



The Supreme Court of South Carolina

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NOTICE

IN THE MATTER OF DONNA SEEGARS GIVENS, PETITIONER

Petitioner was definitely suspended from the practice of law for nine (9) months, retroactive to March 4, 2010. *In the Matter of Givens*, 391 S.C. 427, 706 S.E.2d 22 (2011). Petitioner has now filed a petition seeking to be reinstated.

Pursuant to Rule 33(e)(2) of the Rules for Lawyer Disciplinary Enforcement contained in Rule 413 of the South Carolina Appellate Court Rules, notice is hereby given that members of the bar and the public may file a notice of their opposition to or concurrence with the petition. Comments should be mailed to:

Committee on Character and Fitness
P. O. Box 11330
Columbia, South Carolina 29211

These comments should be received within sixty (60) days of the date of this notice.

Columbia, South Carolina
November 6, 2013



OPINIONS
OF
THE SUPREME COURT
AND
COURT OF APPEALS
OF
SOUTH CAROLINA

ADVANCE SHEET NO. 48
November 13, 2013
Daniel E. Shearouse, Clerk
Columbia, South Carolina
www.sccourts.org

CONTENTS

THE SUPREME COURT OF SOUTH CAROLINA

PUBLISHED OPINIONS AND ORDERS

27329 - Hard Hat Workforce v. Mechanical HVAC	16
Order - In the Matter of Richard G. Wern	30

UNPUBLISHED OPINIONS AND ORDERS

None

PETITIONS – UNITED STATES SUPREME COURT

27233 - Brad Keith Sigmon v. The State	Pending
27252 - Town of Hollywood v. William Floyd	Pending
2013-MO-013 - In the Interest of David L.	Pending

PETITIONS FOR REHEARING

27317 - Ira Banks v. St. Matthew Baptist Church	Pending
27320 - SCDSS v. Christopher Pringle	Denied 11/8/2013
27322 - The State v. Steven Barnes	Pending

EXTENSION TO FILE PETITION – UNITED STATES SUPREME COURT

27124 - The State v. Jennifer Rayanne Dykes	Granted until 12/21/2013
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The South Carolina Court of Appeals

PUBLISHED OPINIONS

None

UNPUBLISHED OPINIONS

2013-UP-416-State v. Darrell Williams
(Richland, Judge J. Michelle Childs)

2013-UP-417-State v. Jevon Nichols Brown
(Sumter, Judge George C. James, Jr.)

2013-UP-418-James Barry Stanley v. Sheri Anne Stanley
(Kershaw, Judge Dana A. Morris)

2013-UP-419-State v. Willie Lee Colvin
(York, Judge John C. Hayes, III)

PETITIONS FOR REHEARING

5131-Lauren Proctor v. Whitlark & Whitlark	Pending
5167-State v. Thomas Michael Smith	Pending
5171-Carolyn Nicholson v. SCDSS	Pending
5176-Richard A. Hartzell v. Palmetto Collision, LLC	Pending
5177-State v. Leo David Lemire	Pending
5181-Henry Frampton v. S.C. Dep't of Transportation	Pending
2013-UP-189-Thomas Torrence v. SCDC	Pending
2013-UP-209-State v. Michael Avery Humphrey	Pending
2013-UP-296-Parsons v. John Wieland Homes	Pending
2013-UP-303-William Jeff Weekley v. John Lance Weekley, Jr.	Pending

2013-UP-340-Randy Griswold v. Kathryn Griswold	Pending
2013-UP-358-Marion L. Driggers v. Daniel Shearouse	Pending
2013-UP-381-L. G. Elrod v. Berkeley Cty. Sheriff's Dep't	Pending
2013-UP-393-State v. Robert Mondriques Jones	Pending

PETITIONS-SOUTH CAROLINA SUPREME COURT

4750-Cullen v. McNeal	Pending
4764-Walterboro Hospital v. Meacher	Pending
4779-AJG Holdings v. Dunn	Pending
4832-Crystal Pines v. Phillips	Pending
4851-Davis v. KB Home of S.C.	Pending
4872-State v. Kenneth Morris	Pending
4888-Pope v. Heritage Communities	Pending
4895-King v. International Knife	Pending
4898-Purser v. Owens	Pending
4909-North American Rescue v. Richardson	Pending
4923-Price v. Peachtree Electrical	Pending
4926-Dinkins v. Lowe's Home Centers	Pending
4934-State v. Rodney Galimore	Denied 11/07/13
4947-Ferguson Fire and Fabrication v. Preferred Fire Protection	Pending
4956-State v. Diamon D. Fripp	Pending
4960-Justin O'Toole Lucey et al. v. Amy Meyer	Pending
4964-State v. Alfred Adams	Denied 11/06/13

4970-Carolina Convenience Stores et al. v. City of Spartanburg	Pending
4973-Byrd v. Livingston	Pending
4975-Greeneagle Inc. v. SCDHEC	Pending
4979-Major v. City of Hartsville	Pending
4982-Katie Green Buist v. Michael Scott Buist	Pending
4992-Gregory Ford v. Beaufort County Assessor	Pending
4995-Keeter v. Alpine Towers International and Sexton	Pending
4997-Allegro v. Emmett J. Scully	Pending
5001-State v. Alonzo Craig Hawes	Pending
5008-Willie H. Stephens v. CSX Transportation	Pending
5010-S.C. Dep't of Transportation v. Janell P. Revels et al.	Pending
5011-SCDHEC v. Ann Dreher	Pending
5013-Geneva Watson v. Xtra Mile Driver Training	Pending
5016-The S.C. Public Interest Foundation v. Greenville Cty. et al.	Pending
5017-State v. Christopher Manning	Pending
5019-John Christopher Johnson v. Reginald C. Lloyd et al.	Pending
5020-Ricky Rhame v. Charleston Cty. School District	Pending
5022-Gregory Collins v. Seko Charlotte and Nationwide Mutual	Pending
5025-State v. Randy Vickery	Pending
5031-State v. Demetrius Price	Pending
5032-LeAndra Lewis v. L.B. Dynasty	Pending

5033-State v. Derrick McDonald	Pending
5034-State v. Richard Bill Niles, Jr.	Pending
5035-David R. Martin and Patricia F. Martin v. Ann P. Bay et al.	Pending
5041-Carolina First Bank v. BADD	Pending
5044-State v. Gene Howard Vinson	Pending
5052-State v. Michael Donahue	Pending
5053-State v. Thomas E. Gilliland	Pending
5055-Hazel Rivera v. Warren Newton	Pending
5059-Kellie N. Burnette v. City of Greenville et al.	Pending
5060-State v. Larry Bradley Brayboy	Pending
5061-William Walde v. Association Ins. Co.	Pending
5062-Duke Energy v. SCDHEC	Pending
5065-Curiel v. Hampton Co. EMS	Pending
5071-State v. Christopher Broadnax	Pending
5072-Michael Cunningham v. Anderson County	Pending
5074-Kevin Baugh v. Columbia Heart Clinic	Pending
5077-Kirby L. Bishop et al. v. City of Columbia	Pending
5078-Estate of Livingston v. Clyde Livingston	Pending
5081-The Spriggs Group, P.C. v. Gene R. Slivka	Pending
5082-Thomas Brown v. Peoplease Corp.	Pending
5084-State v. Kendrick Taylor	Pending

5087-Willie Simmons v. SC Strong and Hartford	Pending
5090-Independence National v. Buncombe Professional	Pending
5092-Mark Edward Vail v. State	Pending
5093-Diane Bass v. SCDSS	Pending
5095-Town of Arcadia Lakes v. SCDHEC	Pending
5097-State v. Francis Larmand	Pending
5099-Roosevelt Simmons v. Berkeley Electric	Pending
5101-James Judy v. Ronnie Judy	Pending
5110-State v. Roger Bruce	Pending
5111-State v. Alonza Dennis	Pending
5112-Roger Walker v. Catherine Brooks	Pending
5113-Regions Bank v. Williams Owens	Pending
5116-Charles A. Hawkins v. Angela D. Hawkins	Pending
5117-Loida Colonna v. Marlboro Park (2)	Pending
5118-Gregory Smith v. D.R. Horton	Pending
5119-State v. Brian Spears	Pending
5121-State v. Jo Pradubsri	Pending
5122-Ammie McNeil v. SCDC	Pending
5125-State v. Anthony Marquese Martin	Pending
5126-A. Chakrabarti v. City of Orangeburg	Pending
5130-Brian Pulliam v. Travelers Indemnity	Pending

5132-State v. Richard Brandon Lewis	Pending
5135-Microclean Tec. Inc. v. Envirofix, Inc.	Pending
5137-Ritter and Associates v. Buchanan Volkswagen	Pending
5139-H&H Johnson, LLC v. Old Republic National Title	Pending
5140-Bank of America v. Todd Draper	Pending
5144-Emma Hamilton v. Martin Color Fi	Pending
5148-State v. Henry Jermaine Dukes	Pending
5151-Daisy Simpson v. William Simpson	Pending
5152-Effie Turpin v. E. Lowther	Pending
5157-State v. Lexie Dial	Pending
5159-State v. Gregg Henkel	Pending
5160-State v. Ashley Eugene Moore	Pending
5161-State v. Lance Williams	Pending
2011-UP-052-Williamson v. Orangeburg	Pending
2011-UP-108-Dippel v. Horry County	Pending
2011-UP-109-Dippel v. Fowler	Pending
2011-UP-400-McKinnedy v. SCDC	Pending
2011-UP-495-State v. Arthur Rivers	Pending
2011-UP-502-Heath Hill v. SCDHEC and SCE&G	Pending
2011-UP-562-State v. Tarus Henry	Pending
2012-UP-030-Babae v. Moisture Warranty Corp.	Pending

2012-UP-058-State v. Andra Byron Jamison	Pending
2012-UP-078-Seyed Tahaei v. Sherri Tahaei	Pending
2012-UP-081-Hueble v. Vaughn	Pending
2012-UP-107-William Parker et al. v. Pier Abdullah et al.	Denied 11/07/13
2012-UP-134-Richard Cohen v. Dianne Crowley	Denied 11/07/13
2012-UP-152-State v. Kevin Shane Epting	Pending
2012-UP-153-McCall v. Sandvik, Inc.	Pending
2012-UP-203-State v. Dominic Leggette	Pending
2012-UP-218-State v. Adrian Eaglin	Pending
2012-UP-219-Dale Hill et al. v. Deertrack Golf and Country Club	Pending
2012-UP-234-Anonymous v. S.C. Dep't of Labor	Denied 11/07/13
2012-UP-267-State v. James Craig White	Pending
2012-UP-270-National Grange Ins. Co. v. Phoenix Contract Glass, LLC, et al.	Pending
2012-UP-274-Passaloukas v. Bensch	Pending
2012-UP-276-Regions Bank v. Stonebridge Development et al.	Pending
2012-UP-278-State v. Hazard Cameron	Pending
2012-UP-285-State v. Jacob M. Breda	Pending
2012-UP-286-Diane K. Rainwater v. Fred A. Rainwater	Pending
2012-UP-292-Demetrius Ladson v. Harvest Hope	Pending
2012-UP-295-Larry Edward Hendricks v. SCDC	Pending

2012-UP-293-Clegg v. Lambrecht	Pending
2012-UP-302-Maple v. Heritage Healthcare	Pending
2012-UP-312-State v. Edward Twyman	Pending
2012-UP-314-Grand Bees Development v. SCDHEC et al.	Pending
2012-UP-321-James Tinsley v. State	Pending
2012-UP-330-State v. Doyle Marion Garrett	Pending
2012-UP-332-George Tomlin v. SCDPPPS	Pending
2012-UP-348-State v. Jack Harrison, Jr.	Pending
2012-UP-351-State v. Kevin J. Gilliard	Pending
2012-UP-365-Patricia E. King v. Margie B. King	Pending
2012-UP-404-McDonnell and Assoc v. First Citizens Bank	Pending
2012-UP-432-State v. Bryant Kinloch	Pending
2012-UP-433-Jeffrey D. Allen v. S.C. Budget and Control Bd. Employee Insurance Plan et al.	Pending
2012-UP-460-Figueroa v. CBI/Columbia Place Mall et al.	Pending
2012-UP-462-J. Tennant v. Board of Zoning Appeals	Pending
2012-UP-479-Elkachbendi v. Elkachbendi	Pending
2012-UP-502-Hurst v. Board of Dentistry	Pending
2012-UP-552-Virginia A. Miles v. Waffle House	Pending
2012-UP-561-State v. Joseph Lathan Kelly	Pending
2012-UP-563-State v. Marion Bonds	Pending

2012-UP-569-Vennie Taylor Hudson v. Caregivers of SC	Pending
2012-UP-573-State v. Kenneth S. Williams	Pending
2012-UP-576-State v. Trevee J. Gethers	Pending
2012-UP-577-State v. Marcus Addison	Pending
2012-UP-579-Andrea Beth Campbell v. Ronnie A. Brockway	Pending
2012-UP-580-State v. Kendrick Dennis	Pending
2012-UP-585-State v. Rushan Counts	Pending
2012-UP-600-Karen Irby v. Augusta Lawson	Pending
2012-UP-603-Fidelity Bank v. Cox Investment Group et al.	Pending
2012-UP-608-SunTrust Mortgage v. Ostendorff	Pending
2012-UP-616-State v. Jamel Dwayne Good	Pending
2012-UP-623-L. Paul Trask, Jr., v. S.C. Dep't of Public Safety	Pending
2012-UP-647-State v. Danny Ryant	Pending
2012-UP-654-State v. Marion Stewart	Pending
2012-UP-658-Palmetto Citizens v. Butch Johnson	Pending
2012-UP-663-Carlton Cantrell v. Aiken County	Pending
2012-UP-674-SCDSS v. Devin B.	Denied 11/07/13
2013-UP-007-Hoang Berry v. Stokes Import	Pending
2013-UP-010-Neshen Mitchell v. Juan Marruffo	Pending
2013-UP-014-Keller v. ING Financial Partners	Pending
2013-UP-015-Travelers Property Casualty Co. v. Senn Freight	Pending

2013-UP-020-State v. Jason Ray Franks	Pending
2013-UP-034-Cark D. Thomas v. Bolus & Bolus	Pending
2013-UP-037-Cary Graham v. Malcolm Babb	Pending
2013-UP-056-Lippincott v. SCDEW	Pending
2013-UP-058-State v. Bobby J. Barton	Pending
2013-UP-062-State v. Christopher Stephens	Pending
2013-UP-063-State v. Jimmy Lee Sessions	Pending
2013-UP-066-Dudley Carpenter v. Charles Measter	Pending
2013-UP-069-I. Lehr Brisbin v. Aiken Electric Coop.	Pending
2013-UP-070-Loretta Springs v. Clemson University	Pending
2013-UP-071-Maria McGaha v. Honeywell International	Pending
2013-UP-078-Leon P. Butler, Jr. v. William L. Wilson	Pending
2013-UP-081-Ruth Sturkie LeClair v. Palmetto Health	Pending
2013-UP-082-Roosevelt Simmons v. Hattie Bailum	Pending
2013-UP-084-Denise Bowen v. State Farm	Pending
2013-UP-085-Brenda Peterson v. Hughie Peterson	Pending
2013-UP-090-JP Morgan Chase Bank v. Vanessa Bradley	Pending
2013-UP-095-Midlands Math v. Richland County School Dt. 1	Pending
2013-UP-110-State v. Demetrius Goodwin	Pending
2013-UP-115-SCDSS v. Joy J.	Pending
2013-UP-120-Jerome Wagner v. Robin Wagner	Pending

2013-UP-125-Caroline LeGrande v. SCE&G	Pending
2013-UP-127-Osmanski v. Watkins & Shepard Trucking	Pending
2013-UP-133-James Dator v. State	Pending
2013-UP-147-State v. Anthony Hackshaw	Pending
2013-UP-154-State v. Eugene D. Patterson	Pending
2013-UP-158-CitiFinancial v. Squire	Pending
2013-UP-162-Martha Lynne Angradi v. Edgar Jack Lail, et al.	Pending
2013-UP-183-R. Russell v. DHEC and State Accident Fund	Pending
2013-UP-188-State v. Jeffrey A. Michaelson	Pending
2013-UP-199-Wheeler Tillman v. Samuel Tillman	Pending
2013-UP-206-Adam Hill v. Henrietta Norman	Pending
2013-UP-218-Julian Ford Jr. v. SCDC	Pending
2013-UP-224-Katheryna Mulholland-Mertz v. Corie Crest	Pending
2013-UP-232-Theresa Brown v. Janet Butcher	Pending
2013-UP-233-Phillip Brown v. SCDPPPS	Dismissed 11/07/13
2013-UP-236-State v. Timothy E. Young	Pending
2013-UP-241-Shirley Johnson v. Angela Lampley	Pending
2013-UP-247-Joseph N. Grate v. Waccamaw E. O. C. Inc.	Pending
2013-UP-251-Betty Jo Floyd v. Ken Baker Used Cars	Pending
2013-UP-256-Woods v. Breakfield	Pending
2013-UP-257-Matter of Henson (Woods) v. Breakfield	Pending

2013-UP-267-State v. William Sosebee	Pending
2013-UP-279-MRR Sandhills v, Marlboro County	Pending
2013-UP-288-State v. Brittany Johnson	Pending
2013-UP-290-Mary Ruff v. Samuel Nunez	Pending
2013-UP-294-State v. Jason Thomas Husted	Pending
2013-UP-297-Greene Homeowners v. W.G.R.Q.	Pending
2013-UP-310-Westside Meshekoff Family v. SCDOT	Pending
2013-UP-317-State v. Antwan McMillan	Dismissed 11/06/13
2013-UP-322-A.M. Kelly Grove v. SCDHEC	Pending
2013-UP-323-In the interest of Brandon M.	Pending
2013-UP-326-State v. Gregory Wright	Pending
2013-UP-327-Roper LLC v. Harris Teeter	Pending

**THE STATE OF SOUTH CAROLINA
In The Supreme Court**

Hard Hat Workforce Solutions, LLC, Appellant,

v.

Mechanical HVAC Services, Inc., Great American Insurance Company, and Liberty Mutual Insurance Company, Defendants, Of Whom Great American Insurance Company is the, Respondent.

Appellate Case No. 2011-202168

Appeal From York County
S. Jackson Kimball, III, Special Circuit Court Judge

Opinion No. 27329
Heard April 30, 2013 - Filed November 13, 2013

REVERSED

Henry P. Wall, of Bruner Powell Wall & Mullins, LLC,
of Columbia, for Appellant.

Charles H. McDonald, of Robinson McFadden & Moore,
PC, of Columbia, for Respondent.

CHIEF JUSTICE TOAL: Hard Hat Workforce Solutions, LLC (Hard Hat) appeals the circuit court order granting summary judgment in favor of Great American Insurance Company (GAI). Hard Hat argues it is entitled to make a

claim against a payment bond GAI issued on a construction project. This Court certified this case for review pursuant to Rule 204(b), SCACR. We reverse.

FACTUAL/PROCEDURAL HISTORY

This action arises out of the construction of a new high school in York County (the project). Edifice, Inc. (Edifice), the general contractor, hired subcontractor Walker White, Inc. (Walker White) to perform mechanical and plumbing work on the project. As a part of their contract, Edifice required Walker White to furnish a payment bond. Walker White ultimately furnished a payment bond (the bond) in the amount of \$17,358,043 from surety GAI. The bond stated,

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the Principal shall promptly make payment to all persons supplying labor and material in the prosecution of the work provided for in said Subcontract and any and all modifications of said Subcontract that may hereafter be made, then this obligation shall be null and void otherwise it shall remain in full force and effect.

.....

There said Principal and the said Surety agree that this Bond shall inure to the benefit of all persons supplying labor and material in the prosecution of the work provided for in said Subcontract, as well as to the Obligee, and that such persons may maintain independent actions upon this Bond in their own names.

Walker White later subcontracted the installation of ductwork to Mechanical HVAC Services, Inc. (MHS). MHS, in turn, subcontracted with Hard Hat for temporary skilled labor on MHS' portion of the project. During the project's construction, Eric Schmidt, Hard Hat's territory manager, sent three e-mails to J.T. East, Walker White's assistant project manager, regarding Hard Hat's involvement with the project. The first e-mail, dated August 4, 2009, and titled "Manpower," stated, "We are working with MHS and helping them set up some of the walk ups that you guys have and want to try." The second e-mail, dated September 29, 2009, and titled "General Labor," stated, "Along with helping out on the skilled

end we have sent MHS general laborers who have been reporting to the general contractor." The last e-mail, dated October 22, 2009, and titled "Clean up," stated, "Bo informed me that clean up is back on for full time down on that project. I sent Bo 2 laborers and if you need clean up guys I can have 2 more sent down your way."

By way of affidavit, Schmidt stated the purpose of these e-mails was to inform Walker White of the existence and nature of Hard Hat's work on the project and to offer Walker White additional services directly. Schmidt further stated that aside from the e-mails, he communicated regularly with Walker White's agents and employees during Hard Hat's work on the project. Schmidt stated he communicated most with East, noting East frequently allowed Hard Hat to use Walker White's jobsite trailer to conduct routine office work. Schmidt noted East provided him with his corporate e-mail address, through which they communicated on multiple occasions.

Eric Byrd, Hard Hat's regional manager, also filed an affidavit stating he too communicated with Walker White's employees and agents throughout Hard Hat's work on the project. Byrd said his primary point of contact was East, who held himself out to be Walker White's project manager. Byrd noted he visited the jobsite on at least one occasion in the fall of 2009, met East and other Walker White employees, and advised East of the nature of Hard Hat's work on the project. Byrd stated he also conducted a security briefing of Hard Hat's employees during this visit, and East allowed Byrd to use Walker White's jobsite trailer for this meeting. Finally, Byrd stated he informed East that Hard Hat was not affiliated with MHS, but instead provided them labor under contract.

Although Walker White paid MHS \$535,357.06—the full value of their contract—as of January 2010, MHS failed to pay \$85,000 it owed to Hard Hat for its work on the project. In January 2010, Mark Holcomb of Hard Hat spoke with East and Amy Miller, Walker White's project manager, over the telephone and informed them MHS owed Hard Hat approximately \$85,000 for labor it provided on the project. On February 8, 2010, Walker White informed MHS it was in default under its subcontract with Walker White due to lack of performance. Thereafter, MHS abandoned the project and did not perform any additional work.

Hard Hat brought a claim against MHS for breach of contract and obtained a default judgment. Hard Hat also filed a claim to collect on the payment bond Walker White obtained from GAI, which is the issue currently before this Court.

GAI moved for summary judgment, arguing Hard Hat could not collect on the bond because it failed to provide Walker White with adequate notice of its work on the project pursuant to Section 29-5-440 of the South Carolina Code. GAI argued its liability, as surety on the bond, was therefore limited to the amount Walker White owed MHS at the time Hard Hat informed Walker White of its claim on the bond on March 5, 2010. GAI asserted it paid MHS in full as of January 2010, and thus, Hard Hat could not collect anything.

The circuit court granted GAI's motion for summary judgment. The court found Hard Hat's bond claim was subject to section 29-5-440's notice provisions because South Carolina statutory law is part of every contract. The court further found Hard Hat failed to provide a "notice of furnishing" under section 29-5-440. The court stated 29-5-440 contained four requirements for a notice of furnishing: (1) written notice, (2) to the bonded contractor, (3) sent via e-mail, fax, personal service, or registered or certified mail, (4) to any place the bonded contractor maintains a permanent office or its address on file at the Department of Labor. The court found Hard Hat's e-mails to Walker White did not meet these requirements because they were in the nature of solicitations for business rather than notices of furnishing, and were sent to an assistant project manager stationed in a jobsite trailer. The circuit court opined legislative intent was that notice be "delivered to a responsible person employed with the bonded contractor at its *permanent* place of business, not a jobsite."

ISSUE PRESENTED

Whether the circuit court erred in granting GAI's motion for summary judgment on Hard Hat's payment bond claim.

STANDARD OF REVIEW

In reviewing a grant of summary judgment, the appellate court applies the same standard as the trial court under Rule 56(c), SCRPC. *Quail Hill, L.L.C. v. Cnty. of Richland*, 387 S.C. 223, 234, 692 S.E.2d 499, 505 (2010). Summary judgment is proper if, viewing the evidence in a light most favorable to the nonmoving party, there is no genuine issue of material fact and the moving party is entitled to a judgment as a matter of law. *Cullum Mech. Constr., Inc. v. S.C. Baptist Hosp.*, 344 S.C. 426, 432, 544 S.E.2d 838, 841 (2001) (citing Rule 56(c), SCRPC).

ANALYSIS

Hard Hat argues the circuit court erred in granting GAI's motion for summary judgment because the bond did not include any notice provisions or reference section 29-5-440. Hard Hat contends the bond therefore granted broader coverage with less stringent notice requirements than a bond issued under section 29-5-440, which is permissible as bonds are contractual in nature and the bond at issue was a private bond not required by statute. Alternatively, Hard Hat argues that if section 29-5-440 applies to the bond, summary judgment was nevertheless improper because it presented evidence that it provided Walker White a notice of furnishing in accordance with the statute. Specifically, Hard Hat asserts the e-mails it sent to Walker White's assistant project manager, at a minimum, present questions of fact for trial as to whether Hard Hat met section 29-5-440's requirements and adequately informed Walker White that it furnished labor to the project. We agree.

Section 29-5-440 provides,

Every person who has furnished labor, material, or rental equipment to a bonded contractor or its subcontractors in the prosecution of work provided for in any contract for construction, and who has not been paid in full therefor before the expiration of a period of ninety days after the day on which the last of the labor was done or performed by him or material or rental equipment was furnished or supplied by him for which such claim is made, shall have the right to sue on the payment bond for the amount, or the balance thereof, unpaid at the time of the institution of such suit and to prosecute such action to final execution and judgment for the sum or sums justly due him.

A remote claimant shall have a right of action on the payment bond only upon giving written notice by certified or registered mail to the bonded contractor within ninety days from the date on which such person did or performed the last of the labor or furnished or supplied the last of the material or rental equipment upon which such claim is made. However, in no event shall

the aggregate amount of any claim against such payment bond by a remote claimant exceed the amount due by the bonded contractor to the person to whom the remote claimant has supplied labor, materials, rental equipment, or services, ***unless the remote claimant has provided notice of furnishing labor, materials, or rental equipment to the bonded contractor. Such written notice to the bonded contractor shall be personally served or sent by fax or sent by electronic mail or sent by registered or certified mail, postage prepaid, to the bonded contractor at any place the bonded contractor maintains a permanent office for the conduct of its business, or at the current address as shown on the records of the Department of Labor, Licensing and Regulation.*** After receiving the notice of furnishing labor, materials, or rental equipment, no payment by the bonded contractor shall lessen the amount recoverable by the remote claimant. However, in no event shall the aggregate amount of claims on the payment bond exceed the penal sum of the bond.

No suit under this section shall be commenced after the expiration of one year after the last date of furnishing or providing labor, services, materials, or rental equipment.

For purposes of this section, "bonded contractor" means a contractor or subcontractor furnishing a payment bond, and "remote claimant" means a person having a direct contractual relationship with a subcontractor of a bonded contractor, but no contractual relationship expressed or implied with the bonded contractor.

Id. (emphasis added).

The threshold issue in this case is whether Hard Hat's bond claim must comply with section 29-5-440's "notice of furnishing" provision. We find it does not. While this Court has never addressed this issue, a New York court addressed the issue under a similar set of facts in *Scaccia Concrete Corp. v. Hartford Fire Insurance Co.*, 628 N.Y.S.2d 746 (N.Y. App. Div. 1995).

In *Scaccia*, the City of New York awarded a construction contract to Gemma Construction Company and required Gemma to furnish a payment bond in an amount equal to the full contract price "as security for the payment of all persons performing labor or furnishing materials." *Id.* at 747. Gemma subcontracted the concrete work to New Superior Construction Corporation. *Id.* The plaintiff, Scaccia Concrete Corporation, supplied concrete to New Superior but was never paid in full. *Id.* After the plaintiff filed an action to recover under the bond, the surety moved for summary judgment on the ground that it had not been commenced in accordance with the notice and time provisions of the State Finance Law. *Id.* The plaintiff countered that since the bond did not refer to the State Finance Law and, in fact, contained provisions contrary to the State Finance Law, the bond was merely a common-law bond, rather than a statutory bond, that must be read and interpreted according to the bond language. *Id.* at 747–48.

The court agreed, finding the bond was a common-law bond because it did not mention the State Finance Law or any of its provisions. *Id.* at 750. The court explained that a bond which is not issued under a statute—a common-law bond—may contain provisions less onerous than those issued under the State Finance Law, thereby affording subcontractors greater protection. *Id.* at 747. The court found the bond at issue was "less restrictive than the statute with respect to the providing of notices" because the bond did not reference the statute or its notice requirements. *Id.* at 751. The court noted such relaxed notice provisions were permissible and, in fact, furthered public policy by providing greater protection to persons furnishing labor and materials for construction contracts. *Id.* at 752. The court concluded the bond, being a common-law bond rather than a statutory bond, must be enforced according to its terms. *Id.*

Scaccia is helpful in developing a definition for statutory and common-law bonds under South Carolina law. We define statutory bonds as those either (1) provided because required by statute *and* in accordance with the minimum guidelines set out in section 29-5-440 of the South Carolina Code,¹ or (2) that contain express or implied reference to the provisions detailed in the statute. *Cf.*

¹ *See, e.g.*, S.C. Code Ann. § 29-6-250 (2013) (mandating real property owners contractually require a contractor to provide a payment bond when a governmental body is a party to the contract); *see also* S.C. Code Ann. § 29-5-440 (outlining minimum payment bond requirements and protections).

Scaccia, 628 N.Y.S.2d at 748, 749, 750. In contrast, we define common-law bonds as either (1) any bond not required by statute (*i.e.*, voluntarily provided, perhaps to meet a contractual provision in the agreement between the parties), or (2) any bond required by statute but that specifically varies the statutory requirements so as to provide broader protection. *Cf.* S.C. Code Ann. § 29-6-290 (2013) ("A provision in a contract for the improvement of real property in the State must not operate to derogate the rights of a construction contractor, subcontractor, supplier, or other proper claimant against a payment bond or other form of payment security or protection established by law.").

We find Walker White's bond from GAI, like the bond in *Scaccia*, is a common-law bond. It was not required by statute, but instead, by Walker White's contract with Edifice, the general contractor. Moreover, the bond did not mention section 29-5-440 or any notice requirements. Accordingly, the bond must be enforced according to its terms, which indicate Hard Hat had no duty to comply with section 29-5-440's notice provisions. *See Scaccia*, 628 N.Y.S.2d at 750, 752; *see also United States v. Algernon Blair, Inc.*, 329 F. Supp. 1360, 1364 (D.S.C. 1971) (finding a subcontractor had no duty to comply with the Miller Act's time provisions where the payment bond was one of a private subcontractor, rather than a bond required by the Miller Act, and contained no mention of the Act or its time provisions).

The rationale for enforcing a private common-law payment bond according to its terms supports the policy behind payment bonds, which is to secure payment for subcontractors supplying labor and materials on construction projects. Moreover, in South Carolina, payment bonds issued by a surety for consideration are treated like insurance policies. *Id.* at 1362 (stating sureties selling bonds for profit are treated as insurers and the rights and liabilities of the parties are governed by the rules applicable to contracts of insurance); *First Nat'l Bank of S.C. v. U.S. Fid. & Guar. Co.*, 373 F. Supp. 235, 239 (D.S.C. 1974) (citing *Mass. Bonding & Ins. Co. v. Law*, 149 S.C. 402, 147 S.E. 444 (1929)); *Standard Accident Ins. Co. v. Simpson*, 64 F.2d 583, 590 (4th Cir. 1933) (stating bonds, like insurance, are construed in favor of coverage); *see also Sims' Crane Serv., Inc. v. Reliance Ins. Co.*, 514 F. Supp. 1033, 1042 (S.D. Ga. 1981) ("Unlike gratuitous sureties, compensated sureties are not favorites of the law."). Accordingly, while payment bonds must meet certain minimum coverage requirements in some instances, parties should not be prohibited from contracting for broader coverage or less stringent notice requirements should they choose to do so. *See Peabody*

Seating Co., Inc. v. Jim Cullen, Inc., 201 N.W.2d 546, 550 (Wis. 1972) ("There is no doubt but that the bond can be enforced according to its terms, and that if the bond is broader than the terms of the lien statutes, recovery may be had thereon, even though recovery could not be had under the lien statutes"); *see also Anderson v. Aetna Cas. & Sur. Co.*, 175 S.C. 254, 274, 178 S.E. 819, 826 (1935) ("A bond is nothing more than an agreement or contract under seal to pay money . . .").²

Moreover, even assuming *arguendo* that Hard Hat's bond claim is subject to section 29-5-440's notice provisions, we find summary judgment was nevertheless improper because Hard Hat presented evidence creating a genuine issue of material fact as to whether it provided Walker White an adequate notice of furnishing in accordance with the statute. *See* Rule 56(c), SCRPC. Section 29-5-440 describes the requirements for a notice of furnishing as follows:

Such written notice to the bonded contractor shall be personally served or sent by fax or sent by electronic mail or sent by registered or certified mail, postage prepaid, to the bonded contractor at any place the bonded contractor maintains a permanent office for the conduct

² The concurring opinion contends we are creating a false dichotomy between payment bonds required by statute and those required by contract alone. The concurrence is entirely correct that the distinctions between statutory and common-law bonds are no longer as relevant to interpreting and enforcing N.Y. State Fin. Law § 137, the law at issue in *Scaccia*. *See, e.g., A.C. Legnetto Constr., Inc. v. Hartford Fire Ins. Co.*, 702 N.E.2d 830, 831–32 (N.Y. 1998) (discussing the history behind and development of N.Y. State Fin. Law § 137). New York's State Finance Law § 137 is similar to our section 29-6-250 in that it requires a payment bond to be provided in construction contracts involving a governmental body. *See id.* at 831; N.Y. State Fin. Law § 137 (McKinney 2013). However, neither *Legnetto* nor *Scaccia*, address the type of bond at issue here—one that is voluntarily provided to meet the obligations of a contractual provision, *not* one that is required by statute. We choose to call this type of bond a "common-law" bond under South Carolina law; however, we do not intend to define the term only as used by the New York courts. Rather, in developing our own meanings of statutory and common-law bonds, we merely utilize *Scaccia's* analysis of the mandatory government payment bonds in New York as a starting point.

of its business, or at the current address as shown on the records of the Department of Labor, Licensing and Regulation.

S.C. Code Ann. § 29-5-440.

We find the three e-mails Hard Hat sent to East of Walker White, at the very least, create an issue of fact as to whether Hard Hat satisfied section 29-5-440's notice provisions. The e-mails were in writing, sent to Walker White as the bonded contractor, and qualified for section 29-5-440's "electronic mail" method of delivery. The circuit court found the e-mails did not meet section 29-5-440's requirements because (1) East read the e-mails in a jobsite trailer rather than Walker White's permanent office, (2) East was not an acceptable level of employee to receive a notice of furnishing, and (3) the e-mails were solicitations for business rather than notices of furnishing. We find the circuit court erred.

First, the circuit court's finding that e-mails must be sent to a "permanent office" ignores the plain language of section 29-5-440. Section 29-5-440 states a notice of furnishing must be sent to a permanent office only when it is delivered via registered or certified mail. Moreover, Hard Hat cannot control the location at which Walker White employees open or read e-mails. An e-mail can be accessed on any computer or wireless device in many different locations. We further find Hard Hat presented evidence that East, as the assistant project manager, was a permissible employee to receive the notice. Schmidt and Byrd both stated East held himself out to be Walker White's project manager. Finally, while the e-mails may have included a component of solicitation, they certainly put Walker White on notice that Hard Hat furnished labor to the project. Among other things, the e-mails stated Hard Hat, "[a]long with helping out on the skilled end . . . sent MHS general laborers who have been reporting to the general contractor." The e-mails further stated Hard Hat "sent Bo 2 laborers" for cleanup and was "working with MHS and helping them set up some of the walk ups."

Accordingly, we find the circuit court erred in granting GAI's motion for summary judgment under Rule 56(c), SCRCP.

CONCLUSION

We reverse the circuit court's grant of summary judgment in favor of GAI.

REVERSED.

KITTREDGE and HEARN, JJ., concur. PLEICONES, J., concurring in a separate opinion in which BEATTY, J., concurs.

JUSTICE PLEICONES: I agree that we should reverse the grant of summary judgment but find that S.C. Code Ann. § 29-5-440 (2007) applies, and therefore write separately.

As I read § 29-5-440, it is generally applicable to suits on a payment bond, and no reference to the statute in the bond itself is necessary for the statute's application. The first paragraph defines the parties entitled to bring such a suit, the second paragraph sets forth the procedure by which a remote claimant, who not being a party to the surety contract itself, must give notice to the bonded contractor of his claim. The third paragraph states the statute of limitations, and the fourth defines terms used in the statute. Unlike the majority, I do not find this statute creates a specialized statutory scheme that applies only when the statute is referenced in the bond itself, but rather that it provides the method for a suit on any payment bond. While some payment bonds are required by statute,³ and others by contract alone, the majority creates a false dichotomy between the two in construing and applying § 29-5-440.

Hard Hat is the subcontractor of a subcontractor (MHS) of a subcontractor (Walker White) of the general contractor (Edifice). Walker White's contract with Edifice required it to obtain a payment bond. The GAI bond at issue here was obtained by Walker White in satisfaction of that requirement. Hard Hat, although not a party to the GAI bond, has brought suit seeking to recover on the bond after it allegedly did not receive full payment from MHS.

The GAI bond provides that subcontractors "may maintain independent actions upon this bond in their own names." This provision in the GAI bond does nothing more than recognize the statutory right of a remote claimant such as Hard Hat to sue under the bond consistent with paragraph two of § 29-5-440. The GAI bond contains no terms that purport to deny a remote subcontractor the right to recover under it, or to vary the procedures established by § 29-5-440, either in the giving of the notice required under paragraph two or in the statute of limitations contained in paragraph three. We therefore need not decide whether such a limitation or variance would be effective.

³ See e.g. S.C. Code Ann. § 29-6-250 (2007) (governmental bodies must require payment bonds in certain circumstances).

In my opinion, the New York case relied upon by the majority is not relevant here. *See Scaccia Concrete Corp. v. Hartford Fire Ins. Co.*, 212 A.D.2d 225 (N.Y. App. Div. 1995). Prior to 1985, New York municipalities undertaking public works projects could choose to require a bond containing terms established by a State Finance Law ("statutory bond"), a bond containing different terms ("common law bond") or no bond at all. In 1985 this State Finance Law was amended, and municipalities were obligated to require bonds in all such projects. In *Scaccia*, the post-1985 bond's terms for the giving of notice and for bringing an action were more liberal than those required by the State Finance Law. The issue was whether the contract terms or the statutory terms applied to the suit on the bond. The *Scaccia* court held that when a surety had contracted to provide greater protections to laborers and material men than that required by the statute, this "voluntary bond" could be enforced as a "common law bond." In this case, GAI's bond, while arguably in New York parlance a "common law" bond since it was not required by statute (although it was required by contract), does not contain any terms that deviate from the statutory requirements found in § 29-5-440.⁴ *Scaccia* might be

⁴The majority posits that we should utilize *Scaccia* to develop definitions for statutory and common-law bonds. I see no reason to create such definitions solely in order to make this 1995 decision by a New York appellate court appear to be relevant. As the New York Court of Appeals explained in 1998,

The distinction that plaintiff attempts to draw between "statutory" and "common-law" bonds is rooted in a line of decisions that preceded the 1985 amendment to State Finance Law § 137. Prior to 1985, the statute was permissive rather than mandatory, providing simply that the Comptroller "may nevertheless" have required a bond for State projects. Since the statute was permissive, the question would sometimes arise whether a particular bond was furnished pursuant to section 137, or simply required as part of a contract. If the former were the case, then the bond was labeled a statutory bond and had to be read in conformity with State Finance Law § 137. However, if the bond were found to be a common-law bond required solely by contract, then the more restrictive State Finance Law limitations period was inapplicable (*see generally, Scaccia Concrete Corp. v. Hartford Fire Ins. Co.*, 212 A.D.2d 225, 229-231, 628 N.Y.S.2d 746).

instructive if GAI's bond had purported to vary the notice requirements or the statute of limitations found in § 29-5-440, or to deny a remote claimant such as Hard Hat the right to bring suit, but since there is no conflict between the bond and the statute, I find *Scaccia* inapposite.⁵

Because I agree there are material issues of fact whether Hard Hat complied with the notice requirements of § 29-5-440, I concur in the decision to reverse the circuit court's order.

BEATTY, J., concurs.

...

In the context of a statutory scheme that made the procurement of bonds optional, the distinction between common-law and statutory bonds was material and relevant. If the State could choose to do away entirely with a bond, then certainly it could choose to require a bond that did not meet the requirements of State Finance Law § 137. However, once municipalities were required to bond all substantial construction projects, the distinction lost its meaning and effect.

A.C. Legnetto Constr. v. Hartford Fire Ins. Co., 92 N.Y.2d 275, 279-280, 702 N.E.2d 830, 831-832, 680 N.Y.S.2d 45, 46-47 (1998).

⁵ I disagree with the majority's reading of *Scaccia* which leads it to conclude that the GAI's bond's failure to reference the statute "indicates Hard Hat had no duty to comply with Section 29-5-440's notice provisions." In my opinion, *Scaccia* stands for the proposition that the terms of a bond statute are incorporated in the bond unless explicitly disclaimed or varied. Moreover, applying the majority's logic, if a "common law" bond neither specifically mentions § 29-5-440 nor explicitly gives subcontractor's a right of action, then those "remote claimants" cannot sue on the payment bond.

The Supreme Court of South Carolina

In the Matter of Richard G. Wern, Respondent.

Appellate Case No. 2013-002314

ORDER

The Office of Disciplinary Counsel petitions this Court to place respondent on interim suspension pursuant to Rule 17 of the Rules for Lawyer Disciplinary Enforcement (RLDE) contained in Rule 413 of the South Carolina Appellate Court Rules (SCACR). The petition also seeks appointment of the Receiver, Gretchen B. Gleason, pursuant to Rule 31, RLDE.

Respondent has filed a return opposing the petition for interim suspension. In addition, he requests that, if placed on interim suspension, the Court decline to appoint the Receiver.

IT IS ORDERED that respondent's license to practice law in this state is suspended until further order of this Court.

Respondent is hereby enjoined from taking any action regarding any trust, escrow, operating, and any other law office account(s) respondent may maintain at any bank or other financial institution, including, but not limited to, making any withdrawal or transfer, or writing any check or other instrument on the account(s).

IT IS FURTHER ORDERED that Ms. Gleason is hereby appointed to assume responsibility for respondent's client files, trust account(s), escrow account(s), operating account(s), and any other law office account(s) respondent may maintain. Ms. Gleason shall take action as required by Rule 31, RLDE, Rule 413, SCACR, to protect the interests of respondent's clients. Ms. Gleason may make disbursements from respondent's trust account(s), escrow account(s), operating account(s), and any other law office account(s) respondent may maintain that are necessary to effectuate this appointment. Respondent shall promptly respond to

Ms. Gleason's requests for information and/or documentation and shall fully cooperate with Ms. Gleason in all other respects.

Further, this Order, when served on any bank or other financial institution maintaining trust, escrow, operating, and/or any other law account(s) of respondent, shall serve as notice to the bank or other financial institution that Gretchen B. Gleason has been duly appointed by this Court and that respondent is enjoined from making withdrawals or transfers from or writing any check or other instrument on any of the account(s).

Finally, this Order, when served on any office of the United States Postal Service, shall serve as notice that the Receiver, Gretchen B. Gleason, Esquire, has been duly appointed by this Court and has the authority to receive respondent's mail and the authority to direct that respondent's mail be delivered to Ms. Gleason's office.

Ms. Gleason's appointment shall be for a period of no longer than nine months unless an extension of the period of appointment is requested.

s/ Jean H. Toal _____ C.J.
FOR THE COURT

Columbia, South Carolina

November 6, 2013