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CHAPTER 13

Dissenters’ Rights

ARTICLE 1

Right to Dissent and Obtain Payment for Shares

**SECTION 33‑13‑101.** Definitions.

In this chapter:

(1) “Corporation” means the issuer of the shares held by a dissenter before the corporate action, or the surviving or acquiring corporation by merger or share exchange of that issuer.

(2) “Dissenter” means a shareholder who is entitled to dissent from corporate action under Section 33‑13‑102 and who exercises that right when and in the manner required by Sections 33‑13‑200 through 33‑13‑280.

(3) “Fair value”, with respect to a dissenter’s shares, means the value of the shares immediately before the effectuation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action to which the dissenter objects, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable. The value of the shares is to be determined by techniques that are accepted generally in the financial community.

(4) “Interest” means interest from the effective date of the corporate action until the date of payment, at the average rate currently paid by the corporation on its principal bank loans or, if none, at a rate that is fair and equitable under all the circumstances.

(5) “Record shareholder” means the person in whose name shares are registered in the records of a corporation or the beneficial owner of shares to the extent of the rights granted by a nominee certificate on file with a corporation.

(6) “Beneficial shareholder” means the person who is a beneficial owner of shares held by a nominee as the record shareholder.

(7) “Shareholder” means the record shareholder or the beneficial shareholder.

HISTORY: 1988 Act No. 444, Section 2.

**SECTION 33‑13‑102.** Right to dissent.

(A) A shareholder is entitled to dissent from, and obtain payment of the fair value of, his shares in the event of any of the following corporate actions:

(1) consummation of a plan of merger to which the corporation is a party (i) if shareholder approval is required for the merger by Section 33‑11‑103 or the articles of incorporation and the shareholder is entitled to vote on the merger or (ii) if the corporation is a subsidiary that is merged with its parent under Section 33‑11‑104 or 33‑11‑108 or if the corporation is a parent that is merged with its subsidiary under Section 33‑11‑108;

(2) consummation of a plan of share exchange to which the corporation is a party as the corporation whose shares are to be acquired, if the shareholder is entitled to vote on the plan;

(3) consummation of a sale or exchange of all, or substantially all, of the property of the corporation other than in the usual and regular course of business, if the shareholder is entitled to vote on the sale or exchange, including a sale in dissolution, but not including a sale pursuant to court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale must be distributed to the shareholders within one year after the date of sale;

(4) an amendment of the articles of incorporation that materially and adversely affects rights in respect of a dissenter’s shares because it:

(i) alters or abolishes a preferential right of the shares;

(ii) creates, alters, or abolishes a right in respect of redemption, including a provision respecting a sinking fund for the redemption or repurchase, of the shares;

(iii) alters or abolishes a preemptive right of the holder of the shares to acquire shares or other securities;

(iv) excludes or limits the right of the shares to vote on any matter, or to cumulate votes, other than a limitation by dilution through issuance of shares or other securities with similar voting rights; or

(v) reduces the number of shares owned by the shareholder to a fraction of a share if the fractional share so created is to be acquired for cash under Section 33‑6‑104; or

(5) any corporate action to the extent the articles of incorporation, bylaws, or a resolution of the board of directors provides that voting or nonvoting shareholders are entitled to dissent and obtain payment for their shares;

(6) the conversion of a corporation into a limited liability company pursuant to Section 33‑11‑111 or conversion of a corporation into either a general partnership or limited partnership pursuant to Section 33‑11‑113;

(7) the consummation of a plan of conversion to a limited liability company pursuant to Section 33‑11‑111 or to a partnership or limited partnership pursuant to Section 33‑11‑113.

(B) Notwithstanding subsection (A), no dissenters’ rights under this section are available for shares of any class or series of shares which, at the record date fixed to determine shareholders entitled to receive notice of a vote at the meeting of shareholders to act upon the agreement of merger or exchange, were either listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2], Section 33‑15‑10 [1962 Code Section 12‑19.1; 1952 Code Sections 12‑401 to 12‑404; 1942 Code Sections 7676, 7736, 7741, 7744; 1932 Code Sections 7676, 7736, 7741, 7744; Civ. C. ‘22 Sections 4250, 4310, 4315, 4318; Civ. C. ‘12 Sections 2846, 2849, 2873; Civ. C. ‘02 Sections 1842, 1851, 1892; R. S. 1499; 1886 (19) 846; 1896 (22) 97; 1898 (22) 769, 771; 1901 (23) 710; 1917 (30) 36; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2], Section 33‑17‑50 [1962 Code Section 12‑20.5; 1962 (52) 1996; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2], Section 33‑17‑90 [1962 Code Section 12‑20.9; 1952 Code Sections 12‑459 to 12‑462; 1942 Code Section 7759; 1932 Code Section 7759; 1925 (34) 246; 1962 (52) 1996; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2], and Section 33‑19‑50 [1962 Code Section 12‑21.5; 1952 Code Sections 12‑633 to 12‑635; 1942 Code Section 7706; 1932 Code Section 7706; 1926 (34) 1052; 1962 (52) 1996; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2; 1998 Act No. 328, Section 8; 2004, Act No. 221, Section 17.

**SECTION 33‑13‑103.** Dissent by nominees and beneficial owners.

(a) A record shareholder may assert dissenters’ rights as to fewer than all the shares registered in his name only if he dissents with respect to all shares beneficially owned by any one person and notifies the corporation in writing of the name and address of each person on whose behalf he asserts dissenters’ rights. The rights of a partial dissenter under this subsection are determined as if the shares to which he dissents and his other shares were registered in the names of different shareholders.

(b) A beneficial shareholder may assert dissenters’ rights as to shares held on his behalf only if he dissents with respect to all shares of which he is the beneficial shareholder or over which he has power to direct the vote. A beneficial shareholder asserting dissenters’ rights to shares held on his behalf shall notify the corporation in writing of the name and address of the record shareholder of the shares, if known to him.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

ARTICLE 2

Procedure for Exercise of Dissenters’ Rights

**SECTION 33‑13‑200.** Notice of dissenters’ rights.

(a) If proposed corporate action creating dissenters’ rights under Section 33‑13‑102 is submitted to a vote at a shareholders’ meeting, the meeting notice must state that shareholders are or may be entitled to assert dissenters’ rights under this chapter and be accompanied by a copy of this chapter.

(b) If corporate action creating dissenters’ rights under Section 33‑13‑102 is taken without a vote of shareholders, the corporation shall notify in writing all shareholders entitled to assert dissenters’ rights that the action was taken and send them the dissenters’ notice described in Section 33‑13‑220.

HISTORY: 1988 Act No. 444, Section 2.

**SECTION 33‑13‑210.** Notice of intent to demand payment.

(a) If proposed corporate action creating dissenters’ rights under Section 33‑13‑102 is submitted to a vote at a shareholders’ meeting, a shareholder who wishes to assert dissenters’ rights (1) must give to the corporation before the vote is taken written notice of his intent to demand payment for his shares if the proposed action is effectuated and (2) must not vote his shares in favor of the proposed action. A vote in favor of the proposed action cast by the holder of a proxy solicited by the corporation shall not disqualify a shareholder from demanding payment for his shares under this chapter.

(b) A shareholder who does not satisfy the requirements of subsection (a) is not entitled to payment for his shares under this chapter.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑13‑220.** Dissenters’ notice.

(a) If proposed corporate action creating dissenters’ rights under Section 33‑13‑102 is authorized at a shareholders’ meeting, the corporation shall deliver a written dissenters’ notice to all shareholders who satisfied the requirements of Section 33‑13‑210(a).

(b) The dissenters’ notice must be delivered no later than ten days after the corporate action was taken and must:

(1) state where the payment demand must be sent and where certificates for certificated shares must be deposited;

(2) inform holders of uncertificated shares to what extent transfer of the shares is to be restricted after the payment demand is received;

(3) supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action and requires that the person asserting dissenters’ rights certify whether or not he or, if he is a nominee asserting dissenters’ rights on behalf of a beneficial shareholder, the beneficial shareholder acquired beneficial ownership of the shares before that date;

(4) set a date by which the corporation must receive the payment demand, which may not be fewer than thirty nor more than sixty days after the date the subsection (a) notice is delivered and set a date by which certificates for certificated shares must be deposited, which may not be earlier than twenty days after the demand date; and

(5) be accompanied by a copy of this chapter.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑13‑230.** Shareholders’ payment demand.

(a) A shareholder sent a dissenters’ notice described in Section 33‑13‑220 must demand payment, certify whether he (or the beneficial shareholder on whose behalf he is asserting dissenters’ rights) acquired beneficial ownership of the shares before the date set forth in the dissenters’ notice pursuant to Section 33‑13‑220(b)(3), and deposit his certificates in accordance with the terms of the notice.

(b) The shareholder who demands payment and deposits his share certificates under subsection (a) retains all other rights of a shareholder until these rights are canceled or modified by the taking of the proposed corporate action.

(c) A shareholder who does not comply substantially with the requirements that he demand payment and deposit his share certificates where required, each by the date set in the dissenters’ notice, is not entitled to payment for his shares under this chapter.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑13‑240.** Share restrictions.

(a) The corporation may restrict the transfer of uncertificated shares from the date the demand for payment for them is received until the proposed corporate action is taken or the restrictions are released under Section 33‑13‑260.

(b) The person for whom dissenters’ rights are asserted as to uncertificated shares retains all other rights of a shareholder until these rights are canceled or modified by the taking of the proposed corporate action.

HISTORY: 1988 Act No. 444, Section 2.

**SECTION 33‑13‑250.** Payment.

(a) Except as provided in Section 33‑13‑270, as soon as the proposed corporate action is taken, or upon receipt of a payment demand, the corporation shall pay each dissenter who substantially complied with Section 33‑13‑230 the amount the corporation estimates to be the fair value of his shares, plus accrued interest.

(b) The payment must be accompanied by:

(1) the corporation’s balance sheet as of the end of a fiscal year ending not more than sixteen months before the date of payment, an income statement for that year, a statement of changes in shareholders’ equity for that year, and the latest available interim financial statements, if any;

(2) a statement of the corporation’s estimate of the fair value of the shares and an explanation of how the fair value was calculated;

(3) an explanation of how the interest was calculated;

(4) a statement of the dissenter’s right to demand additional payment under Section 33‑13‑280; and

(5) a copy of this chapter.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑13‑260.** Failure to take action.

(a) If the corporation does not take the proposed action within sixty days after the date set for demanding payment and depositing share certificates, the corporation, within the same sixty‑day period, shall return the deposited certificates and release the transfer restrictions imposed on uncertificated shares.

(b) If, after returning deposited certificates and releasing transfer restrictions, the corporation takes the proposed action, it must send a new dissenters’ notice under Section 33‑13‑220 and repeat the payment demand procedure.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑13‑270.** After‑acquired shares.

(a) A corporation may elect to withhold payment required by section 33‑13‑250 from a dissenter as to any shares of which he (or the beneficial owner on whose behalf he is asserting dissenters’ rights) was not the beneficial owner on the date set forth in the dissenters’ notice as the date of the first announcement to news media or to shareholders of the terms of the proposed corporate action, unless the beneficial ownership of the shares devolved upon him by operation of law from a person who was the beneficial owner on the date of the first announcement.

(b) To the extent the corporation elects to withhold payment under subsection (a), after taking the proposed corporate action, it shall estimate the fair value of the shares, plus accrued interest, and shall pay this amount to each dissenter who agrees to accept it in full satisfaction of his demand. The corporation shall send with its offer a statement of its estimate of the fair value of the shares, an explanation of how the fair value and interest were calculated, and a statement of the dissenter’s right to demand additional payment under Section 33‑13‑280.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2] and Section 33‑11‑290 [1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑13‑280.** Procedure if shareholder dissatisfied with payment or offer.

(a) A dissenter may notify the corporation in writing of his own estimate of the fair value of his shares and amount of interest due and demand payment of his estimate (less any payment under Section 33‑13‑250) or reject the corporation’s offer under Section 33‑13‑270 and demand payment of the fair value of his shares and interest due, if the:

(1) dissenter believes that the amount paid under Section 33‑13‑250 or offered under Section 33‑13‑270 is less than the fair value of his shares or that the interest due is calculated incorrectly;

(2) corporation fails to make payment under Section 33‑13‑250 or to offer payment under Section 33‑13‑270 within sixty days after the date set for demanding payment; or

(3) corporation, having failed to take the proposed action, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within sixty days after the date set for demanding payment.

(b) A dissenter waives his right to demand additional payment under this section unless he notifies the corporation of his demand in writing under subsection (a) within thirty days after the corporation made or offered payment for his shares.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

ARTICLE 3

Judicial Appraisal of Shares

**SECTION 33‑13‑300.** Court action.

(a) If a demand for additional payment under Section 33‑13‑280 remains unsettled, the corporation shall commence a proceeding within sixty days after receiving the demand for additional payment and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the sixty‑day period, it shall pay each dissenter whose demand remains unsettled the amount demanded.

(b) The corporation shall commence the proceeding in the circuit court of the county where the corporation’s principal office (or, if none in this State, its registered office) is located. If the corporation is a foreign corporation without a registered office in this State, it shall commence the proceeding in the county in this State where the principal office (or, if none in this State, the registered office) of the domestic corporation merged with or whose shares were acquired by the foreign corporation was located.

(c) The corporation shall make all dissenters (whether or not residents of this State) whose demands remain unsettled parties to the proceeding as in an action against their shares and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication, as provided by law.

(d) The jurisdiction of the court in which the proceeding is commenced under subsection (b) is plenary and exclusive. The court may appoint persons as appraisers to receive evidence and recommend decisions on the question of fair value. The appraisers have the powers described in the order appointing them or in any amendment to it. The dissenters are entitled to the same discovery rights as parties in other civil proceedings.

(e) Each dissenter made a party to the proceeding is entitled to judgment for the amount, if any, by which the court finds the fair value of his shares, plus interest, exceeds the amount paid by the corporation.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.

**SECTION 33‑13‑310.** Court costs and counsel fees.

(a) The court in an appraisal proceeding commenced under Section 33‑13‑300 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the corporation, except that the court may assess costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment under Section 33‑13‑280.

(b) The court also may assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:

(1) against the corporation and in favor of any or all dissenters if the court finds the corporation did not comply substantially with the requirements of Sections 33‑13‑200 through 33‑13‑280; or

(2) against either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this chapter.

(c) If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to these counsel reasonable fees to be paid out of the amounts awarded the dissenters who were benefited.

(d) In a proceeding commenced by dissenters to enforce the liability under Section 33‑13‑300(a) of a corporation that has failed to commence an appraisal proceeding within the sixty‑day period, the court shall assess the costs of the proceeding and the fees and expenses of dissenters’ counsel against the corporation and in favor of the dissenters.

HISTORY: Derived from 1976 Code Section 33‑11‑270 [1962 Code Section 12‑16.27; 1952 Code Sections 12‑459 to 12‑462, 12‑633 to 12‑635; 1942 Code Sections 7706, 7759; 1932 Code Sections 7706, 7759; 1925 (34) 246; 1926 (34) 1052; 1962 (52) 1996; 1963 (53) 327; 1981 Act No. 146, Section 2; Repealed, 1988 Act No. 444, Section 2]; 1988 Act No. 444, Section 2.