

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Samuel L. Johnson, Administrative Law Judge

Case No. 25-ALJ-17-0359-CC
Case No. 25-ALJ-17-0284-CC

RECEIVED

OCT 05 2026
SC Court of Appeals

Hugh Chapman,

Appellant,

v.

South Carolina Department of Revenue,

Respondent.

INITIAL BRIEF OF APPELLANT

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STATEMENT OF ISSUES ON APPEAL

1. Did the Administrative Law Court err in ruling that Hugh Chapman was required to receive a new certificate or a new equity interest in exchange for Mr. Chapman's investments in his wholly owned limited liability company in order to qualify for angel investor tax credits for those investments?

STATEMENT OF THE CASE

This matter arises from investments of cash made by Appellant Hugh Chapman in his wholly owned limited liability company named JOTW Art, LLC (“JOTW”) in 2023 and 2024. Mr. Chapman made those investments with the intention that they would qualify for income tax credits pursuant to the High Growth Small Business Job Creation Act of 2013, Chapter 44 of Title 11 of the Code of Laws South Carolina 1976, as amended (the “Act”), which authorizes such credits when the taxpayer makes a “qualified investment” in a qualified business.

On January 8, 2024, the Respondent South Carolina Department of Revenue (the “Department”) determined that JOTW was not a “qualified business” under the Act for 2023 and that Mr. Chapman could not qualify for angel credits on the basis of his investments in 2023. Mr. Chapman appealed that determination within the Department, and the Department affirmed its original determination. Mr. Chapman filed a Request for a Contested Case Hearing with the Administrative Law Court (“ALC”). This case was assigned to the Honorable Samuel L. Johnson and assigned as Case No. 25-ALJ-17-0284-CC. The Department made a similar determination for 2024 and Mr. Chapman again filed a Request for a Contested Case Hearing with the ALC. This second contested case was assigned Case No. 25-ALJ-17-0359-CC. Judge Johnson consolidated the two cases for hearing.

Each of the parties filed a motion for summary judgment. By Order dated June 16, 2026 (“June Order”), without oral argument, Judge Johnson granted the Department’s motion for summary judgment on the ground that Mr. Chapman had not made “qualified investments” in JOTW, within the meaning of the Act. The ALC also denied Mr. Chapman’s motion but did not address any of the other issues raised by the parties.¹

¹ The parties also disputed whether JOTW was a “qualified business” under the Act, but the ALC has not addressed those issues.

Mr. Chapman filed a Motion for Reconsideration. By Order Denying Petitioner's Motion for Reconsideration dated July 24, 2026 ("July Order"), Judge Johnson denied that motion.

Mr. Chapman timely filed a Notice of Appeal with this Court.

STANDARD OF REVIEW

A motion for summary judgment shall be granted "if the pleadings, depositions, answers to interrogatories and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Rule 56(c), SCRPC. "Where cross motions for summary judgment are filed, the parties concede the issue . . . should be decided as a matter of law." *Wiegand v. U.S. Auto. Ass'n*, 391 S.C. 159, 163, 705 S.E.2d 432, 434 (2011).

Here, the facts are not in dispute. Instead, the Court is called to construe portions of the Act. This determination is a matter of law for the Court. *See Town of Summerville v. City of N. Charleston*, 378 S.C. 107, 110, 662 S.E.2d 40, 41 (2008) ("Determining the proper interpretation of a statute is a question of law, and this Court reviews questions of law de novo.").

FACTS

This dispute arises from two applications filed with DOR by Mr. Chapman seeking angel investor tax credits for tax years 2023 and 2024. As his basis for seeking the tax credits, Mr. Chapman's applications reflected that he invested \$60,000 in JOTW on February 22, 2023, and \$160,000 in JOTW on October 10, 2024. June Order at 1.

Mr. Chapman organized and created JOTW on October 29, 2019. JOTW's address is the same address as Mr. Chapman's Greenville, South Carolina residence. Mr. Chapman is, and always has been, the sole member and owner of JOTW. The Operating Agreement of JOTW, signed by Mr. Chapman as its manager and as its member, provides that JOTW is only intended to have one member, such that it will be disregarded as a separate entity from Mr. Chapman for

federal tax purposes. Notwithstanding the fact that JOTW is intended to have Mr. Chapman as its sole member, the Operating Agreement contains provisions allowing Mr. Chapman (as member) to assign, transfer, or convey all or part of his membership interest in JOTW, and also permits JOTW to issue membership interests to, and admit as a member, other persons besides Mr. Chapman (subject to Mr. Chapman's consent as the sole member). However, the Operating Agreement states that any action causing JOTW to have multiple members requires the execution of an amended operating agreement setting forth the relative rights, obligations, and duties of the members, the manner in which JOTW is to be operated, and the manner in which JOTW is to be characterized for tax purposes. June Order at 1-2.

JOTW's business is to produce art (through an arrangement with a professional artist) for sale to art dealers. Mr. Chapman first met artist Gary Lee Teter in person sometime in 2018 and has a close personal relationship with Mr. Teter and his wife, Barbara Teter. Mr. Teter is an independent artist who creates all his artwork at his studio in Chillicothe, Missouri, where the Teters reside. JOTW's inventory is composed of original works of art by Mr. Teter stored at Mr. Chapman's home; prints of Mr. Teter's art stored at Mr. Chapman's home and a storage unit; and historical photographs that Mr. Chapman purchases on eBay and sends to Mr. Teter. JOTW does not pay for Mr. Teter's art supplies. Mr. Teter has absolute control over the supplies he uses. Mr. Chapman does not direct Mr. Teter's schedule. Mr. Chapman works with Mr. Teter to choose a "direction" for the art that Mr. Teter will produce, but Mr. Chapman does not direct Mr. Teter's production. June Order at 2.

There is no fully signed document governing the relationship between JOTW and Mr. Teter. Mr. Chapman signed an Agreement to Create a Series of Artworks in 2019, but this document was not countersigned by Mr. Teter. Nonetheless, the agreement is largely followed by

Mr. Chapman and Mr. Teter. There is no written license agreement allowing JOTW to reproduce Mr. Teter's artwork. June Order at 2.

JOTW pays Mr. Teter and Mrs. Teter five thousand dollars each month, regardless of output. Mrs. Teter is paid separately to attempt to ensure that she has a work history for social security purposes. Mr. Chapman makes occasional trips to Mr. Teter's home in Chillicothe, Missouri, to take delivery of completed artwork. All, or almost all, of the artwork created by Mr. Teter is retrieved by Mr. Chapman. Mr. and Mrs. Teter are independent contractors with respect to JOTW, not W-2 employees. Mr. Teter is an independent contractor in part to ensure that he retains legal rights to his artwork. The only people paid by JOTW are Mr. and Mrs. Teter. June Order at 2.

Mr. Chapman acts on behalf of JOTW but he has never been paid by JOTW for that work. Mr. Chapman has only contacted one retailer about selling Mr. Teter's artwork, and that contact was made for the purpose of Mr. Chapman purchasing a piece of art from JOTW. Otherwise, Mr. Chapman has not contacted any other businesses about selling the artwork. JOTW offered for sale to the public two original paintings by Mr. Teter. JOTW sold inventory in the form of prints of Mr. Teter's artwork to individuals in Orlando, Florida in August of 2023 and calculated sales tax on those sales. JOTW has had no other revenue throughout its existence. June Order at 2-3.

Mr. Chapman's \$60,000 contribution to JOTW occurred by way of personal check dated February 22, 2023, containing the handwritten words "capital contribution" in the memo line. Mr. Chapman's \$160,000 contribution to JOTW on October 10, 2024, was also made by personal check with the handwritten words "capital contribution" in the memo line. Mr. Chapman did not receive a note from JOTW evidencing debt, nor did Mr. Chapman receive stock from JOTW in

exchange for the contributions. Nor did Mr. Chapman receive any certificate, e.g. evidencing an ownership stake in JOTW, when he made the contributions because he already owned all the equity interests in JOTW before and after he transferred the funds. June Order at 3.

ARGUMENT

The July Order finds that although Mr. Chapman made contributions to the equity of JOTW in the years in question, Mr. Chapman did not make a “qualified investment” because he did not receive any new certificate or interest in exchange for those contributions, as he owned 100% of the equity interests in JOTW before and after those contributions. July Order at 7.

The Act defines a “qualified investment” as “an investment by an angel investor of cash in a qualified business for common or preferred stock or an equity interest or a purchase for cash of subordinated debt in a qualified business.” S.C. Code Ann. §11-44-30(6). The following matters are not at issue:

- There is no dispute that Mr. Chapman invested cash in JOTW in 2023 and 2024. June Order at 2.
- Mr. Chapman did not receive “debt” for his investments. June Order at 3; July Order at 5. Accordingly, the sole issue is what does the Act mean when it requires that the investment be made “for common or preferred stock or an equity interest.”

The components of this definition (stock and equity interests) plainly require that a “qualified investment” be an **equity** investment. The findings made by the ALC establish Mr. Chapman made equity investments in JOTW:

- The ALC found that Mr. Chapman was making a contribution to JOTW that increased the value of Mr. Chapman’s distributional interest in JOTW. July Order at 6. The South Carolina Uniform Limited Liability Company Act of 1996 (“LLC Act”) defines the term

“distributional interest” to mean “all of a member’s interest in distributions by the limited liability company.” S.C. Code Ann. §33-44-101(6). The Reporter’s Comments to this section state that the term “distribution” includes “all sources of a member’s distributions including the member’s capital contributions, undistributed profits, and residual interest in the assets of the company after all claims, including those of third parties and debts to members, have been paid.” S.C. Code Ann. §33-44-101 Comments (emphasis added).

These provisions establish that a member’s interest in the LLC’s distributions is an interest in the equity of the LLC: the assets left over for the investor after all of the entity’s debts have been paid.

- The ALC found that Mr. Chapman was not loaning funds to JOTW. June Order at 3; July Order at 5.
- The ALC found that Mr. Chapman owned 100% of the equity interests in JOTW. July Order at 7. Thus, the interests of Mr. Chapman in JOTW are “equity interests.”

Mr. Chapman contributed cash to the equity of JOTW. There are at least two effects of Mr. Chapman’s contributions that show an increased equity interest. First, those additional contributions resulted in a distributional interest with a greater value (which interest Mr. Chapman could sell). Second, those contributions increased the prospect for larger distributions from JOTW. On that basis, Mr. Chapman’s investments are made for “stock or an equity interest.” Thus, Mr. Chapman’s investments in JOTW met the statutory definition for a “qualified investment.”

Mr. Chapman will now address each of the definitional components individually.

1. **“Common or Preferred Stock”.**

A qualified investment must be made “for common or preferred stock or an equity interest.” That definition permits the investor to receive “stock,” a term traditionally used more frequently with corporations than with LLCs. The South Carolina Business Corporation Act of 1988 (“Corporate Code”) actually uses the term “shares,” which it defines as “the units into which the proprietary interests in a corporation are divided.” S.C. Code Ann. §33-1-400(25). The shareholders are entitled to receive distributions, subject to payment of the creditors. S.C. Code Ann. §33-6-400. Shareholders also may transfer their shares. S.C. Code Ann. §33-6-270 Reporter’s Comments.

The LLC Act does not refer to owners of LLCs (like JOTW) as owning “stock.” In the LLC Act, an owner is referred to as a “member,” and a member’s interest in the economic results of the LLC is referred to as his “distributional interest.” The term “distributional interest” is defined as “all of a member’s interest in distributions by the limited liability company.” S.C. Code Ann. §33-44-101(6). A member may transfer his distributional interest. S.C. Code Ann. §33-44-501(b).

Both “shares” and “distributional interests” are defined as representing the holder’s interest as an owner of the entity and, in such capacity, entitled to receive the entity’s distributions and to transfer the owner’s interest. In other words, shares and distributional interests are analogous proprietary interests in an entity. The ALC found that Mr. Chapman’s investments increased the value of his distributional interest. July Order at 6. Consequently, Mr. Chapman received an increase in the value of his distributional interest (comparable to an increase in stock value), which led to the prospect for larger distributions and which interest he could have transferred for valuable consideration.

Mr. Chapman's investment in the equity of JOTW should resolve the issue before the Court. But the ALC insisted that there be something more. The ALC pointed out that no formal stock or membership certificate was issued by JOTW. But no purpose would have been served by the issuance of a physical certificate.² The ALC Orders do not identify any such purpose.³ Where the entity has more than one owner, issuance of stock may be useful to clarify the owners' intentions with respect to a contribution. As an example, suppose that an LLC has two equal members and one of them makes an additional investment in the LLC. If the LLC does not issue a certificate to the investing member or in some manner recognize the fact of the member's investment, then the relative positions of those members may not be properly documented.⁴

In this case, however, Mr. Chapman is the sole member of JOTW. In this context, the necessity for issuing certificates to distinguish the relative economic interests of multiple owners simply does not exist.

In other scenarios involving tax benefits contingent upon receiving stock in "exchange for" a contribution, the tax authorities have recognized that the issuance of additional stock is not a requirement when the contributor already owns 100% of the entity's stock. For example, in *King v. U.S.*, 10 F. Supp. 206 (D. Md.), *aff'd*, 79 F.2d 453 (4th Cir. 1935), the court addressed a taxpayer's contribution of an appreciated asset to a corporation in which the taxpayer already owned almost 100% of the stock. Section 351 of the Internal Revenue Code provides a specific tax benefit to a taxpayer who contributes appreciated property to a corporation: the contributor

² Mr. Chapman notes that the Corporate Code expressly states that shares are not required to be certificated. S.C. Code Ann. §33-6-260. Also, the LLC Act also does not require certificates.

³ In fact, the ALC agrees that no stock certificate should be required as JOTW is not a corporation. July Order at 6. The Order goes on to say that it agreed that "a membership certificate was not required to be issued by JOTW." July Order at 6. It is not clear to Mr. Chapman whether the ALC meant that (i) the South Carolina Limited Liability Company Act does not generally require LLCs to issue certificates or (ii) instead, the Act's definition does not require certificates.

⁴ The issuance of a certificate is not the only means to distinguish the economic interests of multiple owners. The entity could, for example, make entries in its ownership records to accomplish this purpose.

does not recognize taxable gain on that contributed property as long as the contributor owns at least 80% of the stock after the contribution.

At the time of the *King* case, the then-effective version of this statute provided:

No gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock or securities in such corporation, and immediately after the exchange such person or persons are in control of the corporation; but in the case of an exchange by two or more persons this paragraph shall apply only if the amount of the stock and securities received by each is substantially in proportion to his interest in the property prior to the exchange.

Sec. 203(b)(4) of the Revenue Act of 1926 (emphasis added). The language of the current version of this statute⁵ is quite similar and both versions expressly require that the property be contributed “in exchange for stock” in order to avoid recognizing and paying tax on the taxable gain (that is, the benefit provided by this statute).

In *King*, because the shareholder already owned practically all of the corporation’s outstanding stock when he made the additional contribution, the court found that the corporation’s issuance of additional stock to the taxpayer was not necessary to avoid recognizing the taxable gain upon the additional contribution to that corporation. The court ruled as follows:

The [taxpayer] says that [the transfer of assets to the corporation was taxable], because literally no stock was issued by the corporation when the property was transferred to it. Literally this is true but in the sense of corporate finance it is rather unreal as applied in this case. Here we have in substance a one man corporation where the issuance of additional stock would be of little or no financial substance. It made no material difference to the stockholder whether additional shares of stock were issued or not as the value of all the stock held by him would remain substantially the same irrespective of the mere number of shares. In the financial sense, therefore, the conveyance of additional property to the corporation resulted in an increased value of the stock which had originally been issued to its sole stockholder and it does not seem to do any great violence to the language of the statute to treat the transaction in substance as the issuance of securities for property transferred.

⁵ The current version of 26 U.S.C. §351(a) provides: “No gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock in such corporation and immediately after the exchange such person or persons are in control (as defined in section 368(c) [this is the 80% ownership requirement]) of the corporation.”

King, 10 F. Supp. at 209 (emphasis added).⁶ The *King* court expressly determined that in the case of a wholly owned entity, the increase in value of the stock should be treated in substance as the issuance of stock in exchange for the contributed property.

The ALC found *King* to be inapposite because, it reasoned, Section 351 and the Act serve very different purposes:

Section 351 is intended to address capital gain and loss recognition in the context of business incorporation and reorganization, and therefore “is designed to give present tax relief for internal rearrangements of the taxpayer’s own assets, accompanied by no sacrifice of control and no real generation of income for the owner—and to defer taxation until a true outside disposition is made.” . . . The Act at issue, however, serves a completely different purpose. The General Assembly set forth its intent for the Act in S.C. Code Ann. § 11-44-20 (Supp. 2025), and its very first goal for the Act was to “encourage individual angel investors to invest in early stage, high-growth, job-creating businesses . . .” in sectors specified in S.C. Code Ann. § 11-44-30(5)(e) (Supp. 2025). Thus, the Act envisions the use of tax credits to attract investors to come to the aid of (i.e., be “angels” to) early-stage qualified businesses who otherwise might not get sufficient financing due to the risk of being in the early stages of development, by making qualified investments. Unlike the “solely in exchange for stock or securities” phrase in Section 351, the phrase in Section 11-44-30(6) is not merely incidental to the purpose of the statute, but sets forth an absolute prerequisite that must be met in order for a contribution of funds to a qualified business to qualify for a tax credit.

July Order at 3-4. The ALC misapprehended the holding in *King*. The ALC found that the Act’s definition of “qualified investment” is an “absolute prerequisite,” while dismissing the requirements of the Section 351 as “incidental.” That interpretation of the *King* opinion is incorrect. The *King* court was not saying that the “in exchange for stock” requirement was “incidental”; instead, that court was saying that the requirement had no meaning when the entity had only one owner. To require an issuance of stock to the sole owner (who owned 100% of the stock before and after the contribution) was a “meaningless gesture.”

⁶ The taxpayer in *King* was arguing that the taxable gain *should* be recognized. If the contribution was taxable, then the transferee corporation would have had a higher basis in the contributed asset for purposes of calculating taxable gain on a later sale of that asset by the corporation. Thus, the taxpayer was arguing that gain was recognized on his contribution to the corporation on the ground that no stock was issued in exchange for the contribution. The *King* court rejected that argument.

The same reasoning applies here: requiring that a certificate be issued to Mr. Chapman (who has always been the 100% owner of JOTW) is a futile act that makes no difference. There is no other member to distinguish. There is no purpose served by requiring the issuance of a certificate or some new interest to Mr. Chapman. Just as the *King* court found with respect to that taxpayer's contribution to the corporation, a sole member's additional contribution similarly results in an increase in the value of that sole member's distributional interest. In accordance with the *King* decision, that increase in value resulting from the additional contribution should be treated as the issuance of "stock" for Mr. Chapman's contribution. *King*, 10 F. Supp. at 209.

The *King* principle finds an important analog in a statutory construction principle routinely applied by South Carolina courts: In seeking the intention of the legislature, the courts presume that the legislature intended by its action to accomplish something and not to do a futile thing. *State ex rel. McLeod v. Montgomery*, 244 S.C. 308, 136 S.E.2d 778 (1964). The Act should not be construed to require the issuance of a certificate when the investor owns 100% of the entity before and after the investment.

2. **Equity interest.**

Even if the Court determines that Mr. Chapman's distributional interest is not analogous to stock, his distributional interest in JOTW is an "equity interest."

The term "equity interest" is not defined in the Act. Where a word is not defined in a statute, our courts have looked to the usual dictionary meaning to supply that word's meaning. *See, e.g., Gulf Oil Corp. v. S.C. Tax Comm'n*, 248 S.C. 267, 270, 149 S.E.2d 642, 643 (1966); *Lee v. Thermal Engineering Corp.*, 352 S.C. 81, 91-92, 572 S.E.2d 298, 303-04 (Ct. App. 2002). The dictionary definition of the term "interest," in a business context, is "a share, right, or title in the ownership of property, in a commercial or financial undertaking, or the like." Collins

Dictionary (2026). “Equity” is defined as “a risk interest or ownership right in property.” Merriam-Webster Dictionary (2026). Thus, the use of the modifier “equity” means that the interest must be an “ownership” right or interest in the entity.

There is actually not a dispute about the nature of Mr. Chapman’s interest in JOTW: The ALC expressly acknowledged that Mr. Chapman’s interest was an equity interest in JOTW (indeed 100% of the equity interest). July Order at 7. But the ALC went on to state that Mr. Chapman had to receive a “new” equity interest as a result of his contributions. July Order at 7.

The ALC’s position on this point is incorrect for several reasons.

First, the additional contributions in fact created a new transferable property right for Mr. Chapman. The ALC recognized that Mr. Chapman’s additional contributions to JOTW had the effect of increasing the value of Mr. Chapman’s distributional interest in JOTW. July Order at 6. That increased value is an interest that Mr. Chapman did not have prior to his contributions and constitutes an “equity interest” that Mr. Chapman received as a result of the contributions.

Indeed such increase in value results in a transferable property right that may be enjoyed by Mr. Chapman. Consider this example: Suppose that at a time when JOTW’s equity is valued at \$100,000, Mr. Chapman makes an additional contribution of cash to JOTW in the amount of \$200,000, thereby increasing the value of the equity in JOTW from \$100,000 to \$300,000. The LLC Act recognizes that a “distributional interest in a limited liability company is personal property and, subject to Sections 33-44-502 and 33-44-503, may be transferred in whole or **in part.**” S.C. Code Ann. §33-44-501(b). Mr. Chapman may, of course, calculate the percentage of the LLC equity that his additional contribution represents: In this example, a \$200,000 contribution divided by total post-contribution value of \$300,000 represents 66⅔% of the equity. Pursuant to S.C. Code Ann. §33-44-501(b), Mr. Chapman may sell a 66⅔% distributional

interest in JOTW to a third party. After that sale, Mr. Chapman would hold a distributional interest representing \$100,000 of equity (and the cash from the sale of the 66⅔% interest), just as he had prior to his additional contribution.

The fact that Mr. Chapman may carve out the distributional interest corresponding to the additional capital he contributed and sell that distributional interest means that following his contribution, Mr. Chapman enjoys a transferable property right. The ability to transfer an interest is a fundamental aspect of property ownership. *See Phillips v. Washington Legal Foundation*, 524 U.S. 156, 167-68 (1998) (a fundamental element of a property interest is the ability to dispose of it). Because Mr. Chapman did not have the right to transfer that \$200,000 equity interest prior to the additional capital contribution, he necessarily acquired that property right as a result of the contribution.⁷ Accordingly, the additional contributions to JOTW necessarily provide Mr. Chapman a right and an equity interest that he did not enjoy prior to his contribution.

Second, the ALC's analysis improperly focuses on non-economic rights of Mr. Chapman. The ALC noted that Mr. Chapman's overall interest in JOTW includes more than the economic and distribution rights that inhere in his distributional interest. Mr. Chapman's overall interest also includes his right to participate in the management of JOTW's business and to access information concerning JOTW's transactions. July Order at 6-7. Regardless of what happens to Mr. Chapman's distributional interest, the ALC reasoned, Mr. Chapman's contributions will not increase those other rights because he owned 100% of those rights both before and after his contributions.

⁷ Mr. Chapman obtains not just the right to transfer. He can also retain the ownership or equity interest and the exclusive right to enjoy to income and appreciation from that interest. *Kaiser Aetna v. U. S.*, 444 U.S. 164, 176 (1979) (recognizing the right to exclude others as one of the most essential sticks in the bundle of rights that are commonly characterized as property).

But it is the economic rights of the distributional interest (not the management rights) that define the equity of an LLC member.⁸ A South Carolina LLC may, if it desires, separate management rights from distributional rights. It simply does not make sense to examine or rely on the non-economic rights of a member in defining the “equity interest” of that member.

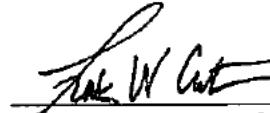
Finally, if the ALC’s point about management and information rights was accepted, a member who owns 100% of an LLC cannot make additional contributions to that LLC and qualify for additional angel credits. No matter what contributions that member makes, his management and information rights would always be 100%. That cannot be the intention of the Act. If legislature intend to encourage investments in these entities (and its first-stated purpose was exactly that), it surely did not mean to foreclose additional investments in cases like this.

CONCLUSION

For these reasons, the ALC’s orders granting summary judgment to the Department on the “qualified investment” must be reversed and these matters must be remanded to the ALC for rulings on the remaining issues.

Respectfully submitted,

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⁸ One might take from the July Order that the term “equity interest” is somehow distinguished from the term “distributional interest” in the LLC Act. The LLC Act, however, does not use or define the term “equity interest.”

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PROOF OF SERVICE

I certify that I have served the Initial Brief of Appellant and Designation of Matter to be Included in the Record on Appeal on the South Carolina Department of Revenue by depositing a copy of the Notice in the United States Mail, postage prepaid, on October 5, 2026, addressed to its counsel of record as follows:

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October 5, 2026

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Columbia, SC 29201

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OCT 05 2026

SC Court of Appeals

Re: Hugh Chapman, Appellant v. South Carolina Department of Revenue, Respondent
Appeal from South Carolina Administrative Law Court
Case No. 25-ALJ-17-0359-CC
Case No. 25-ALJ-17-0284-CC

Dear Ms. Kitchings:

On behalf of Appellant Hugh Chapman, we hereby file the Initial Brief of Appellant and Designation of Matter to be Included in the Record on Appeal in the above-referenced matters. We also enclose a Proof of Service showing that the Initial Brief of Appellant and Designation of Matter have been served on the South Carolina Department of Revenue.

We would appreciate your date-stamping the enclosed additional copies and returning that to our courier. Thank you.

Yours truly,



Frank W. Cureton

FWC:ap
Enclosures

cc: Patricia D. Breen, Esq., Counsel, South Carolina Department of Revenue (via First Class Mail)