.

11 So going back to get a little more meat on the bone of my
12 merger argument, again, Your Honor, the law is multiple
13 instruments signed at the same time, by the same parties, for the
14 same purpose, in the course of the same transaction deem to
15 merge, be considered and construed as a single contract, unless
16 there's evidence of intention contrary to merger.

17 Now, Your Honor, some of the times it's argued against me
18 that you don't have those four boxes checked - time, parties,
19 purpose, transaction. We absolutely do. The admission agreement
20 and the arbitration agreement were both signed in conjunction
21 with the admission of this resident, Ms. Brisbon, at the same
22 time.

23 The case of *Coleman v. Mariner Healthcare* is particularly
24 instructive because in that case there was also a case -- in that
25 case it was the sister of the resident admitting her sister to a

1 skilled nursing facility -- and in *Coleman* the Court found that,
2 yes, indeed, the admission agreement signed, an arbitration
3 agreement signed at the same time when you're admitting someone
4 to a skilled nursing facility -- check all those boxes -- same
5 persons or parties, time, purpose, and transaction.

6 Now, *Coleman* came down against the proponent of arbitration
7 in that case, and it did so on the basis of what I mentioned is
8 the doctrine of merger applies unless there is evidence of an
9 intention contrary to merger. And in the *Coleman* case they
10 looked at the facts of that case, which are materially different
11 than the facts of our case, and said, Well, we don't think there
12 is evidence of an intention contrary to merger and, therefore,
13 the merger rule doesn't apply.

14 And the evidence in *Coleman* was the fact that the
15 arbitration agreement included within it a provision that allowed
16 it to be revoked within 30 days, and also the Court found that
17 there was language in the admission agreement, in the entire
18 provision of that agreement that, on its face recognized a
19 textual -- the *Coleman* court, I think, might have made up a word
20 in this case but it makes sense -- a separatedness, an attempt to
21 keep these documents separate and not merge them, and that was
22 what the *Coleman* court found.

23 In our case we like *Coleman* for the fact that it gives us
24 the law that allows me to argue merger; that is, same parties,
25 same time, purpose, and transaction. We like *Coleman* in that

1 Coleman says that, yes, you have all those boxes checked, those
2 four boxes, in the context of a nursing-home admission like this,
3 and the arbitration and admission agreement signed at the same
4 time.

5 Where we part company from *Coleman* is on these factual
6 distinctions that were present in *Coleman* but are not present in
7 this case. Now, in *Coleman*, as I mentioned, there was the
8 ability to revoke the arbitration agreement in 30 days. We don't
9 have that, we don't have the ability for the arbitration
10 agreement to just simply just disappear as though it's not there.
11 It doesn't have a -- there's no revocation clause.

12 Also, on this issue of the entire agreement provision and
13 what *Coleman* found in that case to be a textual -- the basis for
14 finding a separateness between admission agreement and
15 arbitration agreement, well, in our case the admission agreement
16 does have an entire agreement provision, but what it says is very
17 much different than what you had in the *Coleman*, but ours
18 specifically recognizes what I would call a connectedness to the
19 other documents. And here's the language: "The undersigned
20 forever acknowledges that he/she has received and read the
21 admission handbook and other admissions materials, and
22 understands these documents are made part of this agreement by
23 reference herein."

24 That language here, referring in particular to other
25 admissions materials, we submit, reaches out and grabs the

1 arbitration agreement and makes this case different than the
2 *Coleman* case because, yes, while we have an entire agreement
3 clause, this entire agreement clause is more expansive, it looks
4 outward beyond the four corners of this document, it specifically
5 refers to other admissions materials, and those materials would
6 include the arbitration agreement which was signed, again, in
7 conjunction with admission.

8 We cite a couple cases in our memo. There's a case called
9 *Stott v. White Oak Manor*; another case called *Hodge* -- I forgot
10 the defendant in the case right now. But both of them in just
11 plain or ordinarily language would reflect the fact that an
12 arbitration agreement that is signed in conjunction with the
13 admission is among the admissions paperwork which, again, we
14 believe it goes, it jives, with this other admissions-materials
15 language.

16 And I don't mean to misrepresent to the Court or run the
17 risk of doing that. I'm not saying that in *Stott* or in the *Hodge*
18 case the Court expressly looked at that language and held as
19 such, but just in stating the facts of those cases -- and we cite
20 the exact quotes, and I won't read them now, but -- the Court is
21 explaining the facts of the case and says so-and-so admitted his
22 relative in the facility and signed an admission agreement and
23 other admissions documents, including an arbitration agreement.

24 Just in the sort of common parlance, understanding that, as
25 we understand, as the term admission -- other admission materials

1 is not defined, my point is to say that those decisions recognize
2 that it is plain and ordinary language that what we are
3 describing here falls within what people, in plain language,
4 would consider to be part of the admissions materials, it's
5 documents signed in conjunction with the admission.

6 So that's the major point there on, what I'll call, the
7 *Coleman* and related case law. There are a couple cases -- I
8 mentioned *Hodge*. *Hodge* is another case that comes down against
9 the proponent of arbitration. There's another one called
10 *Thompson*. We explained some differences between those cases in
11 our brief. And I realize this is -- every time I've made this
12 argument I have pity for the Court and for certainly the court
13 reporter because it requires me to go through quite a lot of by
14 way of, I guess, explanation, but we do get into more granular
15 detail in the memo.

16 But the bottom line is that in *Coleman* and *Thompson* and
17 *Hodge*, in all those cases we were dealing with different language
18 in the arbitration agreement and the admission agreement than
19 we're dealing with in this case, or this type of case, because
20 I've argued this motion a number of times based upon these
21 admissions material documents, these particular arbitration
22 agreement and particular admission agreement.

23 One thing I have to acknowledge is that more recently
24 there's a case called *Solesbee* that's a Court of Appeals case. I
25 think it came down just in January of this year and, in fact, we

1 have a pending petition for a writ of certiorari before the
2 Supreme Court now. Now, in *Solesbee*, I have to acknowledge that
3 the *Solesbee* case dealt with identical arbitration agreement and
4 admission agreement to what I'm arguing to Your Honor today, and
5 it ruled against me and said that, no, there's no merger. The
6 *Solesbee* case did not go so far -- because the Court found
7 against us on merger, it didn't go so far as to consider the
8 equitable estoppel argument.

9 And as I mentioned at the outset, I've got to go to land
10 both punches, because if you don't go with me on merger I don't
11 have anything to argue on equitable estoppel because my argument
12 relies upon a merged admission and arbitration agreement and,
13 therefore, the resident in this case, Ms. Brisbon, receives
14 benefits, room, board, various services, various treatments about
15 which are not complained about in the case, so there's certainly
16 benefits that were received, but to get those benefits I need to
17 merge the admission agreement and the arbitration agreement.

18 But, and even in *Solesbee*, we explained our qualms with
19 *Solesbee* respectfully and how the Court of Appeals, when pursuing
20 this on a writ of cert, where we're asking for the court to grant
21 a writ of cert, about how the basis on which the Court of Appeals
22 found against us on merger in *Solesbee* respectfully are -- well,
23 they are not -- they're erroneous. And so we're having to
24 acknowledge that there is *Solesbee* out there, Your Honor, and
25 then also we think that the grounds upon which the *Solesbee* court

1 found against us on merger are mistaken, but also the *Solesbee*
2 court never fully addressed our reasoning.

3 THE COURT: So if I'm hearing you correctly, there's a Court
4 of Appeals opinion directly on point contrary to your position?

5 ATTORNEY HINES: Your Honor, the only caveat -- and I'll get
6 to that -- is this.

7 THE COURT: With the same document?

8 ATTORNEY HINES: The same documents. As far as to say --
9 and that's why obviously we need to bring this case to your
10 attention.

11 THE COURT: I mean, I understand you need to make your
12 record, but I certainly don't get to overrule the Court of
13 Appeals.

14 ATTORNEY HINES: That's certainly true, Your Honor, and I
15 wouldn't suggest that you do and have the ability to do that.
16 And the reason why, what our point is, my only hesitation is for
17 the idea directly on point, meaning that in a way that's true in
18 that it was the same documents, we're arguing merger, we're
19 arguing estoppel, the court in *Solesbee* didn't get to equitable
20 estoppel.

21 The only, I guess, caveat I need to bring is that we don't
22 feel, respectfully, that the Court of Appeals actually dealt with
23 every one of the distinguishing features that we would argue.
24 The Court of Appeals ruled against us, but we feel like when you
25 make a petition for re-hearing and then a petition for certiorari

1 you argue that the Court of Appeals misapprehended, or
2 overlooked, certain of your arguments, and we do feel that the
3 court did that, most respectfully.

4 And so there's perhaps a gray area in there where we're
5 talking about the Court of Appeals' misapprehension of what we
6 consider that to be where you could distinguish this case from
7 the *Solesbee* case on the basis of your consideration of
8 differences that the Court of Appeals, we would argue, didn't
9 appreciate.

10 But, yes, Your Honor, I -- well, I'm just trying to leave a
11 little room for nuance there, but we have to acknowledge that
12 *Solesbee* is a significant headwind that's blowing against us,
13 going against our position. And I probably would say that I
14 could leave it at our briefing, which begins on page 34 of our
15 brief and runs through, oh, page 39. It would save time to
16 simply say we explain why *Solesbee* should not control the
17 disposition of this current case, Your Honor, and I think
18 probably do it better there in writing than I can do it now
19 trying to just hit the high points. I'd be happy, if Your Honor
20 would appreciate me to try to do it via oral argument, I'd be
21 happy to do that. Otherwise, in the interest of time, I can -- I
22 can simply -- well, if the Court would allow me a brief reply to
23 opposing counsel's argument, then I can rest on what we've
24 written.

25 THE COURT: Certainly.

1 ATTORNEY HOLMES: May it please the Court.

2 THE COURT: Yes, sir.

3 ATTORNEY HOLMES: Your Honor, Gray Holmes with the Parker
4 Law Group on behalf of the plaintiffs, along with Caitlin Pope
5 who wrote our briefs on this issue.

6 Your Honor, because we're dealing with the third-party
7 beneficiary aspects and that rest on whether or not there's a
8 valid contract, both the estoppel and the third-party beneficiary
9 arguments, you have to have a valid contract to get there, I'm
10 going to have to go through a little bit more than just the
11 merger and that argument.

12 THE COURT: Okay.

13 ATTORNEY HOLMES: And first I'm going to start with -- I'm
14 having trouble trying to figure out whether or not I can see from
15 here.

16 THE COURT: The struggle is real.

17 ATTORNEY HOLMES: First, a little bit of background of just
18 what the burden of proof in an arbitration issue is. First,
19 before we get to some of the preemption issues and some of those
20 issues, the Court first has to determine that there is, that the
21 arbitration agreement that's been executed is actually a binding
22 contract. And the defendant bears the burden of proof on that
23 issue, and the Court actually applies a summary judgment standard
24 to determine if there is a genuine issue of fact as to the
25 enforceability of the contract. And that's the *Aiken v. World*

1 *Finance* case, Your Honor.

2 In this case the defendants just haven't put forth any sort
3 of evidence to support the motion to create an issue of fact or
4 to satisfy their burden. And one of the issues here as to
5 whether or not the contract would be enforceable is whether or
6 not it was actually signed by an agent of Ms. Brisbon. And in
7 this case the arbitration agreement, which was a standalone
8 agreement, was signed by her son, Kevin Smith. Now, Kevin Smith
9 did not have a power of attorney; he did not have a healthcare
10 power of attorney; the only power that he had would have come
11 from the Adult Healthcare Consent Act.

12 And, Your Honor, in the *Coleman* case that you've been --
13 that's been discussed, it lays out the powers that the Adult
14 Healthcare Consent Act confers on an agent, and those powers are
15 limited, they're limited to healthcare decisions and financial
16 decisions.

17 And in both the *Coleman* case and the *Thompson* case, Your
18 Honor, they both state that healthcare and financial decisions do
19 not extend to an authority to enter into an arbitration
20 agreement; they do not give you a right to surrender a person's
21 constitutional right to a jury trial.

22 And the Adult Healthcare Consent Act also sets out priority
23 for agents. Kevin Smith is the son of Mary Brisbon. We have
24 provided you with the death certificate for Ms. Brisbon who lists
25 her husband, Martin Brisbon, as having survived her. Under that

1 act, he has priority over the son to act as her agent in that
2 decision. So even though that act wouldn't give him authority to
3 sign an arbitration agreement, Kevin Brisbin wasn't even the
4 proper -- or Kevin Smith, excuse me -- wasn't even the proper
5 agent under the act, the adult healthcare act, Your Honor.

6 And further, Section (B) of the act provides that the
7 defendant must document the efforts they make to identify the
8 people of record that are of priority, and they must include that
9 in the medical record, and there's no proof here that they did
10 that, so there's no authority there under the adult healthcare
11 act.

12 Now going to merger, Your Honor, if you look at the *Thompson*
13 *v. Pruitt* case which Mr. Hines correctly stated, that in the
14 absence of anything indicating a contrary intention, contract
15 signed at the same time, by the same parties, for the same person
16 can be merged together into one contract. And he's right, this
17 was signed, these two agreements were signed, at the same time,
18 the parties are the same, and the purpose of those agreements
19 were to have the mother admitted and receive care there at the
20 facility. But there is language in both the arbitration
21 agreement, which stands alone, and in the admission agreement
22 that both state that they're intended to be viewed as separate
23 documents.

24 And also, Your Honor, any ambiguity as to what the
25 intentions are in these contracts are to be construed against the

1 drafter which, in this case is the facility, but one of the
2 reasons that they should be construed against -- or, as separate
3 documents and their intention is -- how their intention is shown
4 that they intend for them to be construed as separate documents
5 is in the arbitration agreement they state "this agreement shall
6 remain in effect for all care rendered at the facility and shall
7 survive any termination or breach of this agreement or the
8 admission agreement."

9 So by that very sentence, they're saying, Look, even if you
10 terminate the admission agreement in this case, then the
11 arbitration agreement still stands on its own. So by their very
12 terms they're absolutely recognizing that these two contracts are
13 separate contracts, and they're reserving their rights to enforce
14 one if they decide to terminate the other.

15 Now, it also was pointed out to you that in the *Coleman* case
16 there was a right to terminate the admissions agreement within 30
17 days and there was not a provision that allowed for the
18 termination of the arbitration agreement within 30 days. Well,
19 actually there is a provision that allows -- excuse me, I have
20 that reversed. There was a provision in the arbitration
21 agreement that allowed for it to be terminated within 30 days but
22 not the admissions agreement.

23 In this case we have the same thing. We just have them
24 reversed. If you look at the admissions agreement which has been
25 submitted, it states on page 10 that the facility maintains the

1 right to unilaterally modify or terminate the admissions
2 agreement. So for the same reasons in *Coleman* -- it's just
3 flip-flopped as to which agreement reserved that right -- they're
4 having that -- they're keeping that right to terminate the
5 agreement.

6 Your Honor, we've made some arguments as to equitable
7 estoppel. I don't think that it's really necessary. We can rely
8 on our briefs as to those issues because I don't think they've
9 really been addressed. But, Your Honor, so those are the grounds
10 that we don't believe the two contracts merge.

11 And as far as the apparent authority which, I believe, was
12 mentioned in their brief, one thing here, when Ms. Brisbon was
13 admitted to the facility she suffered from dementia, so she had
14 no ability to make any representations to anybody, and it's not
15 been asserted that she did. There's no evidence and, of course,
16 they carry the burden of proof on that issue.

17 When looking at apparent authority, if you'll look at the
18 *Cowburn v. Leventis* case, Your Honor, the focuses are on the
19 principal's actions, not on the agent's actions, so Ms. Brisbon
20 would have had to have made some sort of statement or some sort
21 of action representing this to be, Kevin Smith to be, her agent,
22 and there's absolutely no evidence of that and it couldn't have
23 happened because she had dementia and couldn't communicate
24 properly and that's why she was going into a nursing home.

25 And, Your Honor, as to the third-party beneficiary argument,

1 under the *Thompson* case you have to have a valid contract to have
2 estoppel or the third-party beneficiary, and when the merger
3 argument fails, which it must because of the plain language of
4 the arbitration agreement, that argument fails as well.

5 Your Honor, lastly, we'd just point out the *Solesbee* case is
6 good law and it's directly on point until the Supreme Court says
7 otherwise, so that is the authority in the case.

8 The *Coleman* case, the *Thompson* case, the *Hodge's* case, all
9 those cases that have been relied on, they all, on similar
10 arguments, nearly directly on point, ruled against the proponent
11 of arbitration in basically identical circumstances.

12 And the orders that have been submitted -- and it's my fault
13 and not Mr. Hines, I didn't receive -- his memo was submitted on
14 Friday and because I'm covering for somebody, I just wasn't on
15 the list to get it, so I've only been able to brush through that
16 memo and the orders that were provided in support of it, but all
17 the orders predate *Solesbee*; most of them predate the *Thompson*
18 case, the *Coleman* case, and the *Hodge's* case.

19 And if Your Honor would like additional circuit court
20 orders, we have many that we can provide. In this case we're in
21 sort of a different situation because we've got a blank motion
22 just stating they're moving to compel arbitration. We then
23 submitted our memorandum in opposition just anticipating what the
24 arguments were going to be because we've had plenty of these
25 against one another, and then we got a response to theirs at that

1 time so we didn't include those orders, but if the Court would
2 like them then we certainly can provide them.

3 Your Honor, as far as the Calloway case that we were talking
4 about where the arguments are virtually identical, we're dealing
5 with the exact same arbitration agreement and the exact same
6 admission agreement. The only difference is in that case the
7 agreement was signed by the daughter and there were multiple
8 other children.

9 If you look at the priorities under the healthcare consent
10 act, the children have to get together and vote, there has to be
11 a majority of the children that consent to it, that has to be
12 recorded in the medical records, and that wasn't done. And that
13 would be essentially the only change in the arguments that I
14 believe either one of us would have as to in that regard. So as
15 we were able to incorporate our arguments for both of those, then
16 you can avoid having to hear from us for another 30 minutes.

17 THE COURT: Okay.

18 ATTORNEY HINES: Your Honor, briefly, and I'll start right
19 where Mr. Holmes began. Yes, we are certainly fine with the
20 benefits for judicial economy of not replaying all this,
21 specifically in the Calloway case, so long as our record shows
22 that the arguments we put forth here today in the White case will
23 also be considered to have been made in the Calloway case because
24 we argued the same arguments and issues.

25 THE COURT: Right.

1 ATTORNEY HINES: But, Your Honor, just briefly trying to
2 kick off a few points, and I want to be clear that the argument
3 that we're making for merger and equitable estoppel is not an
4 argument that requires there to be a valid contract. That is the
5 point of estoppel and the equitable device that allows you to --
6 what it does is it actually prevents the opponent of the
7 enforcement of the contract from arguing that it is not
8 enforceable, that it is not valid. There's what it estops, it
9 estops that on the basis of equitable considerations that would
10 make that inequitable.

11 So I understand opposing counsel's arguments about authority
12 and the Adult Healthcare Consent Act. And maybe to clean things
13 up a little bit for Your Honor's benefit and just for opposing
14 counsel's, as well, we don't rely on the Adult Healthcare Consent
15 Act providing authority here to either the son in this case or
16 the daughter in the Calloway case. It's perfectly true that in
17 the *Coleman* case that argument was made and rejected, and as far
18 as the Adult Healthcare Consent Act provided the authority to
19 re-arbitration, we agree that it does not and so we can dispense
20 with that.

21 The idea of authority, again, it's not essential to our
22 estoppel argument because, again, if our estoppel argument
23 prevails, that estoppel argument estops the opponent of
24 arbitration from denying enforceability on the basis of an
25 equitable consideration, because obviously if we had an

1 enforceable contract then we wouldn't need estoppel to get us
2 there. So estoppel operates in a world where you don't have an
3 enforceable contract, so that's -- I would just make that point.

4 And then the last thing I guess I'd mention is about the
5 idea of termination and showing some -- providing evidence of an
6 intention contrary to merger. Here's a case that we cite in our
7 brief, it's called *Hooters of America v. Phillips*. And I'm
8 quoting, "Under South Carolina arbitration law, the duty to
9 arbitrate under an arbitration clause in a contract survives
10 termination of the contract."

11 Well, this idea of termination, that the arbitration
12 agreement survives termination of the admission agreement, that's
13 just how arbitration agreements work, and that's the way they
14 work even when they're included in the very same document,
15 meaning that we have here a situation here where we do have two
16 instruments, one, an arbitration agreement, one, an admission
17 agreement. That's not always what you have.

18 For instance, in this very case you have a situation where
19 you have an admission agreement that includes within the same
20 instrument an arbitration clause. The law is that the
21 arbitration component survives termination of the rest, and,
22 again, that would be the same whether it's separate instruments
23 or a single instrument. And so on that basis I don't see how
24 that provides any evidence of an intention contrary to merger
25 when you're always going to have the arbitration clause held out

1 as not being terminated at the same time as the rest of the
2 contract. That's, again, how arbitration clauses work.

3 Only one very last thing I would mention, Your Honor,
4 because I see where it's briefed in opponent's response, which is
5 that this is a case where we have wrongful death and survival
6 claims, and the argument is that even if Your Honor were to
7 compel arbitration as to the survival claims, the wrongful death
8 claims could not be compelled to arbitration because essentially,
9 as I understand it, because the wrongful-death beneficiaries
10 themselves would not have signed an arbitration agreement and you
11 would have no basis to apply an estoppel argument, for instance,
12 as to them. Our response to that is to say that that analysis
13 would be true if you didn't have this derivative nature of the
14 wrongful death claim.

15 And I know I need to be a little bit careful here in terms
16 of the wrongful death claim as far as -- this the part where I
17 mean derivative -- is that any defense that would be good against
18 the decedent; for instance, well, if you had comparative
19 negligence, or if you had a situation where you have an accident
20 and the decedent, before they died, signed a full and complete
21 release of everything and then happen to pass away sometime
22 later, and there was an argument that could be made that the
23 death was actually caused by the accident, well, if they tried,
24 if the estate tried, to bring a wrongful death claim in, you'd be
25 able to take the release and say to the estate, You don't have a

1 claim because the decedent waived that.

2 Well, in the same way that those defenses would work against
3 the decedent, they also work against the estate, so my point is
4 that that analysis that would say that wrongful death claims are
5 not, would not be, subject to arbitration -- and again, that
6 argument in this case is even if you find that the survival
7 claims should be compelled to arbitration, wrongful death should
8 be held out and not compelled, we disagree with that because if
9 you find that arbitration should be compelled as to the survival
10 claim, your doing that would be based upon the idea that the
11 resident and therefore in turn their estate is subject to
12 arbitration, and that would be all you need to find to find that
13 the wrongful death claim is subject to arbitration.

14 This is where I can try to wrap it up. I would also note in
15 that regard the wrongful death claim obviously cannot be brought
16 by wrongful-death beneficiaries anyways; statutorily it's
17 required to be brought by the personal representative of the
18 estate. So it's not like the claim actually belongs to those
19 beneficiaries anyways. They might be the beneficiary to recover
20 the claim, but the claim is not one they, themselves, could
21 assert.

22 And I guess the very last thing I'd make on this point is
23 that this is an arbitration agreement that is subject to the
24 Federal Arbitration Act, the FAA, and that's because it is an
25 agreement that involves a transaction -- a transaction involving

1 interstate commerce.

2 We also have a case called *Dean v. Heritage Healthcare* which
3 makes it clear that an arbitration agreement signed in
4 conjunction with nursing-home admissions are -- they implicate,
5 or the FAA, because those contracts involve interstate commerce,
6 you cannot have -- under the FAA, you cannot have a rule that
7 singles out arbitration agreements for disfavored treatment.

8 And our final position on this issue of wrongful death not
9 being able to be compelled to arbitration is that to have a rule
10 that require all of the wrongful death beneficiaries to agree to
11 arbitration would essentially be a rule that singles out
12 arbitration disfavored treatment, and that would violate the
13 FAA's rule that requires arbitration agreements to be placed on
14 equal footing with all other contracts under state law.

15 I realize, Your Honor, that's quite a mouthful to say in
16 closing, but I think those are the only points that I wanted to
17 make, and otherwise we would just rest on our brief. Thank you.

18 THE COURT: Okay. Mr. Holmes, you got anything else to add?

19 ATTORNEY HOLMES: Your Honor, just very briefly since I
20 didn't -- I skipped the equitable estoppel argument. The burden
21 of proof as to equitable estoppel is also on the proponent of
22 arbitration, and what they would have to show is that the party
23 to be estopped made -- that they either said something or acted
24 in a way that amounted to a false representation that was
25 intended to be relied on, and that they had constructive notice

1 of the facts that were contrary. Of course, there's no evidence
2 to support those elements.

3 And then also as to the party that's asserting estoppel,
4 what they have to prove is that they lack knowledge, or the means
5 of knowledge, to ascertain the truth as to those facts, that they
6 relied on the contract of the other people and they had a
7 prejudicial change in position, there's no evidence to support
8 any of those facts.

9 But, also, Your Honor, they had a means of acquiring the
10 information. All they had to do was ask the son, Who are your
11 relatives?, which they're required to do under the act, and they
12 could also just say, Do you have a healthcare power of attorney?,
13 Do you have a power of attorney?, Show it to us. It actually
14 says in their admissions agreement that they're required to give
15 them those documents, so they absolutely have the means of
16 acquiring any information as to whether or not Mr. Smith had
17 authority, as well as Ms. Calloway. And those arguments are also
18 addressed in the *Coleman* and *Thompson* cases.

19 ATTORNEY HINES: Your Honor, if I'm at the risk of trying
20 your patience --

21 THE COURT: No, you're fine.

22 ATTORNEY HINES: I'll keep it under a minute. What
23 Mr. Holmes said about the test for estoppel, that's called a
24 traditional six-factor test, and I think it is in their brief.
25 That's addressed in a case called *Wilson v. Willis*. In *Wilson v.*

1 *Willis*, in that case it supports the application not of that
2 six-factor test but of the direct-benefits test. The
3 direct-benefits test doesn't have the same elements as the test
4 that Mr. Holmes was just mentioning; it is a test of receiving
5 direct benefits -- and we explained this in our brief -- it's
6 receiving direct benefits under a contract and then at the same
7 time trying to deny the enforceability of an arbitration clause
8 in that same contract.

9 And again, the same-contract part comes into my merger
10 argument, so you have to go with me on merger to get beyond
11 estoppel, just to be clear.

12 The other last little thing about asking him, Mr. White in
13 this case -- and the same would go for in the Calloway case --
14 the signatory, the last line of the arbitration agreement reads:
15 "By his/her signature below, the executing party represents that
16 he/she has the authority to sign on resident's behalf so as to
17 bind the resident, as well as the representative."

18 We don't take the position that that language gives us proof
19 positive of authority, but it does give us proof positive that
20 they represented their authority to the facility, because under
21 our law if you sign something it is assumed that you read,
22 understood, and agreed to what you signed. And that was signed.
23 It's just a one-page document. So they did represent in both
24 cases the authority to do that.

25 And again, we don't claim that means that they did, in fact,

1 have authority, but it certainly means that that doesn't cut
2 against us in any kind of estoppel sense --

3 THE COURT: Let me stop you there because I do have a
4 question about that. If the plaintiff is correct and he did not
5 have authority to sign the document, how do you get off square
6 one?

7 ATTORNEY HINES: Because the nature of the estoppel argument
8 is one that allows us to overcome that problem. If we were
9 arguing to Your Honor -- estoppel is a device that allows us to,
10 based upon equitable considerations, estop the opponent from
11 arguing against enforceability. I mean, I understand -- so it's
12 two different tracks. One track would be, Yep, he's got
13 authority, he signed a binding arbitration agreement and,
14 therefore, just enforcing the contract just sort of straight-up.

15 The estoppel argument is, all right, even if there was not
16 authority and even if this is not a valid agreement that is
17 enforceable per se, you, opponent of arbitration, cannot stand up
18 and complain about that; you're estopped to do so because equity
19 steps in.

20 THE COURT: Because they got the benefits of the contract.

21 ATTORNEY HINES: Correct.

22 THE COURT: Okay.

23 ATTORNEY HINES: And thank you very much for your
24 indulgence, Your Honor. I realize I rambled a little bit long --

25 THE COURT: Not a problem.

1 ATTORNEY HINES: -- but hopefully we combined this case with
2 Calloway and maybe saved a little bit of time.

3 THE COURT: Okay. Anything else?

4 ATTORNEY HOLMES: Thank you, Your Honor.

5 ATTORNEY HINES: No, thank you.

6 THE COURT: All right. We'll look at everything and let you
7 all know something.

8 (End of Transcript of Record.)
9

10 CERTIFICATE OF REPORTER

11 I, Cathy J. Provost, Official Court Reporter for the
12 Fourteenth Judicial Circuit of the State of South Carolina, do
13 hereby certify that the foregoing is a true, accurate and
14 complete Transcript of Record of the proceedings had and evidence
15 introduced in the trial/proceedings of the captioned case in the
16 Court of Common Pleas for Dorchester County, South Carolina, on
17 the 23rd day of October, 2023.

18 I do further certify that I am neither of kin, counsel, nor
19 interest to any party hereto.
20

21 Date: June 16, 2024
22

23 \s\ Cathy J. Provost
24 Cathy J. Provost, RMR
25 Official Circuit Reporter

STATE OF SOUTH CAROLINA

COUNTY OF DORCHESTER

BEVERLY CALLOWAY, AS PERSONAL
REPRESENTATIVE OF THE ESTATE OF
HATTIE ARDMORE,

Plaintiff,

vs.

OAKBROOK HEALTHCARE, LLC d/b/a
OAKBROOK HEALTH AND
REHABILITATION CENTER AND
PATRICIA CASTLE,

Defendants.

IN THE COURT OF COMMON PLEAS
C/A NO.: 2023-CP-18-00722

**DEFENDANTS' MOTION TO COMPEL
ARBITRATION**

PLEASE TAKE NOTICE that Defendant, Oakbrook Healthcare, LLC d/b/a Oakbrook Health and Rehabilitation Center and Patricia Castle ("Defendants"), by and through their undersigned counsel, will move before this Honorable Court, at a time and place to be designated by the Court, and as soon as counsel may be heard, for an Order staying or dismissing this action and compelling arbitration pursuant to the Federal Arbitration Act ("FAA"), 9 U.S.C. § 1, et seq. and Rules 12(b)(1) and 12(b)(6) of the South Carolina Rules of Civil Procedure. This Motion is based on the terms and provisions of a valid and binding Arbitration Agreement executed at the time of Hattie Ardmore's admission to the Facility. (See Arbitration Agreement attached as Exhibit A). The Arbitration Agreement is expressly binding on all parties and requires that Plaintiff's claims be submitted to arbitration.

Defendants further request that this Honorable Court specifically stay any further requirement to file any responsive pleading as well as any requirement to respond to any motions or discovery filed or served by Plaintiff while the current motion is pending. This Motion is

supported by the attached Arbitration Agreement, the statutory and case law of the State of South Carolina and the United States, any subsequent memoranda of law, affidavits or other evidence which may be submitted prior to the hearing on this motion, as well as any oral argument to be presented by counsel at the hearing on this matter.

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Center and Patricia Castle*

Dated: June 30, 2023

Charleston, South Carolina

STATE OF SOUTH CAROLINA
COUNTY OF DORCHESTER
BEVERLY CALLOWAY, AS
PERSONAL REPRESENTATIVE OF
THE ESTATE OF HATTIE ADMORE.,

Plaintiff,

v.

OAKBROOK HEALTHCARE, LLC, d/b/a
OAKBROOK HEALTH AND
REHABILITATION CENTER AND
PATRICIA CASTLE

Defendants.

IN THE COURT OF COMMON PLEAS
CIVIL ACTION NO.: 2023-CP-18-00722

**PLAINTIFF'S MEMORANDUM IN
OPPOSITION TO DEFENDANTS' MOTION
TO COMPEL ARBITRATION**

Defendants, Oakbrook Healthcare, LLC d/b/a Oakbrook Health and Rehabilitation Center and Patricia Castle ("Defendants") have moved to dismiss this action and compel arbitration pursuant to the Federal Arbitration Act, 9 U.S.C. § 1 *et seq.* and Rules 12(b)(1) and 12(b)(6) of the South Carolina Rules of Civil Procedure. The basis of Defendant's Motion is that a valid and enforceable arbitration agreement (the "Arbitration Agreement") exists between the parties. Plaintiff relies on four precedential decisions of the Supreme Court of South Carolina and Court of Appeals, *Coleman*, *Thompson*, *Solesbee*, and *Hodge*, which are nearly identical to the case at hand, and define the current law of South Carolina pertaining to arbitration agreements within the health care facility context.

The Arbitration Agreement relied upon by Defendants was signed by Plaintiff, who is the daughter of the decedent, at a time when she did not have authority to enter

any such agreement on the decedent's behalf. Further, the Arbitration Agreement was separate from and does not merge with the Admission Agreement, so Plaintiff is not equitably estopped from denying the Arbitration Agreement's enforceability. Lastly, there is no evidence that Plaintiff had actual or apparent authority to enter the Arbitration Agreement on behalf of the decedent, and South Carolina law is clear that only the representations and conduct of the principal herself, and not the actions of the agent, can create the agency relationship. Therefore, Defendants' Motion should be denied by the Court.

FACTUAL BACKGROUND

On September 3, 2020, Ms. Admore was admitted to Oakbrook Health & Rehabilitation Center ("Oakbrook") where she required total care for all daily living activities as well as monitoring her blood sugar. (Compl. ¶ 4). On admission to Oakbrook, Ms. Admore was assessed as high risk for pressure sores and had a Stage II pressure injury to her sacrum. (*Id.* at ¶ 5). On September 8, 2020, Ms. Admore's blood sugar was elevated and continuous monitoring every hour was ordered. (*Id.* at ¶ 6). On September 10, 2020, Ms. Admore was found non-responsive to verbal stimuli and was transferred to Summerville Medical Center where her sacrum wound worsened and she was diagnosed with hyperkalemia. (*Id.* at ¶ 8). On September 17, 2020, Ms Admore was readmitted to Oakbrook. (*Id.* at ¶ 9). On September 22, 2020, Ms. Admore's blood sugar was elevated again, causing her to vomit and collapse. (*Id.* at ¶ 11). She was sent to Summerville Hospital where on admission her blood sugar was <600. Shortly after arriving at the hospital, Ms. Admore went into cardiac arrest and passed away. (*Id.* at ¶ 12-13).

Plaintiff commenced this action on May 8, 2023, alleging negligence and gross negligence in Ms. Admore's care and treatment while a patient at Defendants' facilities. (*See generally* Compl.). On June 30, 2023, Oakbrook filed a Motion to Compel Arbitration, relying on an Arbitration Agreement that was signed by Plaintiff's daughter, Beverly Calloway, on September 3, 2020. (Mot. Compel Arbitration, Ex. A). Presumably, Ms. Calloway signed the Agreement because Plaintiff was unable to consent due to dementia.

ARGUMENT

While a signed Arbitration Agreement exists in this case, it is not a valid, enforceable agreement for the simple reason that Plaintiff's daughter, Beverly Calloway, did not have authority to execute the Arbitration Agreement at the time it was entered by the parties. While there is a presumption in favor of arbitration, it only applies to the scope of an arbitration agreement; "it does not apply to the existence of such an agreement or to the identity of the parties who may be bound to such an agreement." *Wilson v. Willis*, 426 S.C. 326, 337, 827 S.E.2d 167, 173 (2019). "Moreover, because arbitration, while favored, 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." *Id.*

To the extent that Oakbrook may maintain that Plaintiff is equitably estopped from denying the validity of the Arbitration Agreement due to her daughter's execution of an admission agreement, there was no merger of the agreements, as the language of the Admissions and Arbitration Agreements indicate that Oakbrook considered it to be a separate agreement. Additionally, there is no evidence that Plaintiff had actual or

apparent authority to act on Ms. Admore's behalf at the time she entered the Arbitration Agreement, as there is no evidence that Ms. Admore consciously represented or implied to Oakbrook that she was her agent for the purposes of entering an arbitration agreement by way of an executed power of attorney or by any verbal representations. For these and the following reasons, Oakbrook's motion should be denied.

I. Even if Ms. Calloway had authority to make health care decisions for Ms. Admore, as well as any financial decisions necessitated by those decisions, she did not have authority to waive the estate's right to a jury trial.

"It is essential that the parties to a contract have the capacity to contract . . . Furthermore, a capacity to contract relates to the status of the person rather than to the circumstances surrounding the transaction." 17 C.J.S. Contracts § 45. At the time Ms. Admore was admitted to Defendant's facility, she had not executed and filed a healthcare or general power of attorney granting Plaintiff authority to waive legal rights or do anything and everything necessary to handle her affairs. There is no evidence that she ever represented to Defendant or anyone else, including Plaintiff, that Ms. Calloway had authority to act on her behalf. Thus, any authority Plaintiff had to act would have been derived from the Adult Health Care Consent Act, S.C. Code Ann. § 44-66-10 *et seq.*

Plaintiff acknowledges that Ms. Admore did not have the capacity to consent or enter Defendant's Admission Agreement on the date of her admission to its facility. The Act pertains to adults who are "unable to appreciate the nature and implications of [their] condition and proposed health care, to make a reasoned decision concerning the proposed health care, or to communicate that decision in an unambiguous manner." S.C. Code Ann. § 44-66-20(8).

An adult daughter is authorized to make decisions **concerning health care** under the Act if she has priority. S.C. Code Ann. § 44-66-30(A). Under the Act, health care is defined as

[A] procedure to diagnose or treat a human disease, ailment, defect, abnormality, or complaint, whether of physical or mental origin. It also includes the provision of intermediate or skilled nursing care; services for the rehabilitation of injured, disabled, or sick persons; and the placement in or removal from a facility that provides these forms of care.

S.C. Code Ann. § 44-66-20(1). In contrast, arbitration is a means of resolving a legal dispute outside of the typical civil litigation process – a definition unrelated to physical or mental condition. *See* Black’s Law Dictionary, 125 (10th ed. 2014).

Additionally, under the Act, priority is assigned to family members as follows:

(A) Where a patient is unable to consent, decisions concerning his health care may be made by the following persons in the following order of priority:

(4) an adult child of the patient, or if the patient has more than one adult child, a majority of the adult children who are reasonably available for consultation

S.C. Code Ann. § 44-66-30. The statute sets forth in numerous sections that the standard for determining if a particular family member or individual has priority is whether they are “reasonably available.”

Therefore, the Act gave Plaintiff authority to consent on behalf of Ms. Admore to the provision of medical care, including placement in Defendant’s facility, as well as authority to make certain financial decisions on behalf of Ms. Admore which she would be obligated to pay, but only if no other adult children who had priority under that Act were reasonably available, or if a majority of the adult children reasonably available gave consent. This authority “extends primarily to traditional health care decisions, and only

secondarily to the financial decisions necessitated by those decisions.” *Coleman v. Mariner Health Care, Inc.*, 407 S.C. 346, 353, 755 S.E.2d 450, 454 (2014). Most jurisdictions, including South Carolina, have ruled execution of an arbitration agreement is not a health care decision or financial decision necessitated by a health care decision. See *Johnson v. Kindred Healthcare, Inc.*, 466 Mass. 779, 789-90, 2 N.E.3d 849, 857-58 (Mass. 2014) (collecting cases). In this case, Ms. Admore had two other adult children who were not consulted with by Oakbrook prior to Ms. Calloway signing the Admission Agreement and Arbitration Agreement, in violation of the provisions of the Act. (Ex. A, Admore-ONH 3).

Even if Plaintiff did have authority to make health care decisions on Ms. Admore’s behalf, she did not have authority to sign an arbitration agreement waiving the estate’s right to a jury trial such that she would later be bound to the agreement as the personal representative of the estate. Upon seeking admission of Ms. Admore to Defendant’s facility, Plaintiff was presented with two documents, an Admission Agreement and an Arbitration Agreement. (Ex. B, Admission Agreement). The Arbitration Agreement is separate from the Admission Agreement and contains no provision for medical, nursing, or health care services to be provided to Ms. Admore, nor does it require any financial commitment to pay for such services. (Ex. C, Arbitration Agreement). The agreement is separately titled “Facility – Resident/Representative Arbitration Agreement”, is paginated as “Page 1 of 1”, and contains its own signature lines. Further, the Arbitration Agreement by its very language distinguishes between itself and the Admission Agreement, stating that the Arbitration Agreement will survive any “breach of this Agreement or the Admission Agreement.” While the Admission

Agreement purports to incorporate admissions materials into itself “by reference herein”, when viewed alongside the other details of the agreements, it creates an ambiguity as to merger when taken in context of the totality of the circumstances, and “the law is clear that any ambiguity in such a clause is construed against the drafter”, i.e., Defendant. *See Coleman*, 407 S.C. at 355, 755 S.E.2d at 455.

The Supreme Court of South Carolina has held that a surrogate without proper legal authority cannot bind a person, or that person’s estate, to arbitration. In *Coleman*, the circuit court refused to compel arbitration because the sister of a nursing home resident who signed the arbitration and admission agreements lacked authority to bind the resident to the arbitration agreement. In affirming the circuit court's order, the Supreme Court found that, although the South Carolina Adult Healthcare Consent Act gave the sister authority to make ‘healthcare decisions’ on behalf of her sister, consent for medical treatment is not the same as binding an incompetent person to a legally binding contract such as an arbitration agreement. *Coleman*, 407 S.C. at 352, 755 S.E.2d at 453-54. The court reasoned that the Act only extends authority to surrogates to make traditional healthcare decisions and financial decisions that arise out of those decisions.

The Act “provides statutory authority for family members to make an incapacitated loved one’s ‘health care’ decisions but leaves the conferral of authority to arbitrate for powers of attorney or other legal instruments outlined in the probate code.” *Murphy v. Hunt Valley Holdings, LLC*, No. 2018-CP-46-01459, 2018 WL 11033620, at *6 (S.C. Com. Pl. Dec. 17, 2018). Plaintiff had no legal authority to sign the Arbitration Agreement, and Defendant knew or should have known this fact, as she did not present them with documentation demonstrating power-of-attorney or guardianship. Since

Plaintiff lacked legal authority to enter into a contract, the Arbitration Agreement is void and unenforceable.

II. Plaintiff is not equitably estopped from denying the validity of the Arbitration Agreement because the Admission Agreement and Arbitration Agreement do not merge.

Plaintiff cannot be equitably estopped from denying enforcement of the Arbitration Agreement. “Equitable estoppel is a contract defense and the party asserting this defense bears the burden of proving all of its elements.” *Kelly v. Logan, Jolley & Smith*, 383 S.C. 626, 638, 682 S.E.2d 1, 7 (Ct. App. 2009). Equitable estoppel requires proof that **the party to be estopped** (1) acted in a way amounting to a false representation; (2) intended that such conduct be acted on by the other party; and (3) had actual or constructive knowledge of the real facts. *Strickland v. Strickland*, 375 S.C. 76, 84, 650 S.E.2d 465, 470 (2007). The party asserting the estoppel must (1) lack knowledge and the means of knowledge of the truth of the facts in question; (2) rely on the conduct of the party estopped; and (3) make a prejudicial change in position in reliance on the conduct of the party to be estopped. *Id.*

Defendant has not and cannot meet its burden to establish these elements, primarily because Defendant cannot prove it lacked the means of knowledge of the truth of the facts in question. Equitable doctrines such as estoppel favor diligent parties who actively endeavor to protect their rights. A person cannot claim to have been misled and cannot rely on equitable estoppel if the party, by the exercise of reasonable diligence, could have acquired knowledge to determine the truth of facts in question. *Binkley v. Rabon Creek Watershed Conservation Dist. of Fountain Inn*, 348 S.C. 58, 70-71, 558 S.E.2d 902, 908-09 (Ct. App. 2001).

In this case, Defendant had the ability to determine whether Plaintiff had authority to sign an arbitration agreement on Ms. Admore's behalf. First, under the Adult Healthcare Consent Act, Defendant had a duty to undertake and document its efforts to ascertain whether Plaintiff had any adult siblings reasonably available who would be implicated under the Act to make Ms. Admore's health care decisions, and it failed to do so. Second, it should be clear to health care entities such as Defendant that a daughter without a general durable power of attorney at best only has authority to make healthcare decisions and does not have authority to waive other rights when a potential resident lacks capacity. Defendant is a sophisticated business entity frequently interacting with residents and their families during the rehabilitation center admission process. Defendant is or should be familiar with the legal concepts of guardianship and powers-of-attorney. Defendant had the ability to ask Plaintiff whether she was Ms. Admore's attorney-in-fact, to ask whether Ms. Admore had any other adult children, and it had the ability to request supporting documentation proving authority. In fact, Ms. Admore had two adult children in addition to the Plaintiff, Ms. Calloway, however, there is no evidence Oakbrook made any attempt to determine if they were reasonably available so it could get a majority to consent. Since Defendant has not cited or provided evidence on this element of equitable estoppel, Plaintiff is not equitably estopped from denying the Arbitration Agreement.

Further, the fact that Plaintiff signed the Arbitration Agreement in her individual capacity and is now a party to this action as a nonsignatory in her capacity as personal representative of the estate does not bind the estate to the Arbitration Agreement, at least as far as equitable estoppel is concerned. The Supreme Court addressed this concept in *Thompson*:

Respondent is attempting to use equitable estoppel against [the patient's] estate based on actions that [patient's niece] took *in her individual capacity*. The fact that [the patient's niece] is *now the personal representative for [the patient's] estate* is of no moment; we will not hold this circumstance against [the patient's] estate. Simply put, [the patient's] estate is the plaintiff in this case, and Respondent has alleged no conduct on the part of [the patient's] estate, that has affected Respondent's position. This, too, is a necessary element of an equitable estoppel defense.

Thompson, 416 S.C. at 61, 784 S.E.2d at 689.

Equitable estoppel arguments within the health care facility context are frequently premised on the contention that admission agreements and arbitration agreements merge.

Coleman, 407 S.C. at 355, 755 S.E.2d at 455.

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.

Klutts Resort Realty, Inc. v. Down 'Round Dev. Corp., 268 S.C. 80, 88, 232 S.E.2d 20, 24 (1977). Any ambiguity as to merger is to be construed against the drafter. *See Davis v. KB Home of S.C., Inc.*, 394 S.C. 116, 129 n.4, 713 S.E.2d 799, 805 n.4 (Ct. App. 2011).

Here, the Admission Agreement and Arbitration Agreement are separate contracts that do not merge. *See Hodge v. UniHealth Post-Acute Care of Bamberg LLC*, 422 S.C. 544, 561-63, 813 S.E.2d 292, 308 (Ct. App. 2018); *Thompson v. Pruitt Corp*, 416 S.C. 43, 50, 784 S.E.2d 679, 683 (Ct. App. 2016); *Coleman*, 407 S.C. at 352, 755 S.E.2d at 450. *Coleman* refused to apply the doctrine of merger because language in the contracts “recognize[d] the ‘separateness’ of the admission and arbitration agreements.” *Coleman*, 407 S.C. at 355, 755 S.E.2d at 455. *Thompson* and *Hodge* applied *Coleman* and provided

further examples of factors demonstrating “separateness and preventing merger.” *Thompson*, 416 S.C. at 52, 784 S.E.2d at 684; *Hodge*, 422 S.C. at 563, 813 S.E.2d at 302.

Defendant may assert that Plaintiff is equitably estopped from denying the validity of the Arbitration Agreement based on a direct benefits theory of estoppel, i.e., that since Ms. Admore benefited from the terms of an Admission Agreement that Plaintiff signed, Ms. Calloway should be estopped as the personal representative of his estate from denying the validity of the Arbitration Agreement. *See Wilson*, 426 S.C. at 340, 827 S.E.2d at 175. However, as the Supreme Court explained in *Wilson*, to successfully assert direct benefits estoppel, the arbitration agreement must be a clause within the larger admissions agreement, and the plaintiff must be seeking to assert causes of action that arise from and are created by the contract. Here, as explained above and below, the Admission Agreement and optional Arbitration Agreement are separate documents that did not merge. Second, Plaintiff does not assert breach of contract, or a violation of contractual duties, and instead has brought her lawsuit under a negligence theory arising from common law duties. *See Wilson*, 426 S.C. at 342, 827 S.E.2d at 176. If anything, Plaintiff’s claims are indirectly related to the Arbitration Agreement, as it was optional, ancillary to, and separate from the Admission Agreement. *See id.* (stating that under direct benefits estoppel a claim must be directly, not just indirectly, based on the contract containing the arbitration agreement).

As discussed above briefly, there were two separate agreements, and they were not merged. As in *Hodge*, the separate contracts here have separate signature pages and separate pagination. The Arbitration Agreement is a separate document designated as “Page 1 of 1”. As in *Thompson*, the arbitration agreement announces its independence

with its “Arbitration Agreement” title. The text of the Arbitration Agreement refers to Defendant’s Admission Agreement as a separate, standalone document (“This Agreement . . . shall survive any termination or breach of **this Agreement or the Admission Agreement.**”). This language mirrors that addressed in *Coleman* and *Thompson*, in which the Supreme 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, 416 S.C. at 52, 784 S.E.2d at 685.

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 parties’ intent for the Arbitration Agreement to stand by itself as an independent contract. *Thompson*, 416 S.C. at 53 n. 1, 784 S.E.2d at 685 n.1; *Hodge*, 422 S.C. at 562-63, 813 S.E.2d at 302. The Arbitration Agreement was not a precondition to admission.

Defendant will likely argue that such details are superficial and that they cannot be relied on by Plaintiff as proof that the two separate agreements never merged. However, to do so flies in the face of binding precedent from our Supreme Court indicating that such details are exactly what should be looked to by courts in determining whether merger exists. *See Hodge*, 422 S.C. at 562-63, 813 S.E.2d at 302 (“Further, each document was separately paginated and had its own signature page. Additionally, the Arbitration Agreement stated signing it was not a precondition to admission.”);

Thompson, 416 S.C. at 52, 784 S.E.2d at 684 (noting that evidence of parties' intent to keep two agreements separate includes language from agreements recognizing and referring to agreements as separate documents). The details of Defendant's Admission Agreement and Arbitration Agreement are nearly identical to those addressed by our Supreme Court in *Coleman*, *Hodges*, *Solesbee*, and *Thompson*.

Under binding South Carolina authority, the exact same arbitration agreement and admission agreement at issue in this case have been previously found by the Court of Appeals not to merge, and that a nonsignatory would not be precluded from denying the validity of the arbitration agreement. *See Estate of Solesbee by Bayne v. Fundamental Clinical and Operational Servs., LLC*, 438 S.C. 638, 885 S.E.2d 144 (Ct. App. 2023). 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. The arbitration agreement, on the other hand, claims to be governed by the FAA's statutes and specifically not by South Carolina law.¹ Therefore, the two agreements do not purport to be governed by identical spheres of law: one is theoretically 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.

The Court of Appeals has previously found that the language of the agreements

¹ The Facility argues that both agreements are broadly governed by South Carolina and federal law; however, the arbitration agreement specifically claims 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 only govern the proceedings and are irrelevant to the enforcement of the arbitration agreement and the Court's determination of merger.

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.

Thus, Defendant cannot meet its burden to prove merger. The Admission Agreement and Arbitration Agreement are distinct and should not be construed as a unit, and any equitable estoppel argument should be denied by the Court.

III. Plaintiff did not have actual or apparent authority to enter into the Arbitration Agreement.

The legal consequences of an agent's actions can only be attributed to the principal when the agent has actual or apparent authority. *Charleston Registry v. Young Clement*, 359 S.C. 635, 642, 598 S.E.2d 717, 721 (Ct. App. 2004). It is the duty of one dealing with an agent to use due care to ascertain the scope of the agent's authority. *Frasier v. Palmetto Homes of Florence*, 323 S.C. 240, 244, 473 S.E.2d 865, 867 (Ct. App. 1996). South Carolina law requires that to prove apparent authority, the defendant must show: (1) **that the purported principal consciously or impliedly represented another to be his agent**; (2) that there was reliance upon the representation; and (3) that there was a change of position to the relying party's detriment.” *Cowburn v. Leventis*, 366 S.C. 20, 39, 619 S.E.2d 437, 448 (Ct. App. 2005).

The basis of apparent authority is representations **made by the principal to the third party** and reliance by the third party on those representations. *Young v. S.C. Dep’t of Disabilities and Special Needs*, 374 S.C. 360, 367, 649 S.E.2d 488, 491 (2007). The proper focus in determining a claim of apparent authority is not on the relationship between the principal and the agent but that **between the principal and the third party**.

Vereen v. Liberty Life Ins. Co., 306 S.C. 423, 428, 412 S.E.2d 425, 428 (Ct. App. 1991).

The burden of establishing agency is on the party asserting that a principal agency relationship exists. *Id.*

Defendant has not produced any evidence indicating that Plaintiff had authority to enter the Arbitration Agreement on Ms. Admore's behalf or waive Ms. Admore's (and her estate's) right to a jury trial. For the reasons mentioned above, the Adult Health Care Consent Act did not bestow Plaintiff with the authority to enter the Agreement. The simple fact that Plaintiff signed the agreements so that her mother could be admitted to Defendant's facility and receive health care in no way indicates a manifestation of authority by Ms. Admore to waive her right to a jury trial or agree to arbitration. There is no evidence that Ms. Admore ever manifested any form of assent establishing Plaintiff as her agent. Defendant will likely point to language in the Arbitration Agreement indicating that the executing party of the agreement had authority to sign on the resident's behalf. However, this language is not a representation made by Ms. Admore to Defendant that her daughter had authority to act on her behalf. Instead, it is a representation made by Plaintiff in her individual capacity to Defendant and fails to meet the requirement for proving apparent authority.

In fact, Defendant's position has been directly addressed and disagreed with by the Supreme Court in *Hodge*. In *Hodge*, the facility argued that a husband had taken over his wife's medical affairs and had authority to enter an arbitration agreement on her behalf. The court described the apparent authority as follows:

Apparent authority to do an act is created as to a third person **by written or spoken words or any other conduct of the *principal*** which, reasonably interpreted, causes the third person to believe the principal consents to have the act done on his behalf by the person purporting to act

for him. Either the principal must intend to cause the third person to believe that the agent is authorized to act for him, or he should realize that his conduct is likely to create such belief.

Hodge, 422 S.C. at 572, 813 S.E.2d at 307. (emphasis added) (citations and punctuation omitted). The court then went on to disagree with the exact arguments advanced in this case by Defendant, stating that merely because a family member signs an arbitration agreement, admissions agreement, and other forms does not make them an agent, especially when there is no power of attorney and there is no evidence that the principal represented the family member was their agent. *Id.* at 573-74, 813 S.E.2d at 308.

Apparent authority must be established based upon manifestations by the principal, **not the agent**. The proper focus in determining a claim of apparent authority is not on the relationship between the principal and the agent, but on that between the principal and the third party.

Id. at 577, 813 S.E.2d at 310.

In *Thompson*, other circumstances similar to the instant facts were addressed by the Supreme Court and found not to constitute evidence of apparent or actual authority. In *Thompson*, the facility asserted that the resident “allowed, passively or otherwise” a family member to sign her admissions agreement and arbitration agreement, and to handle other financial affairs for her, as evidence of apparent or actual authority. *Thompson*, 426 S.C. at 55, 784 S.E.2d at 686. The court did not take the same view of the circumstances:

While the evidence indicates Son handled Mother’s finances in the years leading up to her admission to UniHealth, the evidence also indicates Mother had dementia prior to being admitted to UniHealth. Therefore, her incapacity prevented her from “consciously or impliedly” representing another to be her agent. Further, the authority conveyed by a principal to an agent to handle finances or make health care decisions does not encompass executing an agreement to resolve legal claims by arbitration, thereby waiving the principal’s right of access to the courts and to a jury

trial. Based on the foregoing, the evidence does not show that Son had either actual or apparent authority to execute the AA on Mother's behalf.

Thompson, 416 S.C. at 55-56, 784 S.E.2d at 686 (citations omitted). In other words, "an agency may not be established solely by the declarations and conduct of an alleged agent." *Id.* (citation omitted).

Defendants may assert that Plaintiff held "inherent agency powers" to act on behalf of Ms. Admore. This argument would be unsupported by South Carolina law. First, the theory has no support amongst South Carolina authorities outside of a passing mention of the term in an abrogated case. *See Smith v. Fitton and Pittman, Inc.*, 264 S.C. 129, 212 S.E.2d 925 (1975). If anything, *Smith* makes clear that the inherent agency powers theory finds no support in South Carolina law. *Id.* ("[A]ppellant has offered no authority, and we have found none, that [individual] would have inherent agency power . . ."). Second, South Carolina law is clear that an individual does not have inherent agency powers concerning health care, financial, and other affairs of their family members. *Hinson v. Roof*, 128 S.C. 470, 475, 122 S.E. 488, 490 (1924) ("The marriage relation of the parties . . . is not necessarily enough to establish the fact that the one is the agent of the other. There must be other proof."); S.C. Jur. *Agency* § 6 (1994) ("No presumption arises from the fact of the marital relationship, without more, that [a spouse] is the agent of [the other spouse].") (footnote omitted).

Regardless of whether Plaintiff "held herself out as an agent for her mother", there is no evidence that at any point Ms. Admore herself made representations, or voluntarily placed Plaintiff in a position, which would indicate a conscious or implied representation that she was authorized to enter arbitration agreements on Ms. Admore's behalf. Plaintiff's position and sole authority, if she had any, could only be derived from

the Adult Healthcare Consent Act, a statutory construct, which did not bestow authority to enter arbitration agreements for the reasons described above. Despite Defendant's contentions, Ms. Admore never consciously held Plaintiff out or represented that she was authorized to act on her behalf in connection with arbitration, and Defendant has produced no evidence supporting its argument, making the Arbitration Agreement invalid and unenforceable. There is no evidence that Plaintiff had actual or apparent authority to enter the Arbitration Agreement.

IV. Plaintiff as personal representative of Ms. Admore's estate is not a third-party beneficiary to the Arbitration Agreement.

"A third-party beneficiary is a party that the contracting parties intend to directly benefit." *Helms Realty, Inc. v. Gibson-Wall Co.*, 363 S.C. 334, 340, 611 S.E.2d 485, 488 (2005). "However, there can be no third-party beneficiary unless a valid contract exists." *Thompson*, 416 S.C. at 57, 784 S.E.2d at 687. Since Plaintiff in her individual capacity was not authorized to execute the Arbitration Agreement on Ms. Admore's behalf, there was no valid contract, and neither Plaintiff in her capacity as personal representative of Ms. Admore's estate, nor the estate itself, could be the third-party beneficiary of the Arbitration Agreement between Plaintiff and Defendant.

Additionally, a third-party beneficiary to an arbitration agreement cannot be required to arbitrate a claim unless the third party is attempting to enforce the contract containing the arbitration agreement. *Thompson*, 426 S.C. at 57, 784 S.E.2d at 687. Plaintiff is not attempting to enforce the Arbitration Agreement on her own behalf or on behalf of the estate; instead, she is asserting tort claims arising from common law duties independent of the Arbitration Agreement and Admission Agreement. Therefore, Plaintiff in her capacity as personal representative was not a third-party beneficiary to the

Arbitration Agreement signed individually by Plaintiff, and it cannot be enforced against her independently of any authority she did not have to enter the agreement.

V. The scope of the Arbitration Agreement does not cover wrongful death claims by Ms. Admore's statutory beneficiaries.

Even if Plaintiff had authority to sign the Arbitration Agreement and it was valid, the wrongful death claims of Ms. Admore's statutory beneficiaries would not be excluded, as they are not within the scope of the Arbitration Agreement. South Carolina law is clear that wrongful death claims belong to the statutory beneficiaries and are distinct and separate from survival claims belonging to the estate. *Bennett v. Spartanburg Ry. Gas and Elec. Co.*, 97 S.C. 27, 81 S.E. 189 (1914). Wrongful death actions are brought by the personal representative of the decedent directly for the benefit of the statutory beneficiaries and include pecuniary loss, mental shock and suffering, grief and sorrow, and loss of companionship. S.C. Code Ann. §§ 15-51-10 and -20; *Self v. Goodrich*, 300 S.C. 349, 351, 387 S.E.2d 713, 714 (Ct. App. 1989). Survival actions, on the other hand, are separate claims for separate injuries, and belong to the estate, not the statutory beneficiaries. *See Bennett*, 97 S.C. at 27, 81 S.E. at 189-90.

The statutory beneficiaries are nonsignatories to the Arbitration and Admission Agreements, regardless of whether the Arbitration Agreement purports to include "any alleged tort, personal injury, negligence, or other claim" "arising out of or relating to Facility's Admission Agreement." Therefore, if the Arbitration Agreement were valid, which it is not, the wrongful death beneficiaries would only be bound to its terms as third-party beneficiaries. As explained above, a third-party beneficiary may only be bound by an arbitration agreement if it is attempting to enforce the contract containing the arbitration agreement. Here, the Arbitration Agreement is a standalone document not

contained within the Admission Agreement, and the wrongful death beneficiaries are not attempting to enforce the Admission Agreement or Arbitration Agreement.

Instead, they are seeking to recover under the wrongful death scheme for Defendant's breach of common law duties arising from its care for Mr. Washington. Thus, even if the Arbitration Agreement is valid and enforceable, it would only reach the survival claim of the estate, and not any wrongful death claims brought on behalf of the statutory beneficiaries. This conclusion comports with the law of other state jurisdictions. *See FutureCare NorthPoint, LLC v. Peeler*, 143 A.3d 191, 209-10, 213 (Md. App. 2016); *Taylor v. Extendicare Health Facilities, Inc.*, 147 A.3d 490, 494 and n. 1 (Pa. 2016) (citing *Pisano v. Extendicare Homes, Inc.*, 77 A.3d 651, 660 (Pa. Super. 2013)); *Boler v. Sec. Health Care, LLC*, 336 P.3d 468, 477 (Okla. 2014); *Estate of Decamacho ex rel. Guthrie v. La Solana Care & Rehab, Inc.*, 316 P.3d 607, 614 (Ariz. Ct. App. 2014); *Daniels v. Sunrise Sr. Living, Inc.*, 212 Cal. App. 4th 674, 151 Cal. Rptr. 3d 273 (2013); *Carter v. SSC Odin Operating Co, LLC*, 976 N.E.2d 344, 355-58 (Ill. 2012); *Ping v. Beverly Enters., Inc.*, 376 S.W.3d 581 (Ky. 2012); *Woodall v. Avalon Care Center-Federal Way, LLC*, 231 P.3d 1252 (Wash. App. 2010); *Lawrence v. Beverly Manor*, 273 S.W.3d 525 (Mo. 2009); *Bybee v. Abdulla*, 189 P.3d 40 (Utah 2008); *Peters v. Columbus Steel Castings Co.*, 873 N.E.2d 1258, 1262 (Ohio 2007); *Chapman v. Cardiac Pacemakers, Inc.*, 673 P.2d 385 (Idaho 1983); *see also Strickholm v. Evangelical Lutheran Good Samaritan Soc'y*, Case No. 4:11-CV-00059-BLW, 2011 WL 2532395 (D. Idaho June 24, 2011).

Furthermore, Defendant cannot meet the requirements to show that the wrongful death beneficiaries qualify as third-party beneficiaries to the Arbitration Agreement.

Defendant must show the Arbitration Agreement was “made for the benefit of” the family members and the Arbitration Agreement’s terms were intended to provide a “direct, rather than an incidental or consequential” benefit to them. *Fabian v. Lindsay*, 410 S.C. 475, 765 S.E.2d 132 (2014) (quoting *Windsor Green Owners Ass’n v. Allied Signal, Inc.*, 362 S.C. 12, 17, 605 S.E.2d 750, 752 (Ct. App. 2004)). The only supposed benefit Defendant could argue the statutory beneficiaries receive is the promise that its legal claims will also be subject to arbitration. However, Defendant has not identified any legal claims it could ever have against the statutory beneficiaries. Any legal claims Defendant had against Ms. Admore at her death could only be asserted against her estate, not the statutory beneficiaries for her wrongful death claim. S.C. Code Ann. § 15-5-90 (providing that, at a person’s death, legal claims “survive both to and against” the decedent’s personal representative). Since there is not even the possibility of a legal claim by Defendant against the wrongful death beneficiaries, there is no “direct benefit” to support a third-party beneficiary argument, nor is there consideration for any purported agreement to arbitrate between the beneficiaries and a facility.

Additionally, the South Carolina Supreme Court has been ambivalent at best as to whether a third-party beneficiary theory can ever be used to force arbitration on unconsenting non-parties. *Wilson*, 426 S.C. at 338 n. 7, 827 S.E.2d at 174 n. 7 (citing *Comer v. Micor, Inc.*, 436 F.3d 1098, 1102 (9th Cir. 2006) (finding third-party may be able to enforce a contract but “certainly cannot be bound to a contract it did not sign or otherwise assent to”)). The court has rejected third-party beneficiary arguments to enforce nursing home arbitration contracts on multiple occasions. *Thompson*, 416 S.C. at 57, 784 S.E.2d at 687 (quoting *Dickerson v. Longoria*, 995 A.2d 721, 742 (Md. 2010) (“a

third-party beneficiary to an arbitration agreement cannot be required to arbitrate a claim unless the third party is attempting to enforce the contract containing the arbitration agreement”)); *see also Hodge*, 422 S.C. at 574, 813 S.E.2d at 308 (nursing home conceded *Thompson* foreclosed third-party beneficiary argument). At best, even if the Arbitration Agreement was valid, it would only reach the estate’s survival claims. However, since it is not valid, it cannot compel arbitration of the wrongful death or survival claims in this action, and Defendant’s motion should be denied.

VI. Additional discovery on the issue of authority is unnecessary and would violate S.C. Code Ann. § 15-48-20.

In the alternative, Defendant may request that the Court grant additional discovery on the nature of Plaintiff’s agency relationship with her mother. S.C. Code Ann. § 15-48-20 only permits a court to “summarily” proceed to the determination of whether arbitration is appropriate when an agreement to arbitrate has been contested. Here, the only relevant and necessary evidence for the Court to make its determination is already available for the Court’s review. Any further discovery with the goal of revisiting the arbitrability of this case would only serve to protract this litigation, offend section 15-48-20’s mandate for an expedient determination of arbitrability, waste judicial resources, and increase costs for both parties unnecessarily. Defendant has had ample opportunity to investigate Plaintiff’s claims and determine if any of its employees have knowledge of whether Ms. Admore ever represented that Ms. Calloway had authority to act on her behalf. Defendants chose to file this motion to compel arbitration at this juncture without such evidence. The Court should deny any potential request for additional discovery.

CONCLUSION

For the foregoing reasons, Plaintiff respectfully requests that the Court deny Defendant's Motion to Compel Arbitration.

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ATTORNEYS FOR PLAINTIFF

October 19, 2023
Hampton, South Carolina

Resident Face Sheet: HATTIE M ADMORE (Full Code)

Unit:	Dogwood	Preferred Name:	HATTIE
Room/Bed:		Attending:	Shantae Jenkins - (843) 371-5433
Status:	Discharged	Email:	

Allergies: No known allergies

Diagnoses: G93.41 Metabolic encephalopathy(Primary, Admission), N39.0 Urinary tract infection, site not specified, F33.9 Major depressive disorder, recurrent, unspecified, H40.9 Unspecified glaucoma, E87.5 Hyperkalemia, F01.50 Vascular dementia without behavioral disturbance, F06.4 Anxiety disorder due to known physiological condition, F13.982 Sedative, hypnotic or anxiolytic use, unspecified with sedative, hypnotic or anxiolytic-induced sleep disorder(History of), A49.9 Bacterial infection, unspecified-UTI, E08.00 Diabetes mellitus due to underlying condition with hyperosmolarity without nonketotic hyperglycemic-hyperosmolar coma (NKHHC)(History of), E08.65 Diabetes mellitus due to underlying condition with hyperglycemia(History of), E11.8 Type 2 diabetes mellitus with unspecified complications, E11.9 Type 2 diabetes mellitus without complications, E66.9 Obesity, unspecified, E78.5 Hyperlipidemia, unspecified, I10 Essential (primary) hypertension, I48.91 Unspecified atrial fibrillation, I69.391 Dysphagia following cerebral infarction, K21.9 Gastro-esophageal reflux disease without esophagitis, M62.81 Muscle weakness (generalized), N18.3 Chronic kidney disease, stage 3 (moderate), F45.42 Pain disorder with related psychological factors, G47.33 Obstructive sleep apnea (adult) (pediatric), G93.2 Benign intracranial hypertension(History of), R11.10 Vomiting, unspecified(History of), R13.10 Dysphagia, unspecified, R19.7 Diarrhea, unspecified, R27.8 Other lack of coordination, R47.01 Aphasia, R47.1 Dysarthria and anarthria, Z20.828 Contact with and (suspected) exposure to other viral communicable diseases, Z79.02 Long term (current) use of antithrombotics/antiplatelets, H40.10X0 Unspecified open-angle glaucoma, stage unspecified, Z93.1 Gastrostomy status

Alerts: Pt is @ Colleton 08/29/20-09/02/20
Pt UHC # 915616303
Auth # A103941245
Pt's DOB on facesheet of Hosp is 02/28/1939 as well as w/MCD myability. DOB on UHC and MCR is 02/09/1938
Pt's MCD#8721062801
Per UHC she has 92 Skilled days left.
CM: Jemily 1-888-753-4113 x 67061, Fax 1-844-891-4511
Fax clinicals 3 days post admit

Face Sheet Notes: This is one of the peeps that might r/o to LTC if unable to go home after therapy.
Pt is @ Colleton 08/29/20-09/02/20
Pt UHC # 915616303
Auth # A103941245
Pt's DOB on facesheet of Hosp is 02/28/1939 as well as w/MCD myability. DOB on UHC and MCR is 02/09/1938
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Fax clinicals 3 days post admit

This is one of the peeps that might r/o to LTC if unable to go home after thera

Contacts

Relationship	Name	Responsibilities	Call Order	Phone/Email	Address	Notes
Daughter	Beverly Calloway	Emergency Contact Resident Representative Responsible Party Primary Financial Contact Receive A/R Statement	1	Primary [REDACTED] Email [REDACTED]	[REDACTED] Walterboro, SC 29488	EXHIBIT A
Daughter	Ramona Barrett	Emergency Contact	2	Primary [REDACTED]	[REDACTED] Walterboro, SC 29488	
Daughter	Darlene Cummings	Emergency Contact	3	Primary [REDACTED]	XXX XXXX, SC	

ADMISSION AGREEMENT – SOUTH CAROLINA

RESIDENT NAME: [REDACTED]

RESIDENT NUMBER:

DATE OF ADMISSION: [REDACTED]

THIS ADMISSION AGREEMENT (“Agreement”) as above dated is by and among (“Facility”), (“Resident”) and/or _____ (“Resident’s Durable Power of Attorney for Health Care”/“Resident’s Legal Guardian”/“Resident’s Responsible Party” hereinafter collectively “Representative”).

WHEREAS, the parties wish to admit Resident to Facility and hereto agree as follows:

I. GENERAL CONDITIONS

1. **Inducement:** Resident and/or Representative verifies that all information submitted to Facility, including without limitation, financial information, medical history and medical diagnosis, is true and correct and acknowledges that providing false information constitutes a breach of this Agreement.

2. **Personal Property:** It is understood that Facility is not responsible for either damage to or theft/loss of Resident’s valuables, monies or clothing unless the item(s) are held in trust by Facility and the damage, theft, loss was caused by the negligent or willful conduct of Facility personnel. Personal property will not be considered to be held in trust unless the policies and procedures outlined in the *Admission Handbook*, which is made a part of this Agreement by reference herein, and any future amendments thereto, have been followed. Facility reserves the right to prohibit certain personal effects, funds or other property in accordance with state and federal law. Facility is not liable for either damages to or theft/loss of any personal belongings or personal care items, such as dentures, hearing aids and eyeglasses, except with respect to damage, theft or loss caused by the negligent or willful conduct of Facility personnel.

3. **Emergency Care:** In case of an emergency and Resident’s personal physician is not available, Resident and/or Representative allows Facility to retain a physician on Resident’s behalf. The physician will bill Resident directly and Facility will not be responsible for payment of the bill for such service.

4. **Representative:** When Resident has a Representative, Representative will act on Resident’s behalf for all purposes permitted under applicable law. Representative will pay all fees and charges incurred hereunder by or on behalf of Resident using proceeds from Resident’s assets or estate. Representative may act in more than one capacity and will be bound by the applicable terms and conditions of this Agreement. Except when Representative has access to Resident’s assets, or as otherwise expressly provided to the contrary herein, or as permitted by state or federal law, Representative will not become personally liable for the payment of Resident’s fees and charges by signing this Agreement. To the extent possible, Resident acknowledges and consents to the execution of this Agreement by Representative.

5. **Terms and Conditions:** By signing this Agreement, Resident and/or Representative agree(s) to comply with all terms and conditions set forth in this Agreement and Facility’s policies, as same apply and as may change from time to time.

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EXHIBIT

B

II. AGREEMENT FOR CARE

A. FACILITY AGREES TO:

1. Admit Resident upon receipt of a physician's order; assist in obtaining physician services if a personal physician becomes unavailable; obtain emergency physician services when required. *Resident is not deemed admitted until such time as all agreements required by law and Facility have been appropriately executed.* This provision may be waived in writing by Facility, at its sole discretion.
2. Maintain written records of financial transactions with Resident and/or Representative responsible for payment. Resident has the right to have personal funds held in trust in accordance with applicable state and federal law, as may be amended from time-to-time.
3. Furnish room, routine meals, nursing care, personal care, or custodial care to Resident in accordance with applicable State and Federal law. This provision expressly excludes extraordinary services, including but not limited to, physician care, private duty nursing, private sitters, specialty foods and therapies not required by law. Resident will be placed in a semi-private room, absent medical need for a private room as determined by Facility staff. Residents residing in private rooms will be billed accordingly.
4. Assist in applying for private insurance benefits, but not to accept assignment thereof unless otherwise noted as an exception herein.
5. Assist Resident and/or Representative in applying for Medicare or Medicaid benefits where applicable.
6. Provide assistance in daily living and restorative nursing care in accordance with Resident's care plan, where appropriate. Resident and/or Representative reserve the right to refuse said treatment. If said treatment is refused, Resident and/or Representative will hold Facility harmless from any injury or damage as a result thereof.
7. Arrange for transfer of Resident to a hospital upon physician's order or in an emergency situation. Expenses of transfer and care of Resident at the hospital are not Facility's responsibility. Resident and/or Representative will be responsible for arranging payment of those services.
8. Obtain and administer medication as prescribed. Expenses for the cost of obtaining the medications are not Facility's responsibility. Resident and/or Representative will be responsible for arranging payment for the medications. Resident and/or Representative have the right to refuse medication. If Resident refuses medication, Resident and/or Representative will hold Facility harmless from any injury or damage as a result thereof.
9. Provide an activities program for Resident, components of which will be at the discretion of Facility.
10. Furnish Resident bed linens and hospital gowns. All personal clothing will be supplied by Resident or Representative and will be properly labeled as outlined in the *Admission Handbook* for identification purposes.

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B. RESIDENT AND/OR REPRESENTATIVE AGREE(S) TO:

1. Provide complete and accurate information regarding Resident to Facility as requested. This information must be updated on a regular basis and when any substantial change occurs.

2. Provide Facility, prior to or at the time of admission, orders from Resident's attending physician for the immediate care of Resident, medical history, physical examination, current physician's orders and physician's statement that Resident is free from communicable disease at the time of Resident's admission or within the required time limitation. If Resident is suffering from communicable disease, Resident and/or Representative will provide a physician's certificate that the disease is not in a transferable stage, or that adequate or appropriate isolation measures are being carried out to control transmission of the disease. Facility retains the right to refuse admission to any Resident suffering from a communicable disease, whether that disease is in a transferable stage or not, so long as said refusal is in compliance with state and federal law. Resident's attending physician will provide, at Resident's expense, a physical examination performed either within five (5) days prior to admission or within forty-eight (48) hours following admission.

3. Allow Facility staff to perform such functions as may be necessary to maintain Resident's well-being, including but not limited to, assistance with bathing and hygiene, dressing, toileting, daily activities, performance of restorative nursing care as appropriate (including bowel and bladder training), and the performance of therapies determined necessary by a physician, but limited to those therapies for which Resident has funding. Resident and/or Representative have the right to refuse medication and treatment as prescribed by Resident's physician. In accordance with the policies of Facility, in the event that Resident and/or Representative refuses to abide by the physician's orders, Facility retains the right to discharge Resident from Facility if, in the judgment of appropriate Facility staff, it is determined that discharge or transfer is appropriate under applicable federal and state law. In addition, if Resident and/or Representative refuses to abide by the physician's order, Resident and/or Representative will hold Facility harmless from any injury or damage as a result thereof.

4. Pay all fees and charges described in this Agreement upon the terms agreed to herein.

5. Adhere to Facility's *Bed Reservation Policy* as outlined in the *Admission Handbook* and the *Facility's Policy and State Requirements for a Temporary Leave Bed-Hold*.

6. Provide and be responsible for personal items of clothing and property.

7. (a) Vacate/remove Resident from Facility within thirty (30) days, upon receipt of a Notice of Discharge and Transfer for any of the reasons required or allowable under state or federal law; (b) cooperate with Facility's efforts to locate alternative placement; (c) Vacate/remove Resident from Facility in less than thirty (30) days if the situation warrants immediate removal. All transfers and discharges will be carried out in accordance with state and federal law.

8. In the event Resident no longer requires Medicare or Medicaid services, Resident and/or Representative agree that Resident will be relocated to a bed certified for the appropriate level of care needed. Please note, room-to-room changes within the same certified unit of Facility are not considered a transfer for purposes of this section.

9. Notify Facility at least three (3) days in advance of Resident's voluntary discharge from Facility, excepting discharge as the result of an emergency. If advance notice is not provided, Resident and/or Representative will be liable for payment of three (3) days.

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10. Accept full responsibility for, absolve and release Facility, its agents, Medical Director and/or attending physicians from any liability for any event, including but not limited to, injury, illness, accident, or deterioration of medical condition suffered by Resident when Resident is not on Facility premises and is not under the care, custody and/or supervision of Facility and its staff.

11. Abide by Facility's policies and procedures as amended from time to time and outlined in the *Admission Handbook* and other Admissions materials, which are made a part of this Agreement by reference herein, as well as the Resident Rights under applicable state law and any future amendments. Facility's rules, regulations, policies and procedures shall not be construed as imposing contractual obligations on Facility and are subject to change.

12. Cooperate with Facility in securing third-party payments, including but not limited to promptly and thoroughly completing all required documentation necessary to obtain such payments.

13. In the event Resident is transferred or discharged, Resident and/or Representative will be responsible for collecting and moving Resident's personal property within forty-eight (48) hours of the transfer/discharge. If the property is not moved, Facility will remove all property from the Resident's room and store same at Resident's and/or Representative's cost and risk. Facility is not responsible for any damage, theft or loss to Resident's property during this period of time. Unclaimed property will be disposed of in accordance with applicable state law.

14. Resident and/or Representative will be responsible for any damage caused to Facility property by Resident or his/her guests beyond normal wear and tear and will pay for such damage, based on the actual charge to Facility for repair or replacement.

15. Resident and/or Representative will be responsible for obtaining adequate information from Resident's attending physician before any extraordinary treatment. Absent knowledge that the consent was not informed, Facility staff may rely upon the physician's written order as evidence that the physician secured informed consent.

16. Resident and/or Representative will be responsible for any damages or injuries caused by Resident to other persons, and will indemnify and hold Facility harmless from any claims, actions or proceedings against Facility resulting from Resident's actions or omissions.

17. In the event of Resident's death, Representative agrees to authorize Facility to notify the person(s) designated by Resident and/or Representative. Additionally, Facility is authorized to transfer Resident's body to the designated funeral home. If Resident has not designated a funeral home, Resident's family will be consulted and Resident's body will be transferred in accordance with their wishes. All costs associated with the transfer and funeral expenses will be the responsibility of Resident's estate.

18. In the event Resident becomes incapable of making medical decisions and no guardian, proxy, surrogate or agent under a valid durable power of attorney for health care or no person qualified under the South Carolina Adult Health Code Consent Act is available, Facility is authorized to seek court appointment of a legal guardian. All associated costs and attorneys' fees will be borne by Resident or Resident's estate.

19. Resident and/or Representative agree that they will present grievances in an orderly manner. Information on Facility's Grievance Procedure can be found in the *Admission Handbook* and the *Resident Rights* under applicable state law. Nothing herein will preclude Resident or any other party from filing a complaint with any governmental agency, but will be ancillary thereto. Facility will review and investigate all complaints in a timely manner.

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20. Resident and/or Representative will be responsible for paying all costs, expenses and reasonable attorneys' fees, whether or not suit is brought, in the event costs, expenses, and/or attorneys' fees are incurred by Facility in the collection of sums due from and owed by Resident or any other party on Resident's behalf to Facility.

III. FINANCIAL AGREEMENT

Resident and/or Representative will be responsible for immediate payment of all charges incurred as follows:

1. Room and board, including meals, laundering of linens and bedding, nursing care, personal care or custodial care for the health, grooming and well-being of Resident in (☐-private) (☐-semi-private) accommodations, for a basic fee of \$221.00 per day, payable one month in advance. In the event Resident is unable or unwilling to receive any of the services included in the room and board charge, such as meals, laundry, etc., no adjustment will be made to the daily rate. Payment for all invoices is due upon receipt. In the event public aid funds are denied for services for which coverage has been expected, Resident and/or Representative will be responsible for payment and will pay such charges upon receipt of invoice. Resident and/or Representative agree(s) to pay any rate change charged to Resident so long as each party to this Agreement is given at least thirty (30) days written notice of the new rate, including any increases or adjustments in Resident's liability by any financial third party or regulatory agency. Additional notice may be provided under applicable state regulations.

- a. Additional services and items may be provided at a separate charge. The current rates charged for additional services and items are set out in Exhibit B. These charges may change from time to time. Resident and/or Representative agree(s) to pay the charges in effect at the time that the service is performed or the item supplied. Facility agrees to give thirty (30) days advance notice to Resident and/or Representative of any price changes.
- b. Services or items not provided by Facility may be supplied by third-party vendors. Facility will assist Resident and/or Representative in securing such items or services, but will assume no liability for providing the services and makes no representations or warranties regarding the quality of such items or services. Facility assumes no liability for payment of any services provided by third-party vendors.
- c. The daily rate will be charged for the day of admission. Private pay residents will not be charged the daily charge for the day of discharge if discharge occurs before 12:00 p.m., unless the discharge is for emergency medical treatment. Medicare and Medicaid Residents will not be charged a daily charge for the day of discharge. The daily rate will be charged, if applicable, on the day of death.

2. Facility may charge a private pay resident a late payment fee of interest at a rate equal to the lesser of (a) eighteen percent (18%) per annum or, if lesser, the highest percentage allowed by law, on all charges (exclusive of interest) for which resident is liable that are outstanding for more than thirty (30) days from the date on which the resident was billed for said charges or (b) the amount set forth in any Agreement Addendum.

3. Refunds will be made for any prepaid room and board services for which payment has been received. The refund of the unused portion of prepaid fees and charges will be made within thirty (30) days following Resident's discharge. In the event of Resident's death, refunds will be made in accordance with

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state and federal law. Any personal property belonging to Resident in Facility at the time of Resident's discharge or death will be released in accordance Section II-B-13 herein.

4. In the event Resident leaves Facility and has personal funds on account, Facility may deduct any outstanding monies due to Facility from said personal funds. The remainder will be distributed in accordance with applicable state and federal law.

5. If Resident's third-party eligibility or coverage is denied or terminated for any reason, Resident and/or Representative shall pay, from Resident's assets, any and all unpaid charges for care previously rendered to the extent permitted by law.

IV. TERMINATION

1. Resident and/or his/her legal representative may terminate this Agreement at any time, upon written notice to Facility.

2. Except as otherwise provided herein, Facility may terminate this Agreement by providing at least fifteen (15) days advance notice to Resident and/or his/her legal representative.

3. This Agreement may be terminate immediately upon the occurrence of any of the following:

- a. Resident's condition has improved sufficiently so that he/she no longer requires the services provided by Facility.
- b. Resident's physical or mental condition changes and he/she requires a higher level of care which cannot be provided by Facility.
- c. Resident's death
- d. The safety or health of individuals in the Facility is endangered.
- e. Resident and/or his/her legal representative have failed to pay for his/her stay.
- f. Facility ceases to operate or is no longer able to provide services to Resident.
- g. Sanctions or remedies imposed by the Department.

4. In the event Facility terminates this Agreement through an involuntary transfer or Discharge, Facility shall provide appropriate notice and discharge planning as required by State and Federal law.

V. MEDICAID BENEFICIARIES

1. **Eligibility.** Eligibility for Medicaid-sponsored long-term care services is based on income and medical necessity. To qualify for assistance through the Medicaid program, a nursing home patient must need intermediate or skilled nursing care as determined through an assessment conducted by Medicaid program staff. The fact that a patient has already been admitted to a nursing home is not considered in this determination. It is possible that a patient could exhaust all other means of paying for nursing home care and meet Medicaid income criteria but still be denied assistance due to the lack of medical necessity.

It is recommended that all persons seeking admission to a nursing home be assessed by the Medicaid program prior to admission. This assessment will provide information about the level of care needed and the viability of community services as an alternative to admission. The Department may charge a fee, not to exceed the cost of the assessment, to persons not eligible for Medicaid-sponsored long-term care services.

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2. **Covered Services.** If Resident is a Medicaid recipient, the Medicaid Program will reimburse Facility for certain skilled services ordered by a physician. Reimbursable routine services include: dietary services; activities programs; room and bed maintenance services; and customary personal hygiene items and services as required to meet the needs of residents, including, but not limited to: hair hygiene supplies, comb, brush, bath soap, disinfecting soaps or specialized cleansing agents (when indicated to treat special skin problems or to fight infection), razor, shaving cream, toothbrush, toothpaste, denture adhesive, denture cleaner, dental floss, moisturizing lotion, tissues, cotton balls, cotton swabs, deodorant, incontinence care and supplies, sanitary napkins and related supplies, towels, washcloths, hospital gowns, over the counter drugs, hair and nail hygiene services (other than Beauty Shop fees), bathing, and basic personal laundry.

3. **Non-Covered Services.**

- a. Medicaid is a cost-sharing program. Resident's monthly income must be contributed to the cost of his or her care. Medicaid determines how much of the Resident's monthly income must be paid to the Facility (also called "patient liability"). To the extent permitted by law, Resident's monthly Social Security and pension funds, minus the personal allowance retained by Resident (or other allowance as set by law), will be paid to Facility.
- b. Resident and/or Representative may purchase from Facility certain miscellaneous products and services that are not covered by Medicaid. An itemized list of fees for these additional products and services is available in the Admissions Office and may be reviewed by Resident and/or Representative upon request during normal business hours of the Admissions Office.

4. **Assignment of Benefits.** In consideration for services rendered by Facility to Resident, Resident and/or Representative hereby assigns to Facility, Resident's right to reimbursement from Medicaid for services rendered by Facility and authorizes Facility to receive payments from Medicaid pursuant to this assignment. Resident and/or Representative acknowledges that, to the extent Medicaid refuses to pay for any services rendered to Resident at Facility, Resident and/or Representative will remain liable for payment of those services to the extent permitted by applicable law. Resident and/or Representative agree to cooperate with Facility in collecting all proceeds due from Medicaid.

5. **Benefit Disallowance.** If Resident's third-party eligibility or coverage is denied or terminated for any reason, Resident and/or Representative will pay, from Resident's assets, any and all unpaid charges for care previously rendered to the extent permitted by law.

6. **Application/ Appeals.** Resident and/or Representative authorize Facility to apply for government or private benefits on Resident's behalf and to appeal the denial of such benefits. Resident and/or Representative agrees to cooperate fully in obtaining such benefits, including but not limited to promptly and thoroughly completing all required documentation necessary to obtain such payments. Resident and/or Representative remain responsible for and will continue to pay for services rendered during the pendency of any eligibility or benefit application.

VI. MEDICARE BENEFICIARIES

1. **Covered Services.** If Resident is a Medicare recipient, the Medicare Program will reimburse Facility for certain skilled services such as nursing services and certain therapies ordered by a physician. Reimbursable routine services include: dietary services; activities programs; room and bed maintenance services; and customary personal hygiene items and services as required to meet the needs of residents, including, but not limited to, hair hygiene supplies, comb, brush, bath soap, disinfecting soaps or specialized cleansing agents (when indicated to treat special skin problems or to fight infection), razor, shaving cream,

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toothbrush, toothpaste, denture adhesive, denture cleaner, dental floss, moisturizing lotion, tissues, cotton balls, cotton swabs, deodorant, incontinence care and supplies, sanitary napkins and related supplies, towels, washcloths, hospital gowns, over the counter drugs, hair and nail hygiene services (other than Beauty Shop fees), bathing, basic personal laundry and medically related social services.

2. **Non-Covered Services.** Resident and/or Representative will be required to pay certain other "Allowable Charges" which include, but are not limited to:

- a. Fees for certain products and services not covered under the Medicare program. Fees for such services will be identical those charged to private pay residents of Facility for the same products and services.
- b. Fees for certain products and services that are more expensive than the products and services covered under the Medicare program (e.g., a private room), as requested by a Resident and/or Representative. Fees charged for the more expensive products and services will be based on the difference between the fees charged to private pay residents of Facility and the customary charge for the same products and services under Medicare. Facility staff will inform Resident and/or Representative requesting additional or more expensive products or services that there will be a specified charge.
- c. Certain deductibles and co-insurance amounts under the Medicare Program.

3. **Assignment of Benefits.** In consideration for services rendered by Facility to Resident, Resident and/or Representative hereby assigns to Facility, Resident's right to reimbursement from Medicare for services rendered by Facility and authorizes Facility to receive direct payments from Medicare pursuant to this assignment. Resident and/or Representative acknowledges that, to the extent Medicare refuses to pay for any services rendered to Resident at Facility, Resident and/or Representative shall remain liable for payment of those services to the extent permitted by applicable law. Resident and/or Representative agree to cooperate with Facility in collecting all proceeds due from Medicare.

4. **Benefit Disallowance.** If Resident's third-party eligibility or coverage is denied or terminated for any reason, Resident and/or Representative will pay, from Resident's assets, any and all unpaid charges for care previously rendered to the extent permitted by law.

5. **Application/ Appeals.** Resident and/or Representative authorize Facility to apply for government or private benefits on Resident's behalf and to appeal the denial of such benefits. Resident and/or Representative agrees to cooperate fully in obtaining such benefits, including but not limited to promptly and thoroughly completing all required documentation necessary to obtain such payments. Resident and/or Representative remain responsible for and will continue to pay for services rendered during the pendency of any eligibility or benefit application.

VII. PRIVATE PAY/INSURANCE

1. **Routine Services.** If Resident is paying for his/her stay privately OR if he/she is having his/her stay paid for through a third-party insurance carrier, Resident and/or Representative will reimburse Facility for routine services ("Routine Services") which include: routine nursing services; routine dietary services; routine activities programs; and routine room and bed maintenance services. Beauty shop fees are not included in the daily rate. Resident and/or Representative shall pay a deposit of two months' basic room and board prior to admission. Each subsequent monthly payment is due on or before the 10th day of the month.

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2. **Ancillary Services.** Resident and/or Representative may purchase services and products that are not included in Routine Services from Facility. An itemized list of fees for these additional services and products is available in the Admissions Office and may be reviewed by Resident and/or Representative upon request during normal business hours of the Admissions Office. Resident and/or Representative shall pay for ancillary services at the end of the month in which such services are rendered.

3. **Assignment of Benefits.** In consideration for services rendered by Facility to Resident, Resident and/or Representative hereby assigns to Facility, Resident's right to reimbursement from any insurance company paying benefits to Resident for services rendered by Facility and authorizes Facility to receive payments from such insurance company pursuant to this assignment. Resident and/or Representative acknowledges that, to the extent such insurance company refuses to pay for any services rendered to Resident at Facility, Resident and/or Representative shall remain liable for payment for these services to the extent permitted by applicable law. Resident and/or Representative agree to cooperate with Facility in collecting all proceeds due from such insurance company.

4. **Benefit Disallowance.** If Resident's third-party eligibility or coverage is denied or terminated for any reason, Resident and/or Representative will pay, from Resident's assets, any and all unpaid charges for care previously rendered to the extent permitted by law.

5. **Application/ Appeals.** Resident and/or Representative authorize Facility to apply for government or private benefits on Resident's behalf and to appeal the denial of such benefits. Resident and/or Representative agrees to cooperate fully in obtaining such benefits, including but n

6. Not limited to promptly and thoroughly completing all required documentation necessary to obtain such payments. Resident and/or Representative remain responsible for and will continue to pay for services rendered during the pendency of any eligibility or benefit application.

VIII. NOTICES

All notices, consents, approvals and the like required to be given hereunder shall be given in writing to Facility to the address below or such other address as Facility may designate:

All notices, consents, approvals and the like required to be given to Resident and/or Representative shall be given in writing to Resident and/or Representative to the address below or at such other address as he/she may designate:

Notice may be given via facsimile, e-mail or U.S. Mail, certified mail return receipt requested.

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IX. GOVERNING LAW

This Agreement will be governed by and construed in accordance with applicable Federal regulations and those laws of the State in which Facility is located. This Agreement will be binding and inure to the benefit of each of the undersigned parties and their respective heirs, personal representatives, successors and assigns.

X. SEVERABILITY

If any provision(s) of this Agreement will be deemed to be illegal or otherwise unenforceable, all other provisions will remain in full force and effect as if the invalid provision had not been part of this Agreement.

XI. CAPTIONS

Captions are for the purpose of reference only and do not govern, limit, modify, enlarge or in any manner affect the scope, meaning and intent of the provisions of this Agreement, nor will such captions be given any legal effect.

XII. MODIFICATIONS

Facility reserves the right to unilaterally modify this Agreement to conform to law and regulations as may be passed from time to time. Reasonable notice, considering all of the circumstances, will be given to Resident and/or Representative when any change is made in accordance with this paragraph. Any other modification except as otherwise specifically reserved herein, will be made in writing and signed by all relevant parties.

XIII. WAIVER

Facility reserves the right to waive any obligation of Resident under the provisions of this Agreement in its sole and absolute discretion. No term, provision or obligation of this Agreement will be deemed to have been waived by Facility unless in writing, signed by Facility. Any waiver of any provision of this Agreement will not be deemed a waiver of any other term, provision or obligation of this Agreement, and the other obligations of Resident and/or Representative and this Agreement will remain in full force and effect.

XIV. RESIDENT

Use of the term "Resident" herein includes the Resident and any person with legal authority to handle Resident's funds or property and/or make medical decisions depending on the context in which the term is used.

XV. ASSIGNABILITY

This Agreement is fully assignable by Facility in the event that Facility is sold and/or the license is transferred such that a new licensee operates Facility. This Agreement, at Facility's option and without notice to Resident and/or Representative, may be automatically assigned to the new licensee and will be fully binding upon Resident and the new licensee.

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XVI. INFORMATION RELEASE/BILLING AUTHORIZATION

1. Resident information included in Facility's records is confidential. Unauthorized persons will not be allowed to review these records without Resident's and/or Representative's consent, except as required or permitted by law. Resident's records are the sole property of Facility, but may be reviewed by authorized person(s) by appointment, in the presence of a Facility representative, as permitted by applicable state or federal law. Authorized persons may request and purchase photocopies of the medical record or any portion thereof with two (2) business days' notice, unless a longer time period is permitted under state law. The fees for reproduction will be billed at the current rate permitted by applicable state or federal law.
2. Resident and/or Representative authorize(s) Facility to release all or part of Resident's protected health information ("PHI") as defined by the Health Information Protection and Portability Act of 1996 to any person or entity which has or may have a legal contractual obligation to pay all or a portion of the costs of care provided to Resident, including but not limited to Medicare, Medicaid, hospital or medical service companies, insurance companies, workers' compensation carriers, welfare funds and/or Resident's employer.
3. Resident and/or Representative authorize(s) Facility to release all or any part of Resident's PHI to any medical professional or institution responsible for Resident's medical or nursing care when Resident is receiving treatment, is transferring, or is discharged from Facility.
4. Resident and/or Representative authorize(s) Facility to send and release PHI to Medicare, Medicaid or other third-party payers for the purpose of receiving payment of covered services. Resident and/or Representative further authorize(s) and request(s) that Medicare, Medicaid, their representatives, their intermediaries and other third-party payers send payment for covered services directly to Facility. This authorization does not release Resident and/or Representative from financial responsibility for charges that may be non-covered or denied by Medicare or Medicaid, or other third party payer.

XVII. MISCELLANEOUS

1. In the event Resident is unable to physically sign his/her name, Resident will sign below by making a mark. If this is the manner in which the Agreement is signed, the witness will verify that Resident was aware that he/she was signing an Agreement and that it was his/her intent to sign.
2. In the event Resident has appointed a Representative to control his/her assets and even if such appointment has not been made through a legal document, Representative will be fully bound to the extent of those assets to the terms of this Agreement, to the extent allowed by law in the State where Facility is located.
3. A copy of any court order appointing a guardian for the Resident's person or estate must be supplied to Facility. This court order must appoint the legal guardian to sign contracts on behalf of Resident. The legal guardian will only be given such rights under this Agreement as are set out in that court order. In addition, the legal guardian must file with Facility on an annual basis the same financial documents filed with the court showing the resources available to pay for Resident's care.
4. Representative will supply Facility with a copy of any power of attorney, durable power of attorney, and durable power of attorney for health care or other legal documentation permitting him or her to act on Resident's behalf. It is understood that the Representative will pay for the care of Resident in accordance with this Agreement to the extent that he/she has access to Resident's income or resources. Failure to utilize the Resident's income or resources for payment to Facility may subject Representative to legal action. Facility may require an accounting from time to time as to the type of said resources. Failure to supply such an accounting will be a breach of this Agreement.

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5. In the event that an individual voluntarily agrees to become legally responsible for payment for the care and treatment of Resident, said Representative will be fully bound to the terms of this Agreement. Please note, Facility does not require a third-party guarantor.

6. Facility reserves the right to apply its indigent care policy, as appropriate, in its sole discretion.

XVIII. ENTIRE AGREEMENT

I/we hereby acknowledge that I/we have read this page and all preceding pages and acknowledge that this Agreement represents the entire agreement and understanding between the parties and supersedes all previous representations, understandings or agreements, oral or written, between the parties and may not be amended except by written agreement of the parties.

By signing below, I/we further acknowledge that I/we have made the above promises and representations in order to induce Facility to enter into this Agreement. The parties further understand that, by signing this Agreement, Facility is relying upon the truthfulness of the promises and representations I/we have made. The parties further agree that if any term or provision of the Agreement is found by a court or agency of competent jurisdiction to be legally unenforceable, the term and provision will be deemed severed from this Agreement and the remaining terms or provisions will be fully enforceable.

The undersigned further acknowledges that he/she has received and read the *Admission Handbook* and other Admissions materials and understand that these documents are made a part of this Agreement by reference herein.

Signature of Resident

Date

STEVE RICKENBAKER

Social Security Number

Witness Signature

Date

Printed Name of Witness

Signature of Representative, if any

Date

Printed Name of Representative

Witness Signature

Date

Printed Name of Witness

Representative Social Security No. (Voluntary Info.)

Printed Name of Facility Official & Title

Date

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STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF DORCHESTER	)	FIRST JUDICIAL CIRCUIT
	)	
BEVERLY CALLOWAY, AS PERSONAL REPRESENTATIVE OF THE ESTATE OF HATTIE ADMORE,	)	CASE NO. 2023-CP-18-00722
	)	
	)	
PLAINTIFF,	)	
	)	
vs.	)	DEFENDANTS' MEMORANDUM OF
	)	LAW IN SUPPORT OF MOTION TO
OAKBROOK HEALTHCARE, LLC d/b/a OAKBROOK HEALTH AND REHABILITATION CENTER AND PATRICIA CASTLE,	)	COMPEL ARBITRATION
	)	
DEFENDANTS.	)	
	)	

Defendants, Oakbrook Healthcare, LLC d/b/a Oakbrook Health and Rehabilitation Center (“the Facility”) and Patricia Castle (“Castle”) (collectively referred to herein as “Defendants”), submit this memorandum of law in support of their motion to compel arbitration.

The Facility is a skilled nursing facility, and Plaintiff’s decedent, Hattie Admore (“Ms. Admore”), was a resident of the Facility from September 3, 2020, through September 21, 2020. Following Ms. Admore’s death, which occurred after her discharge from the Facility, Plaintiff filed this wrongful death and survival action based on alleged deficiencies in the care/treatment Ms. Admore received at the Facility. In conjunction with her admission to the Facility, however, an Arbitration Agreement was executed that covers the entirety of Plaintiff’s claims against Defendants. Despite Plaintiff’s contentions to the contrary, the Arbitration Agreement is enforceable—or at least Plaintiff should be estopped from denying its enforceability—and, as such, Defendants respectfully request that this Honorable Court compel this matter to arbitration pursuant to the Federal Arbitration Act (“FAA”), 9 U.S.C. § 1, et seq.

BACKGROUND

With the help of Ms. Calloway, Ms. Admore was admitted to the Facility on September 3, 2020. In conjunction with Ms. Admore's admission, Ms. Calloway signed an Admission Agreement and an Arbitration Agreement on her behalf. (See **Exhibits 1 and 2** respectively, attached hereto).

Accordingly, Ms. Admore was admitted to the Facility, whereupon she received and accepted various benefits attendant thereto, including, without limitation, skilled nursing care and treatment, room, board, and other services.

Ms. Calloway explicitly represented that she was authorized to admit Ms. Admore to the Facility and to execute documents on her behalf, including the Arbitration Agreement. Indeed, the very first provision of the Admission Agreement states that *all information submitted to the Facility* is true and correct, including Ms. Calloway's authority to bind her mother, Ms. Admore. (See **Ex. 1.**)

Ms. Calloway signed the Admission Agreement on behalf of Ms. Admore as her "Representative."

The relevant provisions of the Arbitration Agreement state the following:

It is further understood that in the event of any controversy or dispute between the parties arising out of or relating to Facility's Admission Agreement, or breach thereof, or relating in any way to Resident's stay at Facility, or to the provisions of care or services to Resident, including but not limited to any alleged tort, personal injury, negligence or other claim; or any federal or state statutory or regulatory claim of any kind; or whether or not there has been a violation of any right or rights granted under State law (collectively "Disputes"), and the parties are unable to resolve such through negotiation, then the parties agree that such Dispute(s) shall be resolved by arbitration, as provided by the South Carolina Alternate Dispute Resolution/Mediation Rules. (See **Ex. 2.**)

The Arbitration Agreement further provides:

The parties acknowledge and agree that, because the services and reimbursement thereof effects a transaction that involves interstate commerce, the enforcement of this Arbitration Agreement is not subject to the South Carolina Uniform Arbitration Act and shall be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any contrary provision of this Agreement or contrary state law. (*See id.*)

Regarding Ms. Calloway's authority to sign on behalf of her mother, the Arbitration Agreement states:

By his/her signature below, the executing party represents that he/she has the authority to sign on Resident's behalf so as to bind the Resident as well as the Representative. (*See id.*)

Moreover, the Arbitration Agreement states "It is the intention of the parties to this Agreement to bind not only themselves, but also their successors, assignees, personal representatives, guardians, or any persons deriving their claims through or on behalf of Resident." (*Id.*) By its terms, the Arbitration Agreement is binding on the Facility's "agents, employees, and servants" as well. (*Id.*) This includes Castle, whom Plaintiff sues as "the Administrator of the Facility." (Compl. ¶ 3.)

The Arbitration Agreement was executed by Ms. Calloway as the "Resident's Durable Power of Attorney for Health Care"/ "Resident's Legal Guardian"/ "Resident's Responsible Party" Representative," collectively referred to as "Representative," of Ms. Admore and Debra Lucas on behalf of the Facility. (*See Ex. 2.*) Ms. Admore never repudiated or invalidated Ms. Calloway's act of signing the Arbitration Agreement and never indicated to Ms. Lucas that her daughter lacked the authority to sign on her behalf.

Because the acts complained of by Plaintiff fall within the scope of the Arbitration Agreement, the Court should stay these proceedings, and compel this matter to arbitration. 9 U.S.C. § 3.

ARGUMENT

I. THE FAA GOVERNS THE ARBITRATION AGREEMENT.

The Arbitration Agreement, by its terms and by law, is governed by the FAA. For one reason, the Arbitration Agreement expressly states that the FAA applies:

The parties acknowledge and agree that, because the services and reimbursement thereof effects a transaction that involves interstate commerce, the enforcement of this Arbitration Agreement is not subject to the South Carolina Uniform Arbitration Act and shall be governed by the [FAA], notwithstanding any contrary provision of this Agreement or contrary state law.

(*See Ex. 2.*) This must be enforced like any other contract term. *Damico v. Lennar Carolinas, LLC*, 430 S.C. 188, 196, 844 S.E.2d 66, 70 (Ct. App. 2020) (“We first consider whether the FAA applies. We hold it does, for two reasons. First, the [subject contract] provides the parties ‘specifically agree that this transaction involves interstate commerce.’ We must enforce this agreement like any other contract term.”) (citing *Munoz v. Green Tree Fin. Corp.*, 343 S.C. 531, 539, 542 S.E.2d 360, 363–64 (2001) (finding the FAA applied because the parties had agreed the subject contract involved interstate commerce)).

Moreover, and in any event, 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.” *Munoz*, 343 S.C. at 538, 542 S.E.2d at 363; *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). Our Supreme Court has expressly held that skilled nursing facility admission agreements implicate interstate commerce and, thus, the FAA. *Dean v. Heritage Healthcare of Ridgeway, LLC*, 408 S.C. 371, 381–82, 759 S.E.2d 727, 732–33 (2014).

II. THE FAA REQUIRES ARBITRATION AGREEMENTS TO BE PLACED ON EQUAL FOOTING WITH ALL OTHER CONTRACTS UNDER SOUTH CAROLINA LAW.

“[T]he basic purpose of the [FAA] is to overcome courts’ refusals to enforce agreements to arbitrate”¹ and “ensure that arbitration will proceed in the event a state law would have a preclusive effect on an otherwise valid arbitration agreement.” *Bradley v. Brentwood Homes, Inc.*, 398 S.C. 447, 453, 730 S.E.2d 312, 315 (2012). To that end, the FAA provides that an arbitration agreement is “valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract.” 9 U.S.C. § 2. “By its terms, the [FAA] leaves no place for the exercise of discretion by a . . . court, but instead *mandates* that . . . courts *shall* direct the parties to proceed to arbitration on issues as to which an arbitration agreement has been signed.” *Dean Witter Reynolds, Inc. v. Byrd*, 470 U.S. 213, 218 (1985) (emphasis added); *see also* 9 U.S.C. § 4 (“The court shall hear the parties, and upon being satisfied that the making of the agreement for arbitration or the failure to comply therewith is not in issue, *the court shall make an order directing the parties to proceed to arbitration in accordance with the terms of the agreement.*”) (emphasis added).

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.” *Kindred Nursing Centers Ltd. P’ship v. Clark*, 137 S. Ct. 1421, 1423 (2017) (citing *AT&T Mobility LLC v. Concepcion*, 563 U.S. 333, 339 (2011)). Under the FAA, “courts *must* place arbitration agreements on *equal footing with other contracts . . .*” *Concepcion* at 339 (emphasis added); *see also Allied–Bruce*, 513 U.S. at 281 (“States may regulate contracts, including arbitration clauses,

¹ *Allied–Bruce*, 513 U.S. at 270.

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 Act makes *any* such state policy unlawful, for that kind of policy would place arbitration clauses on an unequal ‘footing,’ directly contrary to the Act’s language and Congress’ intent.”) (emphasis added) (internal citations omitted).

III. THE ARBITRATION AGREEMENT IS VALID ON ITS FACE.

The Arbitration Agreement is valid on its face. In other words, there is nothing within the four corners of the document itself that calls its validity into question. It bears Ms. Calloway’s signature on behalf of Ms. Admore, along with Ms. Calloway’s express representation that she is authorized to sign for Ms. Admore.² Additionally, the Agreement lists Ms. Admore as a party. It is countersigned by the Facility. It is duly supported by consideration and sets forth all necessary terms, containing, as it does, the parties’ mutual promises to submit a certain defined scope of disputes to binding arbitration³ before an arbitrator who is either agreed upon by the parties themselves or selected by the Court, in a proceeding to be conducted pursuant to the South

² By virtue of her signature, Ms. Calloway is “presumed to have read, understood, and assented to [the] terms” of the Arbitration Agreement, *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.”), including, of course, the express representation therein of her authority to act on Ms. Admore’s behalf. Moreover, there is an implied covenant of good faith and fair dealing in every contract, *Adams v. G.J. Creel & Sons, Inc.*, 320 S.C. 274, 277, 465 S.E.2d 84, 85 (1995) (“There exists in every contract an implied covenant of good faith and fair dealing.”), and Ms. Calloway is no less bound by this covenant than the Facility.

³ The parties’ mutual promises to arbitrate constitute sufficient consideration. *O’Neil v. Hilton Head Hosp.*, 115 F.3d 272, 275 (4th Cir. 1997) (“A mutual promise to arbitrate constitutes sufficient consideration for this arbitration agreement.”) (citing *Rickborn v. Liberty Life Ins. Co.*, 321 S.C. 291, 304, 468 S.E.2d 292, 300 (1996) (“[T]he exchange of promises qualified as consideration.”); see also *Evatt v. Campbell*, 234 S.C. 1, 8, 106 S.E.2d 447, 451 (1959) (“Mutual promises also constitute a good consideration.”)).

Carolina ADR Rules, which will result in a decision that is enforceable in a court of competent jurisdiction. To require more just because an arbitration agreement 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.

Moreover, the Arbitration Agreement is not unconscionable. For an agreement to be deemed unconscionable, there must be both (1) an absence of meaningful choice on the part of one party due to one-sided contract provisions and (2) terms that are so oppressive 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, 668 (2007). Neither is the case here.

The party alleging that the enforcement of a contract would be unconscionable bears the burden of proving both prongs of the definition. *Green Tree Fin. Corp.-Ala. v. Randolph*, 531 U.S. 79, 92 (2000); accord *Marzulli v. Tenet S.C., Inc.*, No. 2015-002363, 2018 WL 1531507, at *3 (S.C. Ct. App. Mar. 28, 2018). In this case, Plaintiff bears that burden. "Absence of meaningful choice on the part of one party generally speaks to the fundamental fairness of the bargaining process in the contract at issue." *Simpson*, 373 S.C. 14, 25, 644 S.E.2d 663, 669. "Meaningful choice" refers specifically to the bargaining process involved in entering into the Arbitration Agreement. The Arbitration Agreement clearly articulates that the resident entering into the Agreement is fully aware of her healthcare options and other potential providers of nursing home facilities. The Agreement states:

It is understood by Resident/Representative that he/she is not required to use the aforesaid Facility for Resident's healthcare needs and that there are numerous other health care providers in the State where Facility is located that are qualified to provide such care to Resident.

(See Ex. 2, ¶ 2.) Furthermore, on that same signature page, the Arbitration Agreement states clearly in bold lettering in a separate heading: **“I understand and agree that I am giving up and waiving my right to a jury trial.”** See Ex. 2, ¶ 6.

By signing the Arbitration Agreement and Admission Agreement, Ms. Calloway, acting on behalf of Ms. Admore, represented that she understood and assented to their terms. Indeed, she was given the option of entering into the Arbitration Agreement – *or not* – and she freely and voluntarily made the decision to proceed. The Arbitration Agreement by its plain language was not a precondition of admission to the Facility and simply could not have been an adhesion or “take it or leave it” contract. Ms. Calloway had the option not to enter into the Arbitration Agreement on behalf of her mother, yet she voluntarily did so, voluntarily did not retract her agreement thereto, and her mother stayed at the Facility and received and accepted direct benefits attendant to her admission.

Defendants offered the option of entering into the Arbitration Agreement and, on Ms. Admore’s behalf, Ms. Calloway made the decision to proceed. Ms. Calloway did not have to accept this offer nor has there been any allegation or evidence that she was coerced into signing anything. Nonetheless, even if Plaintiff could demonstrate that there was an absence of meaningful choice, a finding of unconscionability would still not be warranted in the present case, as Plaintiff must still show that the “terms [of the agreement] are so oppressive that no reasonable person would make them and no fair and honest person would accept them.” *Simpson*, 373 S.C. at 25, 644 S.E.2d at 669.

When determining this aspect of unconscionability, this Court must focus on “whether the arbitration clause is geared towards achieving an unbiased decision by a neutral decision maker.” *Id.* at 25, 644 S.E.2d at 668. Under the terms of the Arbitration Agreement, the parties are to select

a third-party arbitrator *jointly* “from a panel having experience and knowledge of the health care industry.” *See Ex. 2*. If the parties are unable to agree upon such an arbitrator, the agreement vests the Court with authority to make a selection. The selected neutral arbitrator is vested with authority to hear the case and make a decision which is “binding on all parties.” As a result, it can only be said that the Arbitration Agreement allows for complete mutuality of remedies. Neither party is given an advantage by its terms. The Arbitration Agreement simply binds the parties (both sides) to resolve disputes via arbitration. And there is nothing about the Arbitration Agreement—which, again, calls for arbitration conducted pursuant to the South Carolina ADR Rules—that would suggest it is not geared towards achieving an unbiased decision by a neutral decision-maker. Indeed, Rule 1 of the South Carolina ADR Rules expressly states, “These rules shall be construed to secure the just, speedy, inexpensive and collaborative resolution in every action to which they apply.”

Lastly, the United States District Court for the District of South Carolina and trial courts around South Carolina have repeatedly upheld the validity of arbitration agreements nearly identical to the one at issue in this matter. In evaluating these arbitration agreements in the context of nursing home admissions, federal courts in South Carolina have all agreed that these agreements are not unconscionable. *McCutcheon, supra*, at *3; *THI of S.C. at Columbia, LLC v. Wiggins, C/A* No. 3:11-888-CMC, 2011 WL 4089435, at *6 (D.S.C. Sept. 13, 2011) (Currie, J.); *Benson, supra*. Along similar lines, any holding that the Arbitration Agreement at issue is unconscionable simply because it was executed in the context of an admission to the skilled nursing facility would be in violation of the clear precedent under *Kindred* and the FAA, which instruct that arbitration agreements must be placed on equal footing with all other types of contracts. Accordingly, any

argument by Plaintiff that the Arbitration Agreement is unconscionable is unfounded and must be rejected.

IV. PLAINTIFF’S CLAIMS ARE WITHIN THE SCOPE OF THE ARBITRATION AGREEMENT.

Without question, Plaintiff’s claims against the Facility are within the scope of the Arbitration Agreement. In pertinent part, the Arbitration Agreement reads as follows:

It is . . . understood that in the event of any controversy or dispute between the parties arising out of or relating to Facility’s Admission Agreement, or breach thereof, or relating in any way to Resident’s stay at Facility, or to the provisions of care or services to Resident, including but not limited to any alleged tort, personal injury, negligence or other claim; or any federal or state statutory or regulatory claim of any kind; or whether or not there has been a violation of any right or rights granted under State law (collectively “Disputes”), and the parties are unable to resolve such through negotiation, then the parties agree that such Dispute(s) shall be resolved by arbitration, as provided by the South Carolina Alternate Dispute Resolution/Mediation Rules.

This plain language clearly embraces the subject matter of Plaintiff’s claims. And 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]nless 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.”).

V. THE ARBITRATION AGREEMENT IS VALID AND ENFORCEABLE, OR AT LEAST PLAINTIFF SHOULD BE ESTOPPED TO DENY ITS ENFORCEABILITY.

A. The Plain Language of the Agreement Binds Plaintiff

According to the plain language of the Arbitration Agreement and consistent with her actions during the admissions process, Ms. Calloway represented herself to admissions personnel

at the Facility as her mother's representative with the authority to sign documents and enter agreements on her behalf.⁴ It was clearly Ms. Calloway's intention to bind Ms. Admore according to the terms of the Admission Agreement and Arbitration Agreement. Moreover, Ms. Admore evinced no intentions or directions to the contrary. Accordingly, the plain language of the Arbitration Agreement confirms that Ms. Calloway was authorized to enter this Agreement binding her mother to arbitration, and the Agreement directly applies to the instant dispute. For these reasons, the Court should find this Agreement is valid and enforceable, and the present action must be stayed and compelled to arbitration.

This Court has found the plain language of arbitration agreements to support enforceability in at least two other cases with circumstances nearly identical to the case at bar. *See e.g. Macie Price v. THI of South Carolina at Magnolia Manor Inman, LLC et. Al*, 2018-CP-42-01054 (S.C. Com. Pls. August 7, 2018) (attached hereto as **Exhibit 3**); *Josephine Spears v. Rehab Center of Cheraw, LLC et al.* 2019-CP-13-00308 (January 10, 2020) (attached hereto as **Exhibit 4**). In both cases, the plaintiff was the wife of a resident at a skilled nursing facility in South Carolina. The resident's wife in each case executed an admissions agreement and an arbitration agreement *identical* to the ones in the case at bar, and as here represented to the facility that she had authority to enter these agreements on her husband's behalf. (*See Ex. 3*, p. 2-3; *see Ex. 4*, p. 1.) In those cases, this Court found that the signatory plaintiffs' attestations of authority in the arbitration agreements prevailed over the contradictory affidavits, and bound plaintiffs in both cases to the terms of the agreements. The Court should reach the same conclusion in the present case and enforce the Arbitration Agreement.

⁴ *See Ex. 2* "It is the intention of the parties to this Agreement to bind not only themselves, but also their successors, assignees, personal representatives, guardians, or **any persons deriving their claims through or on behalf of Resident.**" (emphasis added).

Specifically, this Court determined in *Price* that “the terms of the Arbitration Agreement clearly apply to the instant dispute[,]” because it was clearly the intent of the wife to bind her husband (and herself, as personal representative) according to the plain language terms of the arbitration agreement. (See **Ex. 3**, p. 5.) Likewise, in *Spears*, the arbitration agreement at issue contained an express attestation of authority to enter into the agreement on behalf of the resident identical to Plaintiff’s attestation in the Arbitration Agreement noted above. As such, this Court in *Spears* held, in part, that the wife’s authority to sign the arbitration agreement at issue was “valid on its face” by its plain language (and indeed the arbitration agreement as a whole was found to be valid on its face) and that the skilled nursing facility had no obligation whatsoever to inquire as to the signatory plaintiff’s authority beyond her own attestation. (See **Ex. 4**, p. 4.) As in *Price* and in *Spears*, Ms. Calloway in this matter expressly attested to her own authority to enter into the Arbitration Agreement on behalf of her mother, Ms. Admore. Therefore, the Court should find that Plaintiff is bound by the plain language of the Arbitration Agreement and compel this matter to arbitration.

B. Ms. Calloway Possessed the Apparent and Inherent Authority to Execute and Bind Ms. Admore to the Arbitration Agreement, and/or Plaintiff should be Estopped from Denying Ms. Calloway’s Authority.

1. Agency Relationship

In addition to representing herself as authorized to enter the Arbitration Agreement on her mother’s behalf by the plain language of the Arbitration Agreement and by her own express representations, Ms. Calloway possessed the *apparent and inherent authority* to bind Ms. Admore under this Agreement. 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 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)).

Alternatively, “[a]n 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).

In *Carraway v. Beverly Enters. Ala., Inc.*, 978 So. 2d 27 (Ala. 2007), the facts are substantially similar to the case at bar. There, the plaintiff was the brother of a resident of a nursing home facility who executed a number of documents on her sister's behalf upon her admission to the facility, including an arbitration agreement. The brother signed the documents as her sister’s authorized representative but did not have power of attorney for her sister at the time. Nevertheless, as in this case, the admissions agreement in *Carraway* provided that plaintiff was her sister's legal representative for the purposes of admission as she was her next-of-kin and represented himself to be authorized to make health care decisions on her behalf. The arbitration agreement in *Carraway* was a separate document and was not a condition of admission to the facility. *Id.*

When signing the arbitration agreement, the brother in *Carraway* left the resident signature line blank and signed it as the “authorized representative” of her sister. Suit was later filed, and the facility moved to compel arbitration, which the trial court granted. On appeal, the Alabama Supreme Court affirmed the trial court's decision holding, relevant here, that the resident's brother possessed the apparent authority to enter into the arbitration agreement on her sister's behalf, as evidenced by the fact that she never objected to him signing on her behalf and the arbitration agreement specifically provided that any person authorized by the resident may execute it on her behalf. *Id.* See also, *Tenn. Health Mgmt. v. Johnson*, 49 So. 3d 175 (Ala. 2010) (holding that a daughter possessed the apparent authority to enter into an arbitration agreement on her mother's behalf). Notably, the Supreme Court of Alabama’s holding in *Carraway* was applied as “persuasive authority” by this Court in *Price, supra.* (**Ex. 3**, p. 8.)

Clearly, in this matter, Ms. Calloway held herself out as an agent for her mother without any indication to the contrary when she executed various admission documents on behalf of her mother, including the Arbitration Agreement. Based on Ms. Calloway’s conduct and explicit representations, Ms. Lucas believed she possessed the authority to execute all admissions documents on her behalf, including the Arbitration Agreement. Therefore, it was Ms. Lucas’ and the Facility’s reasonable and justified belief that Ms. Calloway was her mother’s authorized representative and had the authority to execute the documents on her behalf.

Moreover, by allowing Ms. Calloway to procure her admission to the Facility and, thereafter, by accepting the benefits of the contracts entered into in connection with that admission, Ms. Admore represented that Ms. Calloway was Ms. Admore’s authorized representative to act on her behalf in connection with admission. See *R & G Const., Inc. v. Lowcountry Reg'l Transp. Auth.*, 343 S.C. 424, 433, 540 S.E.2d 113, 118 (Ct. App. 2000) (If a

principal holds another out as having the authority to act on her behalf or knowingly permits another to act as her agent, “either *generally* or for a particular purpose, she 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”) (emphasis added).

A holding to the contrary would contradict the fundamental concept of apparent agency: *an agency relationship is based on a third party’s understanding of a principal’s manifestations and a reasonable belief that the agent has been authorized to act.* Ms. Lucas and the Facility had reason to believe that, by allowing Ms. Calloway to sign the admissions paperwork, including the documents providing for Ms. Admore’s stay and the skilled nursing care provided at the Facility, Ms. Admore cloaked Ms. Calloway with the authority to execute those documents. Further, Neither Ms. Admore nor any other family member repudiated or invalidated Ms. Calloway’s actions. Instead, Ms. Admore accepted the benefits of the contracts with the Facility by remaining at the Facility and receiving skilled nursing care and services, thereby ratifying her daughter’s actions. Because no one attempted to repudiate the Arbitration Agreement or even question it, the Facility was further justified in believing Ms. Calloway had been authorized to execute it. It is clear that an apparent agency relationship existed such that the Arbitration Agreement should be deemed enforceable.

Even if Ms. Calloway lacked the actual or apparent authority to enter into the terms of the Arbitration Agreement, she still possessed sufficient inherent agency powers to render the agreement enforceable. Such powers are recognized by South Carolina courts and are used to enforce agreements where supposed unauthorized actions “accompany or are incidental to transactions which the agent is authorized to conduct...” *See*, §§ 8A, 161 *Restatement (Second) of Agency* (1958); *Smith v. Fitton & Pittman, Inc.*, 264 S.C. 129, 212 S.E.2d 925 (1975)

(*abrogated on unrelated grounds*) (examining whether party had properly demonstrated the existence of inherent agency powers); *Chicago Title Ins. Co. v. Washington State Office of Ins. Com'r*, 309 P.3d 372 (Wash. 2013); *Daly v. Aspen Ctr. for Women's Health, Inc.*, 134 P.3d 450, 452 (Colo. App. 2005); *Menard, Inc. v. Dage-MTI, Inc.*, 726 N.E.2d 1206, 1210-11 (Ind. 2000); *Cange v. Stotler & Co.*, 826 F.2d 581, 591 (7th Cir. 1987) (“[t]he powers of an agent are, prima facia, coextensive with the business entrusted to her care, and will not be narrowed by limitations not communicated to the person with whom she deals.”) (citing *Lumbermen's Mut. Ins. Co. v. Slide Rule & Scale Eng'g Co.*, 177 F.2d 305, 309 (7th Cir. 1949)).

The basis for this doctrine is that, as between an equally innocent principal and third party, the third party should prevail. This well-established legal principle follows from one of the cardinal principles of agency law: that third parties, such as the Facility, should not be disadvantaged because they dealt with an agent rather than a principal. As set forth above, there is no dispute as to whether Ms. Calloway was authorized to admit her mother to the Facility. To the extent Plaintiff takes issue with Ms. Calloway's authority to bind her mother to the Arbitration Agreement and the specific terms therein, such actions merely accompanied and were incidental to Ms. Calloway's authority to admit her mother to the Facility. The Facility should not be disadvantaged for acting in accordance with the express representations of Ms. Calloway regarding her authority.

2. Agency by Estoppel

“When a principal, by any such acts or conduct, has knowingly caused or permitted another to appear to be her agent, either generally or for a particular purpose, she 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*,

supra, 343 S.C. at 433, 540 S.E.2d at 118. To properly show estoppel in South Carolina, a party must show: “(1) lack of knowledge and of the means of knowledge of the truth as to the facts in question; (2) reliance upon the conduct of the party estopped; and (3) action based thereon of such a character as to change her position prejudicially.” *Boyd v. Bellsouth Tel.Co.*, 369 S.C. 410, 422, 633 S.E.2d 136, 142 (2006).

In *Price*, supra, this Court ruled that the Plaintiff was estopped from denying that she was her sister’s authorized agent during the latter’s admission to the skilled nursing facility:

In the case at the bar, [the facility] had no knowledge or reason to believe that Plaintiff was not [her husband’s] authorized agent for purposes of executing the Arbitration Agreement or and other admissions paperwork. [The facility] relied on the affirmative representations of Plaintiff in admitting her husband to the Facility for the provision of the skilled nursing care. Additionally, the Arbitration Agreement was signed and executed with the expectation that all disputes between the parties would be governed by its contents and such representations were relied upon by [the facility] for years only for the instant lawsuit to seemingly ignore the binding agreement. Accordingly, agency by estoppel is present based upon the record before this Court such that the arbitration agreement is similarly enforceable.

(See **Ex. 3**, p. 9.) Accordingly, the court concluded that the arbitration agreement was valid and enforceable.

Similarly, in *McCutcheon v. THI of S.C. at Charleston, LLC*, No. 2:11-CV-02861, 2011 WL 6318575 (D.S.C. Dec. 15, 2011) the United States District Court of South Carolina concluded the plaintiff was estopped from denying she had authority to bind her wife to arbitration. (Attached hereto as **Exhibit 5**.) As in the present case, the husband in *McCutcheon* executed a number of documents on her wife’s behalf upon her admission to a nursing home facility, including an admissions agreement and an arbitration agreement. As in this case, the admissions agreement in *McCutcheon* provided that the husband was her wife’s legal

representative for the purposes of admission, as she was her next-of-kin and represented himself as authorized to make health care decisions on her behalf. The court held:

Even if the Arbitration Agreement and Admissions Agreement constitute two separate contracts, plaintiff takes inconsistent positions regarding these contracts, which were executed by the same parties under the same purported authority. [Accordingly,] [i]t would be inequitable [] to allow plaintiff to assert that Elijah McCutcheon had authority to sign the Admissions Agreement on behalf of [his wife], but lacked such authority to sign the Arbitration Agreement. For these reasons, the court finds that plaintiff is estopped from denying the enforceability of the Arbitration Agreement.

Id. at *5.

Like in *Price* and *McCutcheon*, it would be disingenuous and inequitable to allow the Plaintiff in this case to assert that she was her mother's authorized agent as to the Admissions Agreement, consents, and various other forms she executed on admission but not the Arbitration Agreement. In the case at bar, the Facility had no knowledge or reason to believe that Ms. Calloway was not Ms. Admore's authorized agent for purposes of executing the Arbitration Agreement and other admissions paperwork. The Facility relied on the affirmative representations of Ms. Calloway in admitting her mother to the Facility for the provision of the skilled nursing care. Additionally, the Arbitration Agreement was signed and executed with the expectation that all disputes between the parties would be governed by its contents and such representations were relied upon by the Facility, only for the instant lawsuit to seemingly ignore the binding agreement. Accordingly, Plaintiff should be estopped from denying the validity of the Arbitration Agreement.

C. The Arbitration Agreement and the Admission Agreement Merged (i.e., Should be Construed Together as a Single Contract), and Plaintiff Should Be Estopped from Denying the Enforceability of the Arbitration Agreement.

In any event, the Admission Agreement and the Arbitration Agreement merged (and therefore should be considered as one), and because Ms. Admore received direct benefits under the Admission Agreement (with which the Arbitration Agreement merged), Plaintiff should be estopped to deny the enforceability of the Arbitration Agreement.

1. Merger

The Arbitration Agreement and Admission Agreement were executed by Ms. Calloway on behalf of Ms. Admore. The enforceability of these instruments must be determined in accordance with the general principles of contract law and agency law that would apply to any other contract. *Herron v. Century BMW*, 387 S.C. 525, 531, 693 S.E.2d 394, 397 (2010).

The Arbitration Agreement provides that “any controversy or dispute between the parties *arising out of or relating to Facility’s Admission Agreement . . . or relating in any way to Resident’s stay at Facility*” shall be resolved by arbitration pursuant to the terms of the Arbitration Agreement. (*See Ex. 2.*) (Emphasis added.) As previously described, the Arbitration Agreement and the Admissions Agreement were both signed by Ms. Calloway on behalf of her mother on the same day, at the same time, for the same purpose, and in the course of the same transaction—Ms. Admore’s admission to the Facility.

Courts in South Carolina construe contemporaneous instruments together; if there are any provisions in one instrument limiting, explaining, or otherwise affecting the provisions of another, they will be given effect between the parties so that the whole agreement as actually made may be effectuated. *Klutts Resort Realty, Inc. v. Down’Round Development Corp.*, 268 S.C. 80, 232 S.E.2d 20 (1977). Absent some evidence indicating a contrary intention, when

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 generally consider and construe them together on the theory that the instruments are effectively one instrument or contract. *Id.* See also *Saro Investments v. Ocean Holiday Partnership*, 314 S.C. 116, 441 S.E.2d 835 (Ct. App. 1994) (holding that promissory notes and a mortgage agreement executed contemporaneously on the same date, must be construed together). Furthermore, even when instruments are entered into by the same parties at different times but relate to the same subject matter, the instruments will be construed together to determine the entire agreement between the parties. See *Plaza Development Services v. Joe Hardin Builder, Inc.*, 294 S.C. 430, 365 S.E.2d 231 (Ct. App. 1988); accord *Cafe Associates, Ltd v. Gerngross*, 305 S.C. 6, 406 S.E.2d 162 (1991).

Indeed, in *Coleman v. Mariner Health Care, Inc.*, even though our Supreme Court found against merger on the particular facts of the case, it nonetheless confirmed the validity of the general proposition of law on which the *Coleman* appellants based their merger/equitable estoppel argument in the very context of nursing home admission agreements and arbitration agreements. 407 S.C. 346, 354–355, 755 S.E.2d 450, 455 (2014) (“Appellants’ equitable estoppel argument is premised on their contention that, under state law, the admission agreements and the [arbitration agreements] merged. . . . Here, the documents were executed at the same time, by the same parties, for the same purposes, and in the course of the same transaction. Unless there is a contrary intention, appellants are correct that there was a merger.”).

As indicated previously, the court in *McCutcheon* analyzed facts almost identical to the case at bar and determined that the arbitration agreement and admissions agreement had merged for purposes of equitable estoppel. *McCutcheon v. THI of S.C. at Charleston, LLC*, No. 2:11-CV-

02861, 2011WL6318575. (See **Ex. 5.**) Indeed, this Court has cited to *McCutcheon* on numerous occasions in holding that a nursing home arbitration agreement merged with the admission agreement for purposes of equitable estoppel under precisely the same circumstances. See *Abrams v. Fundamental Long-term Care Holdings, LLC, et al*, Case No. 2010-CP-42-6861 (S.C. Com. Pls. Jun. 25, 2012); *Campsen v. Fundamental Long-Term Care Holdings, LLC et al*, Case No. 2011-CP-42-0438 (S.C. Com. Pls. Jun. 22, 2012). (See *Abrams*, *Campsen* attached hereto as **Exhibits 6 and 7, respectively.**)

The Admission Agreement and the Arbitration Agreement were executed at the same time, by the same parties, for the same purposes, and in the course of the same transaction.⁵ They should be considered merged, i.e., they should be considered and construed together as effectively one contract.

2. Equitable Estoppel of Merged Agreement

“South Carolina has recognized several theories that could bind non-signatories to arbitration agreements under general principles of contract and agency law, including . . . estoppel.” *Wilson v. Willis*, 426 S.C. 326, 338, 827 S.E.2d 167, 174 (2019). “Equitable estoppel precludes a party from asserting rights she otherwise would have had against another when her own conduct renders assertion of those rights contrary to equity.” *Int’l Paper Co. v. Schwabedissen Maschinen & Anlaeen GMBH*, 206 F.3d 411, 417-18 (4th Cir. 2000) (citation and internal quotation marks omitted). “A non-signatory is estopped from refusing to comply

⁵ To be clear, *Coleman* unequivocally answers the question of whether the Admission Agreement and Arbitration Agreement were executed at the same time, by the same parties, for the same purposes, and in the course of the same transaction: they were. As the *Coleman* Court expressly observed regarding the admission and arbitration agreements before it (which in *this* respect—but not in respect of the material facts bearing on the question of whether the presumption of merger is rebutted—are no different from the instant agreements), “the documents were executed at the same time, by the same parties, for the same purposes, and in the course of the same transaction.” 407 S.C. at 355, 755 S.E.2d at 455 (emphasis added).

with an arbitration clause ‘when it receives a direct benefit from a contract containing an arbitration clause.’” *Id.* (quoting *Am. Bureau of Shipping v. Tencara Shipyard S.P.A.*, 170 F.3d 349, 353 (2d Cir. 1999)); *see also Pearson v. Hilton Head Hosp.*, 400 S.C. 281, 290–297, 733 S.E.2d 597, 601–605 (Ct. App. 2012) (applying the direct benefits test as set forth in *International Paper Co.* to reverse the circuit court’s denial of a motion to compel arbitration); *Wilson*, 426 S.C. 326, 339–345, 827 S.E.2d 167, 174–177 (favorably discussing the framework of the direct benefits test—which test the Court of Appeals had applied in the decision then before the *Wilson* Court on writ of certiorari, which followed the Court of Appeals’ earlier decision in *Pearson*, 400 S.C. 281, 733 S.E.2d 597, and under which the Facility contends Plaintiff is estopped to deny the enforceability of the Arbitration Agreement here, where Ms. Doe received direct benefits (in the form of her admission and care/treatment at the Facility) from the Admission Agreement with which the Arbitration Agreement merged); *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).

Because of the doctrine of merger referenced above, this legal principle is properly applied in this case. The doctrine of equitable estoppel “exists to prevent a litigant from unfairly receiving the benefit of a contract while at the same time repudiating what it believes to be a disadvantage in the contract, namely the contractual arbitration provision.” *S. Ill. Bev., Inc. v. Hansen Bev. Co.*, 2007 U.S. Dist. LEXIS 76229 (S.D. Ill. 2007). Moreover, the Fourth Circuit has held that “no party suing on a contract should be able to enforce certain contract provisions

while simultaneously attempting to avoid the terms of an arbitration provision therein.” *United States v. Bankers Ins. Co.*, 245 F.3d 315, 323 (4th Cir. 2001).

“Generally, these cases involve non-signatories who, during the life of the contract, have embraced the contract despite their non-signatory status but then, during litigation, attempt to repudiate the arbitration clause in the contract.” *E.I. DuPont de Nemours & Co. v. Rhone Poulenc Fiber & Resin Intermediates. S.A.S.*, 269 F.3d 187, 200 (3d Cir. 2001)(citing *Am. Bureau of Shipping v. Tencara Shipyard S.P.A.*, 170 F.3d 349, 353 (2d Cir. 1999) (finding non-signatory derived benefit from contract and could not avoid the arbitration clause contained therein)). As noted by the Federal District Court in *Jackson v. Iris.com*:

It is an axiomatic rule of contract law that a party may not rely on the contract when it works to its advantage, and repudiate it when it works to its disadvantage.

....

[W]here . . . a signatory seeks to enforce an arbitration agreement against a non-signatory, the doctrine estops the non-signatory from claiming that she is not bound to the arbitration agreement when she receives a direct benefit from a contract containing an arbitration clause.

524 F. Supp. 2d 742, 749-50 (E.D. Va. 2007) (quoting in part *Hughes Masonry Co. v. Greater Clark Cnty. Sch. Bide. Corp.*, 659 F.2d 836, 839 (7th Cir. 1981) (citing in part *Int'l Paper Co.*, 206 F.3d at 416) (internal quotations omitted)).⁶

⁶ See also *THI of S.C. at Columbia, LLC v. Wiggins*, C/A No. 3:11-888-CMC, 2011 WL 4089435, at *6 (D.S.C. Sept.13, 2011) (“Hall’s care was the essential purpose of the Contract. Thus, Hall was an intended third-party beneficiary of the Contract which was signed by Wiggins in her capacity as an immediate family member. It follows that Hall was bound by the Arbitration Provision immediately prior to her death and, consequently, that it remains binding on her estate.”); accord *THI of S.C. at Magnolia Manor-Inman, LLC v. Gilbert*, No. 7:13-CV-2929-BHH, 2014 WL 6863550, at *4 (D.S.C. Oct. 31, 2014), report and recommendation adopted, No. CIV.A. 7:13-2929-BHH, 2015 WL 1268185 (D.S.C. Mar. 19, 2015).

Of note, this Court applied this precise reasoning in *Spears*, referenced above. (See **Ex. 4**, pg. 9). In that case and as discussed above, a woman admitted her husband to a skilled nursing facility and in connection with her admission, executed admission and arbitration agreements *identical* to the ones here. The agreements were both executed by the woman and a representative of the skilled nursing facility at the same time. This Court considered the agreements as merged and held that the plaintiff was estopped from refusing to comply with the arbitration agreement where, like here, the resident received “direct benefits from the Admission Agreement in the form of her admission to the Facility, including, without limitation, the room, board, care, and treatment she received therein.” *Id.*, pg. 10 (footnote omitted).

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 non-signatory are direct or indirect. *Wilson*, 426 S.C. at 340–41, 827 S.E.2d at 175 (“Under direct benefits estoppel, [a] non-signatory 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 non-signatory may be compelled to arbitrate where the non-signatory 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 176 (“It is important to distinguish direct benefits from indirect benefits because when the benefits to a non-signatory 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 non-signatory exploits the contractual relationship of the parties but does not exploit (and thereby assume) the agreement itself.”) (internal citations omitted). 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 containing an arbitration clause (which is the case here because the Admission Agreement and the Arbitration Agreement merge) while at the same time denying that the arbitration clause is enforceable. *See*, 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 the Court of Appeals’ decision in *Pearson*, which the *Wilson* Court favorably cites, the essence of the test for direct benefits estoppel is simply whether the non-signatory 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 non-signatory’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 *Pearson* nor general notions of equity countenance,⁷ much less call for, such a result.

Here, Ms. Admore embraced all aspects of the Admission Agreement with the Facility. Indeed, her receipt of direct benefits under the Admission Agreement (with which the Arbitration

⁷ *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.”).

Agreement merged) cannot reasonably be denied. Undoubtedly, Ms. Admore received direct benefits (in the form of room, board, various amenities/services, and the care/treatment she received at the Facility). To deny her receipt of such benefits is illogical and objectively unreasonable, as it would require wholly discrediting the entirety of her residency: every night's stay, every meal, every amenity/service provided, every instance of care/treatment, essentially every moment at the Facility—even Plaintiff's complaint does not go nearly so far as that. (*See generally* Compl.)

Properly viewing the Admission Agreement and the Arbitration Agreement as merged, Ms. Admore received the benefit of her admission to the Facility, including, without limitation, the room, board, care, and treatment she received therein. This Court should find that the Arbitration Agreement merged with the Admission Agreement and that Plaintiff is estopped to deny the Admission Agreement/Arbitration Agreement's enforceability, Ms. Admore having effectively embraced the contract with the Facility for the purpose of her admission and receipt of the benefits thereof.

3. *Coleman, Thompson, and Hodge are Distinguishable.*

To the extent Plaintiff may argue the Admission Agreement and Arbitration Agreement are not merged pursuant to *Coleman v. Mariner Health Care, Inc.*, 407 S.C. 346, 350, 755 S.E.2d 450, 452 (2014), *Thompson v. Pruitt Corp.*, 416 S.C. 43, 784 S.E.2d 769 (Ct. App. 2016), and *Hodge v. UniHealth Post-Acute Care of Bamberg, LLC*, 422 S.C. 544, 813 S.E.2d 292 (Ct. App. 2018), such reliance is misplaced.

In *Coleman*, Ann Coleman signed a number of documents, including arbitration agreements, when admitting her sister to a health care facility. 407 S.C. at 350, 755 S.E.2d at 452. Coleman brought suit after her sister's death, and the facility sought to compel arbitration.

In determining that the arbitration and admission agreements in the case had not merged, the Supreme Court found, “On its face, this clause recognizes the ‘separatedness’ of the [arbitration agreement] and the admission agreement, not a merger of the two contracts. Moreover, the [arbitration agreement] could be disclaimed within thirty days of signing while the admission agreement could not, evidencing an intention that each contract remain separate.” *Id.* at 452. “By their own terms, the contracts between these parties indicated an intent that the common law doctrine of merger not apply.” *Id.*

Similarly, in *Hodge*, the admission agreement indicated it was governed by South Carolina law, whereas the Arbitration Agreement stated it was governed by federal law. 422 S.C. 544, 813 S.E.2d at 302. Furthermore, like in *Coleman*, the arbitration agreement in *Hodge* recognized a separateness, as it referenced the two documents separately, stating “[a]ny and all claims or controversies arising out of or in any way relating to this Agreement or the Patient/Resident's Admission Agreement.” *Id.* Finally, the arbitration agreement in *Hodge* stated it could be revoked within thirty days, whereas the admission agreement contained no such indication. *Id.* In *Thompson*, the arbitration agreement also contained a disclaimer provision but the admission agreement did not.

Unlike the arbitration agreements in *Coleman*, *Thompson*, and *Hodge*, the Arbitration Agreement and Admission Agreement in the case at bar should not be considered “separate” for purposes of denying merger. Unlike *Coleman*, *Thompson*, and *Hodge*, the Arbitration Agreement in this case does not state that it can be revoked after it has been signed. Further, it did not have to be agreed to as a precondition to admission to the Facility.

Instead, in the present case, the agreements were executed at the same time, by the same parties, for the same purposes, and in the course of the same transaction and, therefore, the

documents merged. *Coleman*, 407 S.C. at 355, 755 S.E.2d at 455 (citing *Klutts*, *supra*, 268 S.C. at 88, 232 S.E.2d at 24).⁸

While the Admission Agreement in this case does contain an “Entire Agreement” clause, unlike the admission agreements in those other cases, the provision in this case does not separately reference the Arbitration Agreement (in fact, it doesn’t refer to it at all). Indeed, directly contradicting the idea of “separatedness” (in the parlance of the *Coleman* Court⁹), the “Entire Agreement” clause in the instant Admission Agreement expressly states that “other Admissions materials” are part of the Admission Agreement, thereby expressly contemplating the lack of its own supposed “separatedness.” And without question, the Arbitration Agreement is among these other admissions materials. *See Stott v. White Oak Manor, Inc.*, 426 S.C. 568, 571–72, 828 S.E.2d 82, 84 (Ct. App. 2019) (“The same day as Decedent’s admission to White Oak, Stott, acting as Decedent’s authorized representative, signed White Oak’s admission documentation—including the Arbitration Agreement.”) (emphasis added) (internal footnote omitted); *Hodge*, 422 S.C. at 550, 813 S.E.2d at 295 (“Her husband . . . executed various documents *related to her admission*, including an *Arbitration Agreement* and an *Admission Agreement.*”) (emphasis added)).

⁸ To be clear, even though the *Coleman* Court found evidence of an intent contrary to merger on the particular facts before it, it nonetheless recognized as *correct* the general proposition of law on which the *Coleman* Appellants’ based their merger argument, i.e., the *Coleman* Court expressly observed that the admission agreements and arbitration agreements before it (which, in this respect, are no different than the instant agreements—though that is not the case in regard to the material facts bearing on the question of merger), “the documents were [indeed] executed at the same time, by the same parties, for the same purposes, and in the course of the same transaction.” 407 S.C. at 355, 755 S.E.2d at 455 (emphasis added).

⁹ 407 S.C. at 356, 755 S.E.2d at 455 (explaining how, in *Coleman*—unlike in the instant case—the “Entire Agreement” clause expressly referred to a separate arbitration agreement and, thus, “recognize[d] the ‘*separatedness*’ of the [arbitration agreement] and the admission agreement, not a merger of the two contracts.”) (emphasis added).

Also, absent here is the type of discrepancy the *Hodge* Court pointed out with respect to the respective provisions of the admission and arbitration agreements before it as to the governing law. 422 S.C. at 562, 813 S.E.2d at 302. (*Compare* Admission Agreement p. 10 (providing “This Agreement will be governed by and construed in accordance with applicable Federal regulations and those laws of the State in which Facility is located.”) *with* Arbitration Agreement (providing that, “because the services and reimbursement thereof effect a transaction involving interstate commerce, the enforcement of this Arbitration Agreement . . . shall be governed by the Federal Arbitration Action;” but also providing that arbitration shall be “as provided by the South Carolina Alternate Dispute Resolution/Mediation Rules”).) Essentially, both instruments provide that South Carolina law applies except where it is displaced by federal law. This provides no reasonable inference of an intent contrary to merger.

Similarly, the termination provisions provide no evidence of “separatedness.” Again, the only reason for the Arbitration Agreement is the Admission Agreement—the only point of the Arbitration Agreement is to cover disputes relating to/arising out of the Admission Agreement. So yes, the Arbitration Agreement would remain in effect after termination of the Admission Agreement, but all this means is that any claims relating to/arising out of the Admission Agreement would still have to be arbitrated even if they are not asserted until after termination of the Admission Agreement. In other words, the Arbitration Agreement is still *connected* to the Admission Agreement even after the termination of the Admission Agreement. This is simply how agreements to arbitrate work. *See Hooters of America, Inc. v. Phillips*, 39 F. Supp. 2d 582, 612–13 (D.S.C. 1998) (“Under South Carolina arbitration law, the duty to arbitrate under an arbitration clause in a contract survives termination of the contract.”).

The merger question examines whether, “where instruments are executed at the same time, by the same parties, for the same purpose, and in the course of the same transaction,”¹⁰ there is evidence to upset the *default presumption* that the contracting parties intended the instruments to be construed together as effectively one contract. As a practical matter, if this presumption is to mean anything, upsetting it must require actual evidence of sufficient probity that, notwithstanding the concurrence of all the circumstances that must come together for the presumption of merger to even arise in the first place—i.e., same time, parties, purpose, and transaction—a reasonable, non-speculative inference can be drawn that the parties’ possessed a contrary intention. *Cf. The Huffines Co., LLC v. Lockhart*, 365 S.C. 178, 188, 617 S.E.2d 125, 130 (Ct. App. 2005) (“[V]erdicts may not be permitted to rest upon surmise, conjecture, or speculation.”). No such inference can be drawn here. It does not even make sense that the parties would not have intended the Admission Agreement and the Arbitration Agreement to merge.

Such superficial things as the fact that the admission arbitration agreements have their own titles, are separately paginated, and/or are separately signed cannot suffice to show evidence of intent contrary to merger. To point to such things is really to do no more than to point out that the admission agreement and arbitration agreement are separate instruments, a fact which does not actually suggest anything probative about the intent of the contracting parties as to whether they should be construed together. Indeed, the question of merger will not arise in the first place unless there are multiple instruments involved. Obviously, it cannot be the case that the mere existence of the necessary factual predicate for the question of merger to arise, i.e., separate

¹⁰ *Coleman*, 407 S.C. at 355, 755 S.E.2d at 455.

instruments, shows an intention contrary to merger. The very nature of merger is to *merge* separate documents.

And—besides the fact that there is no ambiguity as to the merger of the Admission Agreement and the Arbitration Agreement to begin with—to fall back on the idea that any ambiguity in this regard must be construed against the Facility as the drafter makes no sense in this context. It must be remembered that, as a matter of law, *merger is the default position*, i.e., it is *presumed*, and that this presumption arises only upon the occurrence of a specific set of circumstances, those being, as stated in the above-quoted passage from *Coleman*, where, as here, the instruments are executed at the same time, by the same parties, for the same purpose, and in the course of the same transaction. When all these align—same time, same parties, same purpose, same transaction—our courts will consider and construe the documents together *unless* there is evidence of a contrary intention.

The *Coleman* Court clearly endorsed the rule of law that a presumption of merger arises where, as here, multiple instruments are executed at the same time, by the same parties, for the same purpose, and in the course of the same transaction and that upsetting this presumption requires evidence “indicating [(i.e., affirmatively showing)] a contrary intention.” 407 S.C. at 355, 755 S.E.2d at 455. While it is true that the *Coleman* Court also cited the rule that ambiguity is construed against the drafter,¹¹ (a) it did so in dicta and (b) it never addressed the logical inconsistency—which thus remains fair game as an argument in this case¹²—in recognizing a rule of law creating a presumption in favor of merger (i.e., in recognizing the occurrence of a set of circumstances (same time, parties, purpose, and transaction) as sufficiently probative to affirmatively tip the scales in favor of merger) while at the same time allowing that presumption

¹¹ *Id.* at 407 S.C. at 355–56, 755 S.E.2d at 455.

¹² To be clear, none of *Coleman*’s progeny has addressed this either.

to be completely overturned by evidence that is merely ambiguous, i.e., that does not even go so far as to clearly indicate a contrary intention and, indeed, is actually still susceptible to a reasonable conclusion in favor of merger. *See S.C. Dep't of Natural Resources v. Town of McClellanville*, 345 S.C. 617, 623, 550 S.E.2d 299, 302 (2001) (“A contract is ambiguous when the terms of the contract are reasonably susceptible of more than one interpretation.”). To allow the merger presumption to be upset based on evidence that is merely ambiguous is to allow the exception to devour the rule.

Even though, as noted above, the Arbitration Agreement was not a precondition to admission, this does not mean that the two instruments did not work hand-in-hand once the arbitration agreement came into existence (i.e., once it was in fact entered into). While it is true that the Arbitration Agreement is not necessary to the Admission Agreement, the converse is not true; the Admission Agreement is indeed necessary to the Arbitration Agreement. In other words, yes, the Admission Agreement *could* have stood on its own, without the Arbitration Agreement ever having been executed, in which case no question of merger would have even arisen to begin with; *but that is not what happened*. The Arbitration Agreement was in fact executed, of course, and it was executed under circumstances giving rise to a presumption of merger—again, same time, parties, purpose, and transaction. Unlike the Admission Agreement, however, which is capable of making sense either standing alone or, alternatively, together with the Arbitration Agreement, the Arbitration Agreement only makes sense together with the Admission Agreement, which is its (the Arbitration Agreement’s) sole reason for being.

It matters not whether the Arbitration Agreement was a condition of admission, only that it was in fact agreed to in conjunction with admission; and, here, there can be no question that the Arbitration Agreement—once agreed upon—was intended to be considered and construed

together with the Admission Agreement, such that the two were effectively one instrument, governing various interrelated aspects of Ms. Admore's relationship with the Facility. Indeed, this conclusion finds direct support in the Admission Agreement's "Entire Agreement" provision, which states, "[t]he undersigned further acknowledges that he/she has received and read the Admission Handbook and other Admissions materials and understand that these documents are made a part of this Agreement by reference herein." (Ex. 1, p. 12 (emphasis added)). Had the Arbitration Agreement not been executed, it would not constitute admissions material, but, of course, it was executed, and it does constitute admissions material; most respectfully, to conclude otherwise simply does not make sense.

A finding against merger here can only rest on impermissible speculation, not evidence from which a reliable conclusion can reasonably be drawn regarding intent. It must be remembered that the presumption of merger arises only where the four elements of time, parties, purpose, and transaction coincide—as they all do here. *Coleman*, 407 S.C. at 354–355, 755 S.E.2d at 455. If even one of these is lacking, there is no merger. This is why, for the merger presumption to mean anything in practice, it cannot be upset based on mere conjecture, but only on actual evidence that—notwithstanding the concurrence of all the particular circumstances necessary for the presumption to even arise in the first place (same time, parties, purpose, and transaction)—can nonetheless support a reasonable, non-speculative inference that the parties' intention was contrary to merger. *Cf. Huffines*, 365 S.C. at 188, 617 S.E.2d at 130 ("[V]erdicts may not be permitted to rest upon surmise, conjecture, or speculation."). The merger presumption is "earned," so to speak, by the fact that for it even to arise in the first place there must be, as there is here, a concurrence of particular circumstances (same time, parties, purpose, and transaction). It is the very rarity of this concurrence that both safeguards against the

overzealous application of the merger doctrine and justifies ascribing to it (the concurrence) the presumptive intent of merger.

The material facts and arguments of *Coleman*, *Thompson*, and *Hodge*, are different from the material facts of the instant case, and those other cases do not control the outcome here. Under the particular facts of this case, an intent contrary to merger cannot reasonably be found.

4. Respectfully, the Court of Appeals’ recent decision in *Solesbee v. Fundamental Clinical and Operational Services, LLC*, 438 S.C. 638, 885 S.E.2d 144 (Ct. App. 2023), is erroneous and should not control the disposition of the instant motion.

During the pendency of this case, the Court of Appeals decided *Solesbee*, wherein it affirmed the denial of a motion to compel arbitration in the face of a merger/equitable estoppel argument substantially the same as the Facility’s here. Indeed, the Arbitration Agreement and Admission Agreement in issue in the instant case are the same form documents as in *Solesbee*.

In affirming the denial of the motion to compel arbitration in *Solesbee*, the Court of Appeals likened that case to *Coleman* and *Hodge* and found that the circuit court had correctly determined that there was no merger of the Admission Agreement and the Arbitration Agreement and, in turn, had properly denied the Facility’s equitable estoppel argument. *Solesbee*, 438 S.C. at 649, 885 S.E.2d at 149 (“Thus, like the *Coleman* and *Hodge* courts, we find there was no merger in this case and [the Facility’s] equitable estoppel argument was properly denied.”).¹³ Most respectfully, the *Solesbee* Court’s merger analysis is itself erroneous—and *Solesbee* should not control the disposition of the instant motion.¹⁴

¹³ To be clear, the Court of Appeals’ decision in *Solesbee* turned on its affirmance of the circuit court’s ruling against *merger* of the Arbitration Agreement and the Admission Agreement. Consequently, the *Solesbee* Court did not address the substance of the *equitable estoppel* prong of the merger/estoppel argument.

¹⁴ In this regard, Defendants would also note that it is still possible that the Supreme Court might review *Solesbee* via a writ of certiorari.

First, the *Solesbee* Court erroneously found against merger on the basis that “the Admission Agreement provides it is governed by South Carolina law, and the Arbitration Agreement provides it is governed by federal law.” 438 S.C. at 648, 885 S.E.2d at 149. It is simply not true that “the Admission Agreement provides it is governed by South Carolina law, and the Arbitration Agreement provides it is governed by federal law.”

Regarding governing law, what the Admission Agreement actually states is this: “This Agreement will be governed by and construed in accordance with applicable Federal regulations and those laws of the State in which the Facility is located.” (Admission Agreement p. 10.) And what the Arbitration Agreement actually states is this:

The parties acknowledge and agree that, because the services and reimbursement thereof effects a transaction that involves interstate commerce, the enforcement of this Arbitration Agreement is not subject to the South Carolina Uniform Arbitration Act and shall be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any contrary provision of this Agreement or contrary state law.

(Arbitration Agreement.)

As explained above, the FAA applies whenever an arbitration agreement involves interstate commerce—and this is so even where an arbitration clause is included in a single instrument that is otherwise governed by South Carolina law. *See Southland Corp. v. Keating*, 465 U.S. 1, 12 (1984) (The FAA “create[d] a body of federal substantive law,” which is “applicable in state and federal courts.”); *Buckeye Check Cashing, Inc. v. Cardegna*, 546 U.S. 440, 445–46 (2006) (“[A]s a matter of substantive federal arbitration law, an arbitration provision is severable from the remainder of the contract.”); *see also Allied-Bruce*, 513 U.S. 265, 270–77. Moreover, even under the FAA, the general state law of contracts continues to apply. *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 Act makes *any* such state policy unlawful, for that kind of policy would place arbitration clauses on an unequal ‘footing,’ directly contrary to the Act’s language and Congress’ intent.”) (emphasis added) (internal citations omitted). Furthermore, the Arbitration Agreement expressly calls for the arbitration proceedings to be conducted pursuant to the South Carolina ADR Rules. (Arbitration Agreement.)

Again, essentially, the provisions of the Admission Agreement and the Arbitration Agreement regarding governing law are to the effect that South Carolina law applies except where displaced by federal law, and they do not support any reasonable inference of any intent contrary to merger.

Second, the *Solesbee* Court erroneously found against merger on the basis that “[t]he 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.’” 438 S.C. at 648–49, 885 S.E.2d at 149. This provides no reasonable inference of an intent contrary to merger here. Unlike in *Coleman* and *Hodge*, the supposed textual recognition of the Admission Agreement as being separate from the Arbitration Agreement is not included in any “Entire Agreement” provision. Rather, the “Entire Agreement” provision of the Admission Agreement expressly states, “other Admissions materials . . . are made a part of this Agreement by reference.” (Admission Agreement p. 12.) And as in the instant case, the Arbitration Agreement that was signed in conjunction with the admission is clearly among these “other Admissions materials.” Moreover, that the Arbitration Agreement “shall survive any

termination or breach of this Agreement or the Admission Agreement” just means that any claims relating to/arising out of the Admission Agreement would still have to be arbitrated even if they are not asserted until after termination of the Admission Agreement. In other words, the Arbitration Agreement is still connected to the Admission Agreement even after the termination of the Admission Agreement. Again, this is simply how arbitration agreements work—and would be so even were the agreement to arbitrate in the form of a clause included within a single instrument. *See Phillips*, 39 F. Supp. 2d at 612–13 (“Under South Carolina arbitration law, the duty to arbitrate under an arbitration clause in a contract survives termination of the contract.”).

Third, the *Solesbee* Court erroneously found against merger on the basis that “[t]he Arbitration Agreement is silent as to whether it could be revoked, but the Admission Agreement provides, ‘Resident and/or his/her legal representative may terminate this Agreement at any time, upon written notice to Facility.’” 438 S.C. at 649, 885 S.E.2d at 149. This provides no reasonable inference of an intent contrary to merger. The absence of a “revocation” provision is one way in which the Arbitration Agreement is materially different from those at issue in *Coleman* and *Hodge*, and, for that matter, *Thompson*. Moreover, the *Solesbee* Court drew a false equivalency between the concepts of “revocation” and “termination.” A “revocation” is an annulment (i.e., making something a nullity),¹⁵ whereas “termination” is putting or bringing something that properly exists to an end—which is materially different from making something a nullity, i.e., void and never having properly existed in the first place. *Id.* at p. 1482. And, again, that the Arbitration Agreement survives the termination of the Admission Agreement is simply how arbitration agreements work—and would be so even were the agreement to arbitrate in the form of a clause included within a single instrument. *See Phillips*, 39 F. Supp. at 612–13.

¹⁵ *Black’s Law Dictionary* p. 1321 revocation (7th ed. 1999); *id.* at 89 annulment (“The act of nullifying or making void.”).

Fourth, the *Solesbee* Court erroneously found against merger on the basis that “the Admission Agreement and Arbitration Agreement were separately paginated and had their own signature pages.” 438 S.C. at 648, 885 S.E.2d at 149. This provides no reasonable inference of an intent contrary to merger. Again, the fact that the Admission Agreement and the Arbitration Agreement have their own titles, are separately paginated, and are separately signed provides no reasonable inference of an intent contrary to merger. Respectfully, to point to such things is really to do no more than to point out that the Admission Agreement and the Arbitration Agreement are separate instruments, a fact which does not actually suggest anything probative about whether they were intended to be construed together. Indeed, the question of merger will not arise in the first place unless there are multiple instruments involved. Obviously, it cannot be the case that the mere existence of the necessary factual predicate for the question of merger to arise, i.e., separate instruments, shows an intention contrary to merger. Again, the very nature of *merger* is to *merge* multiple things together as one.

Finally, the *Solesbee* Court erroneously found against the Facility on merger on the basis that Arbitration Agreement was voluntary. 438 S.C. at 648, 885 S.E.2d at 149. While, again, it is certainly true that the Arbitration Agreement was voluntary (*see* No. 3 above), this fact provides no reasonable inference of an intent contrary to merger. Again, to be sure, the Arbitration Agreement was optional, i.e., agreeing to arbitration was not required to gain admission to the Facility. But all this means is that it did not have to be agreed to for the resident to be admitted, i.e., the Arbitration Agreement did not have to be executed at all. It does not mean that the Arbitration Agreement did not become a part of the admissions materials once it was signed. Indeed, the fact that the Arbitration Agreement was not required for admission underscores its *connectedness* to the Admission Agreement. Again, the two go together hand in

glove. Without the hand (the Admission Agreement), there is no reason for the glove (the Arbitration Agreement).

To say that the Arbitration Agreement was not required for admission, which it was not, is not to say that it was not intended to be part of the admissions materials in the event it was agreed to, which it was, by Mr. Dover on Ms. Solesbee's behalf in *Solesbee* and by Ms. Calloway on Ms. Admore's behalf in the instant case. While it is true that the Arbitration Agreement is not necessary to the Admission Agreement, the converse is not true: the Admission Agreement *is* necessary to the Arbitration Agreement. That is, the Admission Agreement *could* have stood on its own, i.e., without the Arbitration Agreement ever having been executed, in which case no question of merger would have even arisen to begin with—but that is not what happened. The Arbitration Agreement was in fact executed, and it was executed under the particular circumstances that give rise to the presumption of merger—same time, parties, purpose, and transaction—but unlike the Admission Agreement, which is capable of making sense either standing alone or together with the Arbitration Agreement, *the Arbitration Agreement only makes sense together with the Admission Agreement*, which is its (the Arbitration Agreement's) sole reason for being. (See Arbitration Agreement (providing for arbitration of “any controversy or dispute between the parties arising out of or relating to Facility's Admission Agreement, or breach thereof, or relating in any way to Resident's stay at Facility, or to the provisions of care or services to Resident . . .”); *id.* (“This [Arbitration] Agreement shall remain in effect for all care rendered at Facility . . .”).)

Again, even though the Arbitration Agreement was not a *condition* of admission, it was agreed to in *conjunction* with admission, whereupon, it was intended to be considered and construed together with the Admission Agreement, such that the two were effectively one

instrument governing various interrelated aspects of the resident's relationship with the Facility: the Admission Agreement setting forth the terms of the admission, the Arbitration Agreement providing for arbitration of disputes arising out of the admission. (*Compare* Admission Agreement (setting forth the terms of the admission) *with* Arbitration Agreement (providing for arbitration of disputes arising out of the admission).)

CONCLUSION

For the reasons set forth herein, Defendants respectfully request that this Court enter an Order staying the pending action and compelling arbitration.

Respectfully submitted,

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Dated: October 19, 2023
 Charleston, South Carolina

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	FIRST JUDICIAL CIRCUIT
COUNTY OF DORCHESTER	)	CASE NO. 2023-CP-18-00722
BEVERLY CALLOWAY,	)	
as Personal Representative of the Estate of	)	
Hattie Admore,	)	
	)	MOTION TO ALTER, AMEND, AND/OR
Plaintiff,	)	RECONSIDER ORDER
	)	DENYING DEFENDANTS' MOTION
vs.	)	TO COMPEL ARBITRATION
	)	
OAKBROOK HEALTHCARE, LLC d/b/a	)	
Oakbrook Health and Rehabilitation Center	)	
and PATRICIA CASTLE,	)	
	)	
Defendants.	)	

TO: THE HONORABLE HEATH P. TAYLOR, Presiding Judge, and PLAINTIFF'S COUNSEL OF RECORD

NOW COME Defendants, Oakbrook Healthcare, LLC d/b/a Oakbrook Health and Rehabilitation Center (the "Facility") and Patricia Castle ("Castle") (collectively, "Defendants"), by and through their undersigned counsel, pursuant to Rule 59(e), SCRCP, and, on the grounds set forth below, hereby most respectfully move this Honorable Court to alter, amend, and/or reconsider its order filed November 2, 2023 (the "Subject Order"), denying Defendants' motion, filed June 30, 2023, to compel Plaintiff's¹ claims to arbitration (collectively, the "Underlying Motion").

¹ "Plaintiff" refers to Beverly Calloway ("Ms. Calloway"), as Personal Representative of the Estate of Hattie Admore ("Ms. Admore").

- I. Contending, most respectfully, that the Underlying Motion should have been (and should now be) granted, Defendants ask the Court to (re)consider and expressly rule on each and every distinct issue/argument raised in support of the Underlying Motion, i.e., each and every distinct issue/argument set forth in the Underlying Motion itself; in Defendants' memo in support of the Underlying Motion, filed October 20, 2023; and via oral argument at the hearing on the Underlying Motion on October 23, 2023, all of which is/are hereby incorporated herein by reference.**

See Elam v. S.C. Dep't of Transp., 361 S.C. 9, 24, 602 S.E.2d 772, 780 (2004) (“[O]ur rules contemplate two basic situations in which a party should consider filing a Rule 59(e) motion. A party *may* wish to file such a motion when she believes the court has misunderstood, failed to fully consider, or perhaps failed to rule on an argument or issue, and the party wishes for the court to reconsider or rule on it. A party *must* file such a motion when an issue or argument has been raised, but not ruled on, in order to preserve it for appellate review.”) (emphasis in original).

- II. Without waiving or otherwise lessening the all-encompassing scope of the foregoing (i.e., I. above), Defendants most respectfully ask the Court to (re)consider and expressly rule on/address the following particular points.**

- A. The Court should have found (and should now find) that the Admission Agreement and the Arbitration Agreement merged and that, because Ms. Admore effectively embraced and directly benefitted from the Admission Agreement, she and, in turn, Plaintiff (her estate) is estopped to deny the enforceability of the Admission Agreement and the Arbitration Agreement merged therewith.**

- 1. The Court's merger analysis is erroneous.**

In *Coleman v. Mariner Health Care, Inc.*, even though our Supreme Court found against merger on the particular *facts* of the case, it nonetheless confirmed the validity of the general proposition of *law* on which the *Coleman* appellants based their merger/equitable estoppel argument:

Appellants contend that even if Sister lacked capacity to execute the [arbitration agreement] under the [Adult Health Care Consent] Act, she is nevertheless equitably estopped to deny the [arbitration

agreement's] enforceability. The circuit court held there was no estoppel here, and we agree.

Appellants' equitable estoppel argument is premised on their contention that, under state law, the admission agreements and the [arbitration agreements] merged. In South Carolina,

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.

Klutts Resort Realty, Inc. v. Down'Round Dev. Corp., 268 S.C. 80, 88, 232 S.E.2d 20, 24 (1977).

Here, *the documents were executed at the same time, by the same parties, for the same purposes, and in the course of the same transaction. Unless there is a contrary intention, appellants are correct that there was a merger.*

407 S.C. 346, 354–55, 755 S.E.2d 450, 455 (2014) (emphasis added).

Here, the Court erred in rejecting Defendants' merger argument, failing to recognize material differences between the facts and arguments involved in the instant case and those that controlled (or were simply not addressed in) *Coleman* and its progeny *Thompson v. Pruitt Corp.*, 416 S.C. 43, 784 S.E.2d 679 (Ct. App. 2016), and *Hodge v. UniHealth Post-Acute Care of Bamberg, LLC*, 422 S.C. 544, 813 S.E.2d 292 (Ct. App. 2018), and, as addressed separately below, in *Solesbee v. Fundamental Clinical and Operational Services, LLC*, 438 S.C. 638, 885 S.E.2d 144 (Ct. App. 2023).

The Court wrongfully concluded that the Admission Agreement and the Arbitration Agreement are separate contracts that do not merge. The merger question examines whether, “where instruments are executed at the same time, by the same parties, for the same purpose, and

in the course of the same transaction,”² as undoubtedly the Admission Agreement and the Arbitration Agreement were here,³ there is evidence to upset the *presumption in favor of merger*, i.e., the presumption that the instruments were intended to be construed together as effectively one contract. This is a question of intention. *Id.* at 355, 755 S.E.2d at 455 (“in the absence of anything indicating a contrary *intention* . . .”) (emphasis added). And “in attempting to ascertain th[e] [parties’] intention,” our courts “endeavor to determine the situation of the parties, as well as their purposes, at the time the contract was entered into.” *Klutts*, 268 S.C. at 89, 232 S.E.2d at 25.

It must be remembered that, where, as here, the instruments in question were executed at the same time, by the same parties, for the same purpose, and in the course of the same transaction, merger is *presumed*. For the merger presumption to mean anything in practice it cannot be upset based on mere conjecture, but only by actual evidence that—notwithstanding the concurrence of all the particular circumstances necessary for the presumption to even arise in the first place (same time, parties, purpose, and transaction)—can nonetheless support a reasonable, non-speculative inference that the parties’ intention was contrary to merger. *Cf. The Huffines Co., LLC v. Lockhart*, 365 S.C. 178, 188, 617 S.E.2d 125, 130 (Ct. App. 2005) (“[V]erdicts may not be permitted to rest upon surmise, conjecture, or speculation.”). No such inference can be drawn here. Indeed, under the circumstances, the idea that there would have been an intention contrary to merger does not make sense.

² *Coleman*, 407 S.C. at 355, 755 S.E.2d at 455.

³ To be clear, *Coleman* unequivocally answers the question of whether the instant Admission Agreement and Arbitration Agreement were executed at the same time, by the same parties, for the same purposes, and in the course of the same transaction: they were. As the *Coleman* Court expressly observed regarding the admission and arbitration agreements before it (which in *this* respect—but not in respect of the material facts bearing on the question of whether the presumption of merger is rebutted—are no different from the instant agreements), “the documents *were* executed at *the same time, by the same parties, for the same purposes, and in the course of the same transaction.*” 407 S.C. at 355, 755 S.E.2d at 455 (emphasis added).

Unlike the arbitration agreement at issue in *Coleman*—and, for that matter, the arbitration agreements at issue in *Coleman*’s progeny *Thompson* and *Hodge*, all of which cases involved arbitration agreements that contained a provision allowing them to be disclaimed or revoked within 30 days of signing while the corresponding admission agreements did not—the instant Arbitration Agreement has no disclaimer/revocation provision. (Arbitration Agreement.) Moreover, while the instant Admission Agreement does contain an “Entire Agreement” clause, it does not reference the Arbitration Agreement as a separate contract. (Admission Agreement p. 12.) Indeed, directly contradicting the idea of “separatedness” (in the parlance of the *Coleman* Court⁴), the “Entire Agreement” clause in the instant Admission Agreement expressly states that “other Admissions materials” are part of the Admission Agreement, thereby expressly contemplating the lack of its own supposed “separatedness.” (Admission Agreement p. 12.) Without question, the Arbitration Agreement is among these other materials. *See Stott v. White Oak Manor, Inc.*, 426 S.C. 568, 571–72, 828 S.E.2d 82, 84 (Ct. App. 2019) (“The same day as Decedent’s admission to White Oak, Stott, acting as Decedent’s authorized representative, signed White Oak’s admission documentation—including the Arbitration Agreement.”) (emphasis added) (internal footnote omitted); *Hodge*, 422 S.C. at 550, 813 S.E.2d at 295 (“Her husband . . . executed various documents *related to her admission*, including an *Arbitration Agreement* and an *Admission Agreement.*”) (emphasis added)).⁵

⁴ 407 S.C. at 356, 755 S.E.2d at 455 (explaining how, in *Coleman*—unlike the instant case—the “Entire Agreement” clause expressly referred to a separate arbitration agreement and, thus, “recognize[d] the ‘separatedness’ of the [arbitration agreement] and the admission agreement, not a merger of the two contracts.”) (emphasis added).

⁵ To be clear, Defendants’ point here is not that the holding of either *Stott* or *Hodge* established a legal standard for what counts as admission paperwork, but rather that the very fact that the language that the *Stott* and *Hodge* Courts used in discussing the facts of the cases so readily made the natural and logical connection between arbitration agreements signed in conjunction with admission and “admission documentation” / “documents related to . . . admission” that it illustrates

To be sure, the Arbitration Agreement was optional, i.e., agreeing to arbitration was not required as a precondition of Ms. Admore's residency at the Facility. But all this means is that the Arbitration Agreement did not have to be executed at all. It does not mean that the Arbitration Agreement did not become part of the admissions materials once it was in fact executed. Indeed, the fact that the Arbitration Agreement was not required for admission underscores its *connectedness* to the Admission Agreement. The two go together hand in glove. Without the hand (the Admission Agreement), there is no reason for the glove (the Arbitration Agreement).

Moreover, while it is true that the Arbitration Agreement is not necessary to the Admission Agreement, the converse is not true: The Admission Agreement *is* necessary to the Arbitration Agreement. That is, the Admission Agreement *could* have stood on its own, i.e., without the Arbitration Agreement ever having been executed, in which case no question of merger would have even arisen to begin with—but that is not what happened. The Arbitration Agreement was in fact executed, and it was executed under the particular circumstances that give rise to the presumption of merger—same time, parties, purpose, and transaction—but unlike the Admission Agreement, which is capable of making sense either standing alone or together with the Arbitration Agreement, *the Arbitration Agreement only makes sense together with the Admission Agreement*, which is its (the Arbitration Agreement's) sole reason for being. (Arbitration Agreement

that, in its plain, ordinary, and popular sense, "Admissions materials" plainly includes the Arbitration Agreement. *See Beaufort Cnty. Sch. Dist. v. United Nat'l Ins. Co.*, 392 S.C. 506, 516, 709 S.E.2d 85, 90 (Ct. App. 2011) ("If the contract's language is clear and unambiguous, the language alone, understood in its plain, ordinary, and popular sense, determines the contract's force and effect."). Moreover, this connection between the Admission Agreement and the Arbitration Agreement (with the Arbitration Agreement being understood in the plain, ordinary, and popular sense as included in the term "Admissions materials") is underscored by the *Coleman* Court's recognition that an admission agreement and arbitration agreement signed in conjunction with resident's admission to a nursing facility are indeed "executed at the same time, by the same parties, *for the same purposes, and in the course of the same transaction.*" 407 S.C. at 355, 755 S.E.2d at 455 (emphasis added).

(providing for arbitration of “any controversy or dispute between the parties arising out of or relating to [the] Facility’s Admission Agreement, or breach thereof, or relating in any way to [Ms. Admore’s] stay at [the] Facility, or to the provisions of care or services to [Ms. Admore]”); *id.* (“This [Arbitration] Agreement shall remain in effect for all care rendered at [the] Facility”).^{6 7}

Even though the Arbitration Agreement was not a *condition* of admission, it was agreed to in *conjunction* with admission; whereupon, it was intended to be considered and construed together with the Admission Agreement, such that the two were effectively one instrument governing various interrelated aspects of Ms. Admore’s relationship with the Facility, the Admission Agreement setting forth the terms of her admission, the Arbitration Agreement providing for arbitration of disputes arising out of her admission. (*Compare* Admission Agreement (setting forth the terms of Ms. Admore’s admission to the Facility) *with* Arbitration Agreement (providing for arbitration of disputes arising out of Ms. Admore’s admission in the Facility).)

⁶ Without question, Plaintiff’s claims against Defendants are within the scope of the Arbitration Agreement, the plain language of which calls for arbitration of “any controversy or dispute between the parties arising out of or relating to [the] Facility’s Admission Agreement, or breach thereof, or relating in any way to [Ms. Admore’s] stay at [the] Facility, or to the provisions of care or services to [Ms. Admore]” (Arbitration Agreement.) 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]nless 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.”).

⁷ There is also no question that the Arbitration Agreement covers both the Facility and Castle. The Arbitration Agreement states, “It is the intention of the parties to this Agreement to bind not only themselves, but also their successors, assignees, personal representatives, guardians, or any persons deriving their claims through or on behalf of Resident.” (Arbitration Agreement.) By its terms, the Arbitration Agreement is binding on the Facility’s “agents, employees, and servants” as well. (Arbitration Agreement) This includes Castle, whom Plaintiff sues as “the Administrator of the Facility.” (Compl. ¶ 3.)

Also absent here is the type of discrepancy the *Hodge* Court pointed out with respect to the respective provisions of the admission and arbitration agreements before it as to the governing law. 422 S.C. at 562, 813 S.E.2d at 302. (*Compare* Admission Agreement p. 10 (“This Agreement will be governed by and construed in accordance with applicable Federal regulations and those laws of the State in which Facility is located.”) *with* Arbitration Agreements (providing that, “because the services and reimbursement thereof effect a transaction involving interstate commerce, the enforcement of this Arbitration Agreement . . . shall be governed by the Federal Arbitration Action,” but also providing that arbitration shall be “as provided by the South Carolina Alternate Dispute Resolution/Mediation Rules”).) Essentially, both instruments provide that South Carolina law applies except where displaced by federal law. This provides no reasonable inference of an intent contrary to merger.

Similarly, the survival of the Arbitration Agreement is no evidence of “separatedness.” Again, the only reason for the Arbitration Agreement is the Admission Agreement, as the point of the Arbitration Agreement is to cover disputes relating to/arising out of the Admission Agreement. So yes, the Arbitration Agreement would remain in effect after termination of the Admission Agreement, but all this means is that any claims relating to/arising out of the Admission Agreement would still have to be arbitrated even if they are not asserted until after termination of the Admission Agreement. In other words, the Arbitration Agreement is still connected to the Admission Agreement even after the termination of the Admission Agreement. This is simply how arbitration agreements work. *See Hooters of America, Inc. v. Phillips*, 39 F. Supp. 2d 582, 612–13 (D.S.C. 1998) (“Under South Carolina arbitration law, the duty to arbitrate under an arbitration clause in a contract survives termination of the contract.”).

The fact that the Admission Agreement and the Arbitration Agreement have their own titles, are separately paginated, and are separately signed provides no reasonable inference of an intention contrary to merger. To point to such things, is really to do no more than to point out that the Admission Agreement and the Arbitration Agreement are separate instruments, a fact which does not actually suggest anything probative about whether they are intended to be construed together. Indeed, the question of merger will not arise in the first place unless there are multiple instruments involved. Obviously, it cannot be the case that the mere existence of the necessary factual predicate for the question of merger to arise, i.e., separate instruments, shows an intention contrary to merger. The very nature of *merger* is to *merge* separate documents.

And—besides the fact that there is indeed no ambiguity in regard to the merger of the Admission Agreement and the Arbitration Agreement—to fall back on the idea that any ambiguity in this regard must be construed against the Facility as the drafter makes no sense in this context. It must be remembered that *merger is the default position*, i.e., it is presumed, and that this presumption arises only upon the occurrence of a specific set of circumstances, those being, as stated in the above-quoted passage from *Coleman*, where, as here, the instruments are executed at the same time, by the same parties, for the same purpose, and in the course of the same transaction. When all these align—same time, same parties, same purpose, same transaction—our courts will consider and construe the documents together *unless* there is evidence of a contrary intention.

The plain language of the rule endorsed in *Coleman* is to the effect that to upset the merger presumption requires evidence “indicating [(i.e., affirmatively showing)] a contrary intention.” 407 S.C. at 355, 755 S.E.2d at 455. While it is true that the *Coleman* Court also cited the rule that

ambiguity is construed against the drafter, (a) it did so in dicta⁸ and (b) it never addressed the logical inconsistency—which thus remains fair game as an argument in this case⁹—in recognizing a rule of law creating a presumption in favor of merger (i.e., in recognizing the occurrence of a set of circumstances (same time, parties, purpose, and transaction) as sufficiently probative to affirmatively tip the scales in favor of merger) while at the same time allowing that presumption to be completely overturned by evidence that is merely ambiguous, i.e., evidence that does not even go so far as to clearly indicate a contrary intention and, indeed, is actually still susceptible to a reasonable conclusion in favor of merger. *See S.C. Dep’t of Natural Resources v. Town of McClellanville*, 345 S.C. 617, 623, 550 S.E.2d 299, 302 (2001) (“A contract is ambiguous when the terms of the contract are *reasonably* susceptible of more than one interpretation.”) (emphasis added).

Respectfully, the Court’s finding against merger relies on improper speculation, not evidence from which a reliable conclusion can reasonably be drawn regarding intent. The presumption of merger arises from the concurrence of the four elements of time, parties, purpose, and transaction. *Coleman*, 407 S.C. at 354–355, 755 S.E.2d at 455. This is why for the merger presumption to mean anything in practice it cannot be upset based on mere conjecture, but only on actual evidence that—notwithstanding the concurrence of all the particular circumstances necessary for the presumption to even arise in the first place (same time, parties, purpose, and

⁸ *Id.* at 407 S.C. at 355–56, 755 S.E.2d at 455 (“By their own terms, the contracts between these parties indicated an intent that the common law doctrine of merger not apply. *Even if* the ‘Entirety’ clause creates an ambiguity as to merger, the law is clear that any ambiguity in such a clause is construed against the drafter, in this case, appellants.”) (emphasis added) (internal citation omitted); *see Nash v. Tindall Corp.*, 375 S.C. 36, 40–41, 650 S.E.2d 81, 83 (Ct. App. 2007) (“Judicial dicta is not essential to the decision. Dicta . . . is a statement on a matter not necessarily involved in the case, and is not binding as authority.”) (internal citations and quotations marks omitted).

⁹ To be clear, none of *Coleman*’s progeny has addressed this either.

transaction)—can nonetheless support a reasonable, non-speculative inference that the parties’ intention was contrary to merger. *Cf. Huffines*, 365 S.C. at 188, 617 S.E.2d at 130 (“[V]erdicts may not be permitted to rest upon surmise, conjecture, or speculation.”). The merger presumption is “earned,” so to speak, by the fact that for it even to arise in the first place there must be, as there is here, a concurrence of particular circumstances (same time, parties, purpose, and transaction). It is the very rarity of this concurrence that both safeguards against the overzealous application of the merger doctrine and justifies ascribing to it (the concurrence) the presumptive intent of merger.

The Court should have found that the Arbitration Agreement merged with the Admission Agreement. The instruments were executed at the same time, by the same parties, for the same purposes, and in the course of the same transaction, the whole of which related to Ms. Admore’s admission to the Facility and would not have been done at all but for her admission to the Facility. Any finding against merger improperly relies on speculation, not evidence from which a reliable conclusion can reasonably be drawn regarding the contracting parties’ intent.

(a) Most respectfully, the merger analysis in *Solesbee* is erroneous and incomplete, and it should not control the disposition of this case.

Earlier this year, our Court of Appeals decided *Solesbee*, 438 S.C. 638, 885 S.E.2d 144, wherein it affirmed the circuit court’s denial of a motion to compel arbitration in the face of a merger/equitable estoppel argument substantially the same as at present. Indeed, the Arbitration Agreement and Admission Agreement in issue in the instant case are the same form documents as in *Solesbee*.

In affirming the circuit court’s denial of the motion to compel arbitration, the *Solesbee* Court likened that case to *Coleman* and *Hodge* and found that the circuit court had correctly determined that there was no merger of the Admission Agreement and the Arbitration Agreement

and, in turn, had properly denied the Facility's equitable estoppel argument. *Solesbee*, 438 S.C. at 649, 885 S.E.2d at 149 ("Thus, like the *Coleman* and *Hodge* courts, we find there was no merger in this case and [the Facility's] equitable estoppel argument was properly denied.") Most respectfully, the merger analysis in *Solesbee* is erroneous and incomplete, and it should not control the disposition of this case.¹⁰

First, the *Solesbee* Court erroneously found against merger on the basis that "the Admission Agreement provides it is governed by South Carolina law, and the Arbitration Agreement provides it is governed by federal law." It is not true that "the Admission Agreement provides it is governed by South Carolina law, and the Arbitration Agreement provides it is governed by federal law."

Regarding governing law, what the Admission Agreement actually states is this: "This Agreement will be governed by and construed in accordance with applicable Federal regulations and those laws of the State in which the Facility is located." (Admission Agreement.) And what the Arbitration Agreement actually states is this:

The parties acknowledge and agree that, because the services and reimbursement thereof effects a transaction that involves interstate commerce, the enforcement of this Arbitration Agreement is not subject to the South Carolina Uniform Arbitration Act and shall be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any contrary provision of this Agreement or contrary state law.

(Arbitration Agreement.)

Without question, the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. (the "FAA"), applies to the Arbitration Agreement. The FAA applies "to any arbitration agreement regarding a transaction that in fact involves interstate commerce, regardless of whether or not the parties

¹⁰ In this regard, Defendants would also note that it is still possible that the Supreme Court might review *Solesbee* via a writ of certiorari.

contemplated an interstate transaction.” *Munoz v. Green Tree Fin. Corp.*, 343 S.C. 531, 538, 542 S.E.2d 360, 363 (2001); *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); *Allied-Bruce*, 513 U.S. at 273–77 (explaining that, unless the parties specifically contract otherwise, the FAA applies whenever an arbitration agreement involves interstate commerce). And our Supreme Court has expressly held that skilled nursing facility admission agreements implicate interstate commerce and, thus, the FAA. *Dean v. Heritage Healthcare of Ridgeway, LLC*, 408 S.C. 371, 381–82, 759 S.E.2d 727, 732–33 (2014).

The rule that the FAA applies whenever an arbitration agreement involves interstate commerce of course applies even where an arbitration clause is included in a single instrument that is otherwise governed by South Carolina law. *See Southland Corp. v. Keating*, 465 U.S. 1, 12 (1984) (The FAA “create[d] a body of federal substantive law,” which is “applicable in state and federal courts.”); *Buckeye Check Cashing, Inc. v. Cardegna*, 546 U.S. 440, 445–46 (2006) (“[A]s a matter of substantive federal arbitration law, an arbitration provision is severable from the remainder of the contract.”); *see also Allied-Bruce*, 513 U.S. 265, 270–77. Moreover, even under the FAA, the general state law of contracts continues to apply. *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 Act makes *any* such state policy unlawful, for that kind of policy would place arbitration clauses on an unequal ‘footing,’ directly contrary to the Act’s language and Congress’ intent.”) (emphasis added) (internal citations omitted). Further still, the Arbitration Agreement

expressly calls for the arbitration proceedings to be conducted pursuant to the South Carolina ADR Rules. (Arbitration Agreement.)

Essentially, the provisions of the Admission Agreement and the Arbitration Agreement regarding governing law are to the effect that South Carolina law applies except where displaced by federal law, and indeed, even if the Arbitration Agreement had been included as a provision within the Admission Agreement itself, the FAA would still apply separately to the Arbitration Agreement. In other words, any difference between the governing law as to the Arbitration Agreement and the governing law as to the Admission Agreement would still exist even if the Arbitration Agreement had been included as a provision within the Admission Agreement itself. Accordingly, the supposed difference in the governing law does not support any reasonable inference of any intent contrary to merger.

Second, the *Solesbee* Court erroneously found against merger on the basis that “[t]he 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.’” 438 S.C. at 649, 885 S.E.2d at 149. This provides no reasonable inference of an intent contrary to merger here. Unlike in *Coleman* and *Hodge*, the supposed textual recognition of the Admission Agreement as being separate from the Arbitration Agreement is not included in any “Entire Agreement” provision. Rather, the “Entire Agreement” provision of the Admission Agreement expressly states, “other Admissions materials . . . are made a part of this Agreement by reference.” (Admission Agreement p. 12.) And as in the instant case, the Arbitration Agreement that was signed in conjunction with the admission is clearly among these “other Admissions materials.” Moreover, that the Arbitration Agreement “shall survive any termination or breach of this Agreement or the Admission Agreement” just means that any claims relating to/arising out of

the Admission Agreement would still have to be arbitrated even if they are not asserted until after termination of the Admission Agreement. In other words, the Arbitration Agreement is still connected to the Admission Agreement even after the termination of the Admission Agreement. Again, this is simply how arbitration agreements work—and would be so even were the agreement to arbitrate in the form of a clause included within a single instrument. *See Phillips*, 39 F. Supp. 2d at 612–13 (“Under South Carolina arbitration law, the duty to arbitrate under an arbitration clause in a contract survives termination of the contract.”).

Third, the *Solesbee* Court erroneously found against merger on the basis that “[t]he Arbitration Agreement is silent as to whether it could be revoked, but the Admission Agreement provides, ‘Resident and/or his/her legal representative may terminate this Agreement at any time, upon written notice to Facility.’” 438 S.C. at 649, 885 S.E.2d at 149. This provides no reasonable inference of an intent contrary to merger. The absence of a “revocation” provision is one way in which the Arbitration Agreement is materially different from those at issue in *Coleman* and *Hodge*, and, for that matter, *Thompson*. Moreover, the *Solesbee* Court drew a false equivalency between the concept of “revocation” and that of “termination.” A “revocation” is an annulment (i.e., to make something a nullity),¹¹ whereas “termination” is to put or bring something to an end. *Id.* at p. 1482. And, again, that the Arbitration Agreement survives the termination of the Admission Agreement is simply how arbitration agreements work—and would be so even were the agreement to arbitrate in the form of a clause included within a single instrument. *See Phillips*, 39 F. Supp. at 612–13.

¹¹ *Black’s Law Dictionary* p. 1321 revocation (7th ed. 1999); *id.* at 89 annulment (“The act of nullifying or making void.”).

Fourth, the *Solesbee* Court erroneously found against merger on the basis that “the Admission Agreement and Arbitration Agreement were separately paginated and had their own signature pages.” 438 S.C. at 649, 885 S.E.2d at 149. This provides no reasonable inference of an intent contrary to merger. Again, the fact that the Admission Agreement and the Arbitration Agreement have their own titles, are separately paginated, and are separately signed provides no reasonable inference of an intent contrary to merger. Respectfully, to point to such things is really to do no more than to point out that the Admission Agreement and the Arbitration Agreement are separate instruments, a fact which does not actually suggest anything probative about the intent of the contracting parties as to whether they should be construed together. Indeed, the question of merger will not arise in the first place unless there are multiple instruments involved. Obviously, it cannot be the case that the mere existence of the necessary factual predicate for the question of merger to arise, i.e., separate instruments, shows an intention contrary to merger. The very nature of *merger* is to *merge* separate documents.

Finally, the *Solesbee* Court erroneously found against the Facility on merger on the basis that Arbitration Agreement was voluntary. 438 S.C. at 649, 885 S.E.2d at 149. This provides no reasonable inference of an intent contrary to merger. Again, to be sure, the Arbitration Agreement was optional, i.e., agreeing to arbitration was not required to gain admission to the Facility. But all this means is that it did not have to be agreed to for the resident to be admitted, i.e., the Arbitration Agreement did not have to be executed at all. It does not mean that the Arbitration Agreement did not become a part of the admissions materials once it was signed. Indeed, the fact that the Arbitration Agreement was not required for admission underscores its *connectedness* to the Admission Agreement. The two go together hand in glove. Without the hand (the Admission Agreement), there is no reason for the glove (the Arbitration Agreement).

To say that the Arbitration Agreement was not required for admission, which it was not, is not to say that it was not intended to be part of the admissions materials in the event it was agreed to, which it was, by Mr. Dover on Ms. Solesbee's behalf in *Solesbee* and by Ms. Calloway on Ms. Admore's behalf in the instant case. While it is true that the Arbitration Agreement is not necessary to the Admission Agreement, the converse is not true: the Admission Agreement *is* necessary to the Arbitration Agreement. That is, the Admission Agreement *could* have stood on its own, i.e., without the Arbitration Agreement ever having been executed, in which case no question of merger would have even arisen to begin with—but that is not what happened. The Arbitration Agreement was in fact executed, and it was executed under the particular circumstances that give rise to the presumption of merger—same time, parties, purpose, and transaction—but unlike the Admission Agreement, which is capable of making sense either standing alone or together with the Arbitration Agreement, *the Arbitration Agreement only makes sense together with the Admission Agreement*, which is its (the Arbitration Agreement's) sole reason for being. (See Arbitration Agreement (providing for arbitration of “any controversy or dispute between the parties arising out of or relating to Facility's Admission Agreement, or breach thereof, or relating in any way to Resident's stay at Facility, or to the provisions of care or services to Resident”); *id.* (“This [Arbitration] Agreement shall remain in effect for all care rendered at Facility”).)

Even though the Arbitration Agreement was not a *condition* of admission, it was agreed to in *conjunction* with admission, whereupon, it was intended to be considered and construed together with the Admission Agreement, such that the two were effectively one instrument governing various interrelated aspects of the resident's relationship with the Facility: the Admission Agreement setting forth the terms of her admission, the Arbitration Agreement providing for arbitration of disputes arising out of her admission. (*Compare* Admission Agreement (setting forth

the terms of the admission) *with* Arbitration Agreement (providing for arbitration of disputes arising out of the admission).)

Accordingly, the merger analysis in *Solesbee* is erroneous and incomplete, and it should not control the disposition of this case.

2. Had the Court found the Admission Agreement and the Arbitration Agreement merged, as respectfully it should have, the Court should have found (and should now find) that equitable estoppel applies to prohibit Plaintiff from denying the enforceability of the Arbitration Agreement.

Defendants’ merger/equitable estoppel argument is a standalone argument that does not depend on any showing of authority (actual or apparent or otherwise) on the part of Ms. Calloway or otherwise on the existence of any per se valid and enforceable agreement between the parties. *Wilson v. Willis*, 426 S.C. 326, 338, 827 S.E.2d 167, 174 (2019) (“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*, 407 S.C. at 354–55, 755 S.E.2d at 455 (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 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, Defendants’ merger/equitable estoppel argument is *not* an argument for the *enforceability* of the Admission Agreement/Arbitration Agreement *but rather* an argument for Ms. Admore and, in turn, Plaintiff (her estate) to be estopped to deny the *enforceability* of the Admission Agreement/Arbitration Agreement. In short, the idea is that the Admission Agreement

and the Arbitration Agreement merged, and Ms. Admore having effectively embraced and directly benefitted from the Admission Agreement, her estate is now estopped to deny the enforceability not only of the Admission Agreement but also the Arbitration Agreement merged therewith.

Accordingly, as to Defendants' merger/equitable estoppel argument, any contrary analysis regarding the Admission Agreement/Arbitration Agreement's supposed lack of enforceability—e.g., that Ms. Calloway lacked authority to sign the Admission Agreement/Arbitration Agreement on behalf of Ms. Admore 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, and/or because Ms. Calloway lacked power of attorney or guardianship over Ms. Admore—is beside the point and unavailing to refute Defendants' merger/equitable estoppel argument, which, again, turns not on the question of whether the Arbitration Agreement is enforceable but whether Ms. Admore and, in turn, Plaintiff (her estate) is estopped to deny its enforceability.

In *Wilson*, our Supreme Court favorably discussed the framework of the direct benefits test—which test the Court of Appeals had applied in the decision then before the *Wilson* Court on writ of certiorari, which followed the Court of Appeals' earlier decision in *Pearson v. Hilton Head Hospital*, 400 S.C. 281, 733 S.E.2d 597 (Ct. App. 2012), and under which Defendants contend Ms. Admore and, in turn, Plaintiff (her estate) is estopped from refusing to comply with the Arbitration Agreement here, where Ms. Admore received direct benefits (in the form of her admission and care/treatment at the Facility) from the Admission Agreement with which the Arbitration Agreement was merged. *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, 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 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).

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 containing an arbitration

clause (which is the case here because the Admission Agreement and the Arbitration Agreement merge) while at the same time denying that the arbitration clause 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).

Here, Ms. Admore was a direct beneficiary. To deny her receipt of such benefits is illogical and objectively unreasonable, as it would require wholly discrediting the entirety of her residency: every night’s stay, every meal, every amenity/service provided, every instance of care/treatment, essentially every moment at the Facility—even her complaint does not go nearly so far as that. (*See Compl.*)

Properly viewing the Admission Agreement and the Arbitration Agreement as merged, Ms. Admore received the benefit of her admission to the Facility, including, without limitation, the room, board, care, and treatment he received therein. Respectfully, the Court should have found that the Arbitration Agreement merged with the Admission Agreement and that Ms. Admore and, in turn, Plaintiff (her estate) is estopped to deny the Admission Agreement/Arbitration Agreement’s enforceability, Ms. Admore having effectively embraced the contract with the Facility for the purpose of her admission and receipt of the benefits thereof.¹²

WHEREFORE, for the foregoing reasons (and, again, for that matter, for all of the reasons previously advanced to the Court in and in support of the Underlying Motion (both those advanced in writing and those advanced via oral argument), all of which Defendants incorporate by reference

¹² To be clear, although the dispute here is about the Arbitration Agreement, as opposed to the Admission Agreement, to the extent there were any question about the enforceability of the Admission Agreement, the Facility’s equitable estoppel argument applies with equal force to the Admission Agreement.

herein and asks the Court to (re)consider and expressly rule upon in full), Defendants ask that the Court alter, amend, and/or reconsider the Subject Order in favor of an order granting the Underlying Motion.

PLEASE NOTE: Defendants reserve all rights to provide further support for this motion via such briefing, argument (to include oral argument), and/or additional submissions as the Court may permit or require.

Respectfully submitted,
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November 13, 2023

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF DORCHESTER	)	CIVIL ACTION NO.: 2023-CP-18-00722
	)	
BEVERLY CALLOWAY, AS	)	
PERSONAL REPRESENTATIVE OF	)	
THE ESTATE OF HATTIE	)	
ADMORE,	)	
PLAINTIFF,	)	PLAINTIFF'S MEMORANDUM IN
	)	OPPOSITION TO DEFENDANTS'
v.	)	MOTION FOR RECONSIDERATION
	)	
OAKBROOK HEALTHCARE, LLC,	)	
d/b/a OAKBROOK HEALTH AND	)	
REHABILITATION CENTER AND	)	
PATRICIA CASTLE,	)	
	)	
DEFENDANTS.	)	

The Defendants have moved the Court to reconsider its November 2, 2023 Order, arguing that the Court's merger and estoppel conclusions are erroneous. The Court should deny the Defendants' Motion for Reconsideration because its decision does not encompass any clear legal errors, the factual findings necessary to the Court's decision are reasonably supported by the evidence in this case, and the Court is bound to prior Court of Appeals precedent which finds that the subject Admission Agreement and Arbitration Agreement do not merge.

Under binding South Carolina authority, the exact same arbitration agreement and admission agreement at issue in this case have been previously found by the Court of Appeals not to merge, and that a nonsignatory would not be precluded from denying the validity of the arbitration agreement. *See Estate of Solesbee by Bayne v. Fundamental Clinical and Operational Servs., LLC*, 438 S.C. 638, 885

S.E.2d 144 (Ct. App. 2023). Defendants do not point to any new evidence indicating that Beverly Calloway had authority, actual or apparent, to enter the arbitration agreement at the time it was executed, nor do they make any arguments as to how she would have had authority under an effective power of attorney, conservatorship, guardianship, or common law agency principles. For these and the following reasons, the Court should deny the Defendants' Motion for Reconsideration.

I. **The Court's Order correctly found that the arbitration agreement and admission agreement did not merge.**

Because arbitration exists solely by agreement of the parties, a presumption against arbitration arises where the party resisting arbitration (the Estate) is a nonsignatory to the written agreement to arbitrate.¹ *Wilson v. Willis*, 426 S.C. 326, 337, 827 S.E.2d 167, 173 (2019). 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 are implicated by the facts of this case: agency and estoppel. Defendants have failed to point to any evidence of agency. Therefore, Defendants may only prevail if they can show the Court's finding

¹ Calloway was acting in her individual capacity, and not in her capacity as personal representative of Ms. Admore's Estate, at the time she entered the arbitration agreement. *See Thompson v. Pruitt Corp.*, 416 S.C. 43, 61, 784 S.E.2d 679, 689 (Ct. App. 2016) (recognizing the principle that a person may act separately in individual and representative capacities).

that the Estate was not estopped from denying the validity of the arbitration agreement is erroneous.

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 Defendants' arbitration agreement was not a clause in its admission agreement, and neither Calloway nor the Estate have received any direct benefit from the **arbitration agreement** itself. Defendants thus argue that under a theory of merger, the arbitration agreement and the admission agreement became a unified contract once they were executed, and since Ms. Admore benefited from the terms of the admission agreement, her Estate 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 Defendants.

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). This does not create an evidentiary presumption of merger. Here, the terms of the agreements indicate an intent that the doctrine of merger would 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).

In determining whether a health care facility's admission and arbitration agreements merge, South Carolina appellate courts have 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. The Court of Appeals has previously analyzed the subject admission and arbitration agreements 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. The arbitration agreement, on the other hand, claims to be governed by the FAA's statutes and specifically not by South Carolina law.² Therefore, the two agreements do not

² Defendants argue that both agreements are broadly governed by South Carolina and federal law; however, the arbitration agreement specifically claims 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

purport to be governed by identical spheres of law: one is theoretically 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 of Appeals 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 the Court of Appeals 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, 416 S.C. at 52, 784 S.E.2d at 685.

The Defendants argue 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 *Admission Handbook* and other Admissions materials and understand that these documents are made a part of this Agreement by reference **herein**.” The “Entire

Rules only govern the proceedings and are irrelevant to the enforcement of the arbitration agreement and the Court’s determination of merger.

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. 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 of Appeals 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 of Appeals has found that the agreements 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 Defendants 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 of Appeals 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 Defendants do not dispute in this case that the arbitration agreement is voluntary and optional.

As observed by the Court of Appeals, the text of the agreements constitutes actual evidence contrary to merger and at minimum creates ambiguity as to whether the agreements merged. Defendants misconstrue that there is a legal presumption of merger, and 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 binding authority states that there is a presumption **against** merger when an arbitration agreement is attempted to be enforced against a nonsignatory, such as when a facility attempts to enforce the agreement against an estate when it was signed by the personal representative in their individual capacity without authority. *Wilson*, 426 S.C. at 337, 827 S.E.2d at 173.

Instead, *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 indications 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 if anything 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 separate, presumably when such a position would work to the advantage of the Defendants.

Defendants argue that this evidence is not “actual evidence”, and that the Court’s finding of no merger is based on speculation. This begs the question of what else was the 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 Defendants intended the documents to merge, then why haven’t they made the arbitration agreement a provision of the admission agreement, or merged the two documents with an explicit merger provision? Why make separate documents to begin with? The answer to these questions is that for certain purposes, the Defendants and other skilled nursing facilities want the agreements to be separate. The language of the agreements purposefully creates an ambiguity that must be construed against the drafter and the Court correctly found in this instance there was no merger of the documents. The Court of Appeals has previously reached the same conclusion based on the same language and agreements. It was not legal error for the Court to rely on binding authority in finding that the subject agreements do not merge.

II. Even if the arbitration agreement and admission agreement did merge, the Estate still 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). If Calloway did not have authority to enter the arbitration agreement, and there is no evidence

she did, then the Estate would only be estopped from denying its validity if the Defendants carried their evidentiary burden of proving the elements of estoppel to the Court. The Defendants have failed to do so.

A nonsignatory such as the Estate is estopped from refusing to comply with an arbitration clause “when it 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 Defendants 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. Thus, even if the arbitration agreement and admission agreement merged, the Defendants would still have to demonstrate that the Estate’s negligence claims arise from **and** rely solely on the terms of the admission agreement to impose liability in order to benefit from a direct benefits estoppel theory.

The Estate has not asserted a breach of contract claim, or a violation of contractual duties, and instead has brought a 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). The Estate does not claim that the Defendants breached a contractual duty created by the admission agreement, but instead that they breached a duty owed by all healthcare practitioners, regardless of any contractual agreements, not to negligently care for their patients. Any contractual duties between Ms. Admore and the Defendants are irrelevant as to whether the Defendants breached common law tort duties owed to Ms. Admore. The Estate's claims rely on common law tort duties owed by the Defendants to everyone 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 the Estate 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 Ms. Admore's admission to the Defendants' 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 Ms. Admore 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 Defendants, it does not mean that her Estate’s tort claim against the Defendants depends on the agreement’s existence. This lawsuit is predicated on the breach of common law duties owed by the Defendants to Ms. Admore and would be justiciable even if Calloway did not have authority to enter the admission agreement.

Despite the Defendant’s contentions, the analysis does not stop and start with whether Ms. Admore, and thus her Estate, received any benefits from the admission agreement. There are other requirements that must be met before direct benefits estoppel is implicated. The Court correctly found that direct benefits estoppel was not applicable. The Court also correctly found that since the documents did not merge, the Estate was not estopped from denying the arbitration agreement’s validity.

CONCLUSION

For the foregoing reasons, and those set forth in Plaintiff’s Memorandum in Opposition to Defendants’ Motion to Compel Arbitration, the Court should deny the Defendants’ Motion for Reconsideration.

[SIGNATURE PAGE TO FOLLOW]

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ATTORNEYS FOR THE PLAINTIFF

November 14, 2023
Hampton, South Carolina

RECEIVED

Jun 03 2024

SC Court of Appeals

**THE STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS**

Appeal from Dorchester County
Court of Common Pleas

Heath P. Taylor, Circuit Court Judge

Case No. 2023-CP-18-00722

Beverly Calloway,
as Personal Representative of the Estate of Hattie Admore,

Respondent,

v.

Oakbrook Healthcare, LLC d/b/a Oakbrook Health and Rehabilitation Center and
Patricia Castle,

Appellants.

NOTICE OF APPEAL

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Attorneys for Respondent

Defendants/Appellants, Oakbrook Healthcare, LLC d/b/a Oakbrook Health and Rehabilitation Center and Patricia Castle (“Appellants”), hereby appeal the following orders of the Honorable Heath P. Taylor, Circuit Court Judge:

- **Order Denying Appellants’ Motion to Compel Arbitration**, filed November 2, 2023; and
- **Order Denying Appellants’ Motion to Reconsider the Denial of their Motion to Compel Arbitration**, filed May 2, 2024.

Copies of the appealed orders are attached hereto and incorporated herein by reference. Appellants received written notice of entry of the most recent order on May 2, 2024.

Respectfully submitted,
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June 3, 2024

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Jun 03 2024

SC Court of Appeals

**THE STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS**

Appeal from Dorchester County
Court of Common Pleas

Heath P. Taylor, Circuit Court Judge

Case No. 2023-CP-18-00722

Beverly Calloway,
as Personal Representative of the Estate of Hattie Admore,

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Appellants.

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Attorneys for Appellants

I, Russell G. Hines, of Clement Rivers, LLP, attorneys for Appellants, hereby certify that Appellants' **NOTICE OF APPEAL** was served on Respondent on June 3, 2024, by emailing (see attached email) a copy of the same to Respondent's counsel of record:

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I also certify that a copy of Appellants' **NOTICE OF APPEAL** was today, June 3, 2024, E-Filed with the lower court (see attached NEF), which also, i.e., in addition to service by email, effected service of the notice today on the above-identified counsel of record via the E-Filing System.

Respectfully submitted,
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Attorneys for Appellants

Charleston, South Carolina

June 3, 2024

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Subject: Calloway v. Oakbrook (Case No. 2023-CP-18-00722) -- Notice of Appeal
Date: Monday, June 3, 2024 12:57:28 PM
Attachments: [image001.png](#)
[Calloway v. Oakbrook \(Case No. 2023-CP-18-00722\) -- Notice of Appeal.pdf](#)
[Appealed Order 1 \(Calloway\) -- 2023 11-02 -- Order Denying MTCA.pdf](#)
[Appealed Order 2 \(Calloway\) -- 2024 05-02 -- Order Denying MTR.pdf](#)

Attached for service in the above-referenced matter please find our **Notice of Appeal** and copies of the **appealed orders**.

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***** IMPORTANT NOTICE - READ THIS INFORMATION *****
NOTICE OF ELECTRONIC FILING [NEF]

A filing has been submitted to the court RE: 2023CP1800722

Official File Stamp: 06-03-2024 12:59:54 PM
Court: CIRCUIT COURT
Common Pleas
Dorchester
Case Caption: Beverly Calloway , plaintiff, et al VS Oakbrook Healthcare Llc , defendant, et al
Document(s) Submitted: Appeal/Notice of Appeal to Court of Appeals
- Exhibit/Filing of Exhibits
- Exhibit/Filing of Exhibits
Filed by or on behalf of: Russell Grainger Hines

This notice was automatically generated by the Court's auto-notification system.

The following people were served electronically:

Russell Grainger Hines for Oakbrook Healthcare Llc, Patricia Castle, Oakbrook Health And Rehabilitation Center
Margie Bright Matthews for Beverly Calloway, Hattie Admore
John Elliott Parker, Jr. for Beverly Calloway, Hattie Admore
Donald Jay Davis, Jr. for Oakbrook Healthcare Llc, Patricia Castle, Oakbrook Health And Rehabilitation Center
James D. Gandy, III for Oakbrook Healthcare Llc, Patricia Castle, Oakbrook Health And Rehabilitation Center
Ted Ashton Phillips, III for Oakbrook Healthcare Llc, Patricia Castle, Oakbrook Health And Rehabilitation Center
Lee Deer Cope for Beverly Calloway, Hattie Admore

The following people have not been served electronically by the Court. Therefore, they must be served by traditional means:

Hattie Admore Est
Beverly Calloway
Hattie Admore Estate

Jun 04 2025

SC Court of Appeals

Certificate of Counsel

The undersigned counsel for Appellants certifies that, in accordance with Rule 210(c), SCACR, this **Record on Appeal** contains all material proposed to be included by any party that was presented to the lower court and not any other material. The undersigned also certifies that this **Record on Appeal** complies with the Supreme Court of South Carolina's Revised Order Concerning Personal Identifying Information and Other Sensitive Information in Appellate Court Filings issued April 15, 2014.

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June 4, 2024

**THE STATE OF SOUTH CAROLINA
IN THE COURT OF APPEALS**

Appeal from Dorchester County
Court of Common Pleas
Heath P. Taylor, Circuit Court Judge

Case No. 2023-CP-18-00722
Appellate Case No. 2024-000910

Beverly Calloway,
as Personal Representative of the Estate of Hattie Admore,

Respondent,

v.

Oakbrook Healthcare, LLC d/b/a Oakbrook Health and
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Appellants.

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SC Court of Appeals

I, Russell G. Hines, of Clement Rivers, LLP, attorneys for Appellants, hereby certify that Appellants' **RECORD ON APPEAL** was served on Respondent on June 4, 2025, by emailing (see attached email) a copy of the same to Respondent's counsel of record:

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June 4, 2025

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Subject: Calloway v. Oakbrook Healthcare, LLC; Appellate Case No. 2024-000910 (CR 230144)
Attachments: ROA.pdf

Enclosed please find the Record on Appeal for service upon you in the above-referenced matter.

Thank you,

Pollyana Bell

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