

BANK OF SOUTH CAROLINA CORP
Form 10-K/A
February 03, 2010

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
AMENDMENT NO. 1

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: U0-27702U

BANK OF SOUTH CAROLINA CORPORATION
(Exact name of registrant as specified in its charter)

South Carolina 57-1021355
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

256 Meeting Street, Charleston, SC 29401
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (843) 724-1500

Securities registered under Section 12(b) of the Exchange Act:
Common Stock
(Title of Class)

Securities registered under Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
"Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. " Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No "

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10K or any amendment to this Form 10-K."

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated Filer Non-accelerated filer Smaller reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Aggregate market value of the voting stock held by non-affiliates, computed by reference to the closing price of such stock on June 30, 2008 was: \$35,677,620

As of February 27, 2009, the Registrant has out standing 3,976,599 shares of common stock.

Explanatory Note

This Amendment No. 1 on Form 10-K/A amends the Company's Annual Report on Form 10-K for the year ended December 31, 2008, filed with the Securities and Exchange Commission on March 9, 2009 ("Original Form 10-K"), and is being filed to:

1. Include a statement identifying the framework used by management to evaluate the effectiveness of the Company's internal control over financial reporting in Item 9A(T) of Regulation S-K;
2. Include Option Award information required by Item 402(f)(1) and Item 402(f)(2) of Regulation S-K;
3. Include the equity compensation plan table as required by Item 201(d) of Regulation S-K;
4. Include as exhibits a copy of the Company's Incentive Stock Option Plan and the Company's Employee Stock Ownership Plan as required by Item 601(b)(10)(iii)(A) of Regulation S-K.

This Amendment does not reflect events occurring after the filing of the Form 10-K or modify or update those disclosures as affected by subsequent events. Except as described above, no other modifications or changes have been made to the Form 10-K as originally filed or the Exhibits filed therewith. Other events occurring after the filing of the Form 10-K or other disclosures necessary to reflect subsequent events have been addressed in the Company's reports filed with the Securities and Exchange Commission subsequent to the filing of the Form 10-K.

Item 9A(T) Controls and Procedures

An evaluation was carried out under the supervision and with the participation of Bank of South Carolina Corporation's management, including its President and Chief Executive Officer and Executive Vice President and Treasurer, of the effectiveness of Bank of South Carolina Corporation's disclosure controls and procedures as of December 31, 2008. Based on that evaluation, Bank of South Carolina Corporation's management, including the Chief Executive Officer and Executive Vice President and Treasurer, has concluded that Bank of South Carolina Corporation's disclosure controls and procedures are effective. During the fourth quarter of 2008, there was no change in Bank of South Carolina Corporation's internal control over financial reporting that has materially affected or is reasonably likely to materially affect, Bank of South Carolina Corporation's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management of Bank of South Carolina Corporation and its subsidiary The Bank of South Carolina is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements.

Under the supervision and with the participation of management, including the Principal Executive Officer and the Principal Financial Officer, the Company's management has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2008, based on the framework established in a report entitled "Internal Control-Integrated Framework Issued by the Committee of Sponsoring Organizations of the Treadway Commission" and the interpretive guidance issued by the Securities and Exchange Commission in Release No. 34-55929.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. Based on this assessment management believes that as of December 31, 2008, the Company's internal control over financial reporting was effective.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

The Audit Committee, composed entirely of independent directors, meets periodically with management, the Company's internal auditor and Elliott Davis, LLC (separately and jointly) to discuss audit, financial and related matters. Elliott Davis, LLC and the internal auditor have direct access to the Audit Committee.

Item 11. Executive Compensation

The following table sets forth all remuneration (including remuneration under any contract, authorization or arrangement, whether or not set forth in a formal document) paid during the years ended December 31, 2008, 2007 and 2006, by the Bank to the three Executive Officers of the Company and the Bank, and one retired Executive Officer of the Company and Bank, whose cash remuneration from the Bank exceeded \$100,000.00 dollars for their services in all capacities. Such Executive Officers receive no compensation from the Company as Executive Officers or as Directors or in any other capacity.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation (3)	Total
Hugh C. Lane, Jr. President and Chief Executive Officer	2008	210,101.45	100.00					19,572.15	229,773.60
	2007	200,001.37	1,600.00					18,136.27	219,737.64
	2006	190,000.00	1,600.00					21,630.52	213,230.52
William L. Hiott, Jr. Executive Vice President and Treasurer	2008	180,101.45	100.00					16,777.48	196,978.93
	2007	175,001.53	1,600.00					15,887.26	192,488.79
	2006	167,000.00	1,600.00					19,033.98	187,633.98
Fleetwood S. Hassell Executive Vice President	2008	145,101.29	100.00					13,517.02	158,718.31
	2007	135,001.45	1,600.00					12,288.81	148,890.26
	2006	120,000.00	1,600.00					13,728.00	135,328.00
Nathaniel I. Ball, III Retired Executive Vice President and Secretary	2007							140,600.00(4)	140,600.00
	2006							146,649.09(4)	146,649.09

- 1) The Compensation Committee consisting of Graham M. Eubank, Jr. and Thomas C. Stevenson, III., compared salaries of positions at similar sized banks within South Carolina as well as the overall bank and individual performance. Once the salary levels were established by the Compensation Committee, the salaries were recommended to the Board of Directors for approval.
- 2) The bonus consists of a \$100 bonus presented to all employees at Christmas in 2006, 2007 and 2008 and a \$1,500 bonus presented in January 2006 and 2007, respectively, to all employees employed before July 1, 2005 and July 1, 2006.
- 3) On November 2, 1989, the Bank adopted an Employee Stock Ownership Plan and Trust Agreement (the "Plan") to provide retirement benefits to eligible employees for long and faithful service. The other compensation represents the amount contributed to the Bank's ESOP.
- 4) Nathaniel I. Ball, III, retired on July 31, 2005. The amount reported in 2007 and 2006 represent severance pay.

An employee of the Bank is eligible to become a participant in the ESOP upon reaching 21 years of age and credited with one year of service (1,000 hours of service). The employee may enter the plan on the January 1st that occurs nearest the date on which the employee first satisfies the age and service requirements described above. No contributions by employees are permitted. The amount and time of contributions are at the sole discretion of the Board of Directors of the Bank. The contribution for all participants is based solely on each participant's respective regular or base salary and wages paid by the Bank including commissions, bonuses and overtime, if any.

A participant becomes vested in the ESOP based upon the employee's credited years of service. The vesting schedule is as follows;

- 1 year of service 0% Vested
- 2 Years of Service 25% Vested
- 3 Years of Service 50% Vested
- 4 Years of Service 75% Vested
- 5 Years of Service 100% Vested

The Plan became effective as of January 1, 1989 and amended effective January 1, 2007 and approved by the Board of Directors on January 18, 2007. This amendment was made to comply with the Pension Protection Act of 2006.

The Board of Directors of the Bank approved the contribution of \$288,000.00 to the ESOP for the fiscal year ended December 31, 2008. The contribution was made during 2008. Thomas C. Stevenson, III, Sheryl G. Sharry and Hugh C. Lane, Jr., currently serve as Plan Administrators and as Trustees for the Plan. The Plan currently owns 226,533 shares or 5.70% of the Company's Common Stock.

During the fiscal year ended December 31, 2008, the Company had no plans or arrangements pursuant to which any Executive Officer, Director or Principal Shareholder received contingent remuneration or personal benefits other than the contingent remuneration and life, disability, dental and health insurance benefits. Life, disability, dental and health insurance benefits are available for all employees of the Bank who work at least 30 hours a week.

OPTION AWARDS

Name	Number of Securities Underlying Unexercised Options		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration Date
	Exercisable	Unexercisable	Unexercised	Unearned		
Hugh C. Lane, Jr.	-	-	-	-	-	-
William L. Hiott, Jr.	-	8,319(1)	-	-	8.92	May 14, 2011
Fleetwood S. Hassell	-	4,992(1)	-	-	8.92	May 14, 2011
	-	5,000(2)	-	-	16.62	May 17, 2016

- (1) These options vest in 20% increments beginning on the fifth anniversary of the date of grant, May 14, 2001, with an additional 20% to be exercisable on and for the year following each successive anniversary.
- (2) These options vest in 20% increments beginning on the fifth anniversary of the date of grant, May 17, 2006, with an additional 20% to be exercisable on and for the year following each successive anniversary.

On April 14, 1998, the Shareholders of the Company approved an Incentive Stock Option Plan for the benefit of eligible officers and employees of the Bank and reserved a total 180,000 shares. On April 16, 1998, the Bank granted options to purchase Common Stock in the aggregate amount of 146,000 shares to 52 employees of the Bank (including officers, such Directors as are also employees and other employees) pursuant to the Incentive Stock Option Plan. These grants included those to Hugh C. Lane, Jr., Fleetwood S. Hassell, and William L. Hiott, Jr., Executive Officers and Directors and Nathaniel I. Ball, III retired Executive Officer and Director. As adjusted for a 10% stock dividend paid on May 15, 1998, 198,000 shares were being held in reserve.

As of July 10, 2000, all of the option holders, including the above Executive Officers, terminated their existing stock options. There was no obligation on the part of the Company or The Bank of South Carolina to issue additional or replacement options. No options were exercised in 1998, 1999 or 2000. On May 14, 2001, the Bank granted options to purchase Common Stock in the aggregate amount of 152,350 shares to 45 employees of the Bank (including officers, such Directors as are also employees and other employees) pursuant to the Incentive Stock Option Plan. These grants included those to Hugh C. Lane, Jr., Fleetwood S. Hassell and William L. Hiott, Jr., Executive Officers and Directors and Nathaniel I. Ball, III retired Executive Officer and Director. Except for those options granted to Hugh C. Lane, Jr. as described below, all of the options were granted at an exercise price of \$13.50 per share. No additional options were granted during 2001. Options to purchase 9,500 shares were granted at an exercise price of \$14.925 per share to 4 employees of the Bank during 2002. Options to purchase 13,500 shares with an exercise price of \$14.20 per share were granted to 13 employees in 2003. Options to purchase 4,000 shares with an exercise price of \$14.00 were granted to one employee in 2004. No options were exercised during 2001, 2002, 2003 or 2004. Options to purchase 32,500 shares with an exercise price of \$16.62 were granted to twenty-one employees in 2006. Options to purchase 5,000 shares with an exercise price of \$15.99 and options to purchase 5,000 shares with an exercise price of 15.51 were granted to two employees in 2007. During 2008, options to purchase 4,500 shares with an exercise price of \$14.19 were granted to two employees.

As adjusted for a 10% stock dividend effective on July 15, 2003, a 10% stock distribution effective April 29, 2005 and a 25% stock dividend effective on April 28, 2006, there are currently 38,541 shares being held in reserve. There are currently outstanding options to purchase 13,532 shares at an option price of \$9.39 per share, options to purchase 62,616 shares at an option price of \$8.92 per share, options to purchase 17,250 shares at an option price of \$16.62 per share, options to purchase 5,000 shares at an option price of \$15.99 per share, options to purchase 5,000 shares at an option price of \$15.51 per share and options to purchase 2,000 shares at an option price of \$14.19 resulting in total outstanding options to purchase 105,398 shares at the prices set forth above.

As adjusted for a 10% stock dividend effective on July 15, 2003, a 10% stock distribution effective April 29, 2005 and a 25% stock dividend effective April 28, 2006, options to purchase 44,853 shares with an exercise price of \$8.92 per share, options to purchase 11,343 shares with an exercise price of \$9.87, options to purchase 4,537 shares with an exercise price of \$9.39 per share, options to purchase 5,500 shares with an exercise price of \$9.26 per share, and options to purchase 15,250 shares with an exercise price of \$16.62 per share and options to purchase 2,500 shares with an exercise price of \$14.19 have expired. There were 32,500 options granted during 2006 with an exercise price of \$16.62. During 2007, there were 5,000 options granted with an exercise price of \$15.99 and 5,000 options granted with an exercise price of \$15.51. There were 4,500 options granted during 2008 with an exercise price of \$14.19.

On October 2, 2005, Nathaniel I. Ball, III (retired) Executive Officer and Director, in accordance with the Incentive Stock Option Plan, exercised his options to purchase 16,637 shares of common stock. The stock was purchased with the redemption of 10,300 shares of Bank of South Carolina Corporation common stock (personally held) with a price of \$18.00 a share and the payment of \$225 cash. On May 14, 2006 in accordance with the Incentive Stock Option Plan, options to purchase 67,220 shares of common stock became exercisable. Hugh C. Lane, Jr. exercised his option to purchase 24,956 shares at \$9.82 per share. Twenty-four employees, including William L. Hiott, Jr. Executive Vice President and Treasurer and Fleetwood S. Hassell, Executive Vice President, exercised their option to purchase 39,846

shares of common stock at \$8.92 per share. William L. Hiott purchased 4,159 shares and Fleetwood S. Hassell purchased 2,495 shares. On December 4, 2006 Janice Flynn, former Senior Vice President exercised her options to purchase 6,655 shares at \$8.92 per share and 3,025 shares at \$9.87 per share. Her shares became fully vested due to permanent disability. On May 14, 2007 in accordance with the Incentive Stock Option Plan, options to purchase 27,488 shares at \$8.92 per share became exercisable. Twenty employees, including William L. Hiott, Jr., Executive Vice President and Treasurer and Fleetwood S. Hassell, Executive Vice President, exercised their options

to purchase 24,257 shares of common stock at \$8.92 per share. William L. Hiott, Jr. purchased 4,159 shares and Fleetwood S. Hassell purchased 2,495 shares. On May 14, 2008 in accordance with the Incentive Stock Option Plan, options to purchase 27,488 shares at \$8.92 per share became exercisable. Fourteen employees, including William L. Hiott Jr., Executive Vice President and Treasurer and Fleetwood S. Hassell, Executive Vice President, exercised their options to purchase 20,268 shares of common stock at \$8.92 per share. On May 15, 2008 in accordance with the Incentive Stock Option Plan, options to purchase 3,174 shares at \$9.39 per share became exercisable. Eight employees exercised their options to purchase 2,347 shares of common stock at \$9.39 per share. All stock options were fully vested and fully exercisable.

Hugh C. Lane, Jr., President and Chief Executive Officer, was granted the option to purchase 16,500 shares of Common Stock of the Company pursuant to the Incentive Stock Option Plan at a price of \$14.85 per share. The option was exercisable on May 14, 2006 and would have expired if not exercised on that date. William L. Hiott, Jr., Executive Vice President and Treasurer, was granted the option to purchase 13,750 shares of Common Stock of the Company and Fleetwood S. Hassell, Executive Vice President was granted the option to purchase 8,250 pursuant to the Incentive Stock Option Plan at a price of \$13.50 per share. All of these options became exercisable in five 20% increments beginning May 14, 2006, with an additional 20% to be exercisable on and for the year following each successive anniversary. The right to exercise each such 20% of each option is cumulative and will not expire until the 10th anniversary of the date of the grant.

As adjusted for a 10% stock dividend effective on July 15, 2003, a 10% stock distribution effective on April 29, 2005 and a 25% stock dividend effective April 28, 2006, William L. Hiott, Jr., Executive Vice President and Treasurer, has the option to purchase 8,319 shares at a price of \$8.92 per share and Fleetwood S. Hassell, Executive Vice President, has the option to purchase 4,992 shares at a price of \$8.92 per share and 5,000 shares at a price of \$16.62. The options to purchase 5,000 shares at a price of \$16.62 per share were granted to Fleetwood S. Hassell on May 17, 2006, and will be exercisable on May 17, 2011.

In the event of a prospective reorganization, consolidation or sale of substantially all of the assets or any other form of corporate reorganization in which the Company would not be the surviving entity or in the event of the acquisition, directly or indirectly, of the beneficial ownership of 24% of the Common Stock of the Company or the making, orally or in writing, of a tender offer for, or any request or invitation for tender of, or any advertisement making or inviting tenders of the Company stock by any person, all options in effect at that time would accelerate so that all options would become immediately exercisable and could be exercised within one year immediately following the date of acceleration but not thereafter.

In the case of termination of employment of an option holder other than involuntary termination without just cause, retirement, death or legal disability, the option holder may exercise the option only with respect to those shares of Common Stock as to which he or she has become vested. The option holder may exercise the option with respect to such shares no more than 30 days after the date of termination of employment (but in any event prior to the expiration date).

In the event that the option holder's employment is terminated without just cause, the option shall become fully vested and fully exercisable as of the date of his or her termination without regard to the five year vesting schedule. The option holder may exercise the option following an involuntary termination without just cause until the expiration date of the option.

In the event the option holder remains in the continuous employ of the Company or any subsidiary from the date of the grant until the option holder's retirement, the option shall become fully vested and fully exercisable as of the date of his or her retirement without regard to the five year vesting schedule. The option holder may exercise the option following his or her retirement until the expiration date.

In the event the option holder remains in the continuous employ of the Company or a subsidiary from the date of the grant until his or her death, the option shall become fully vested and fully exercisable as of the date of death without regard to the five year vesting schedule. The person or persons entitled to exercise the option following the option holder's death may exercise the option until the expiration date.

In the event the option holder remains in the continuous employ of the Company or any subsidiary from the date of the grant until the date of his or her legal disability, the option shall become fully vested and fully exercisable as of the date of his or her termination of employment on account of his or her legal disability without regard to the five year vesting schedule. The option holder may exercise the option following such termination of employment until the expiration date.

The Stock Incentive Plan provides for adjustment in the number of shares of Common Stock authorized under the Plan or granted to an employee to protect against dilution in the event of changes in the Company's capitalization, including stock splits and dividends.

Shown below is information with respect to unexercised options to purchase Common Stock of the Company held by the named Executive Officers at December 31, 2008.

	# of Shares Acquired	Value Realized (\$)	Number of Securities Underlying Unexercised Options/SARS at Year-End (#)		Value of Unexercised In-the-Money Options/SARS at Year-End (#)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Hugh C. Lane, Jr.	24,956	245,068	0	0	0	\$ 0
Fleetwood S. Hassell	7,485	66,766	0	9,992	0	\$ 127,629
William L. Hiott, Jr.	12,477	111,295	0	8,319	0	\$ 74,205

Transactions and Relations with Directors, Executive Officers, and their Associates and Affiliates of Directors

DIRECTOR COMPENSATION

NAME	FEES EARNED OR PAID IN CASH	TOTAL
C. Ronald Coward	\$ 7,150	\$ 7,150
Graham M. Eubank, Jr.	\$ 4,950	\$ 4,950
T. Dean Harton (Deceased)	\$ 900	\$ 900
Fleetwood S. Hassell	-	-
Glen B. Haynes, DVM	\$ 7,750	\$ 7,750
William L. Hiott, Jr.	-	-
Katherine M. Huger	\$ 5,400	\$ 5,400
Richard W. Hutson, Jr.	\$ 4,950	\$ 4,950
Charles G. Lane, Jr.	\$ 5,550	\$ 5,550
Hugh C. Lane, Jr.	-	-
Louise J. Maybank	\$ 6,300	\$ 6,300
Dr. Linda J. Bradley McKee, CPA	\$ 4,650	\$ 4,650
Alan I. Nussbaum, MD	\$ 6,850	\$ 6,850
Edmund Rhett, Jr. MD	\$ 5,350	\$ 5,350
Malcolm M. Rhodes, MD	\$ 5,050	\$ 5,050
Thomas C. Stevenson, III	\$ 7,050	\$ 7,050

Non-officer Directors of the Company received \$150.00 for each meeting of the Board of Directors of the Company attended and non-officer Directors of the Bank received \$300.00 for each meeting of the Board of Directors of the Bank attended and \$150.00 for each Company or Bank Board Committee meeting attended.

The Company does not have any existing continuing contractual relationships with any Director, Nominee for election as Director or Executive Officer of the Company or the Bank, or any Shareholder owning, directly or indirectly, more than 5% of the shares of Common Stock of the Company, or any associate of the foregoing persons. Directors, Executive Officers, Nominees for election as Directors, and members of the immediate family of any of the foregoing have had in the past, have at present, and will have in the future, customer relationships with the Bank. Such transactions have been and will continue to be made in the ordinary course of business, made on substantially the

same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and such transactions did not and will not involve more than the normal risk of collectability or present other unfavorable features.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

To the extent known to the Board of Directors of the Company, as of February 27, 2009, the only Shareholders of the Company having beneficial ownership of more than 5% percent of the shares of Common Stock of the Company are as set forth below:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Hugh C. Lane, Jr. (1) 30 Church Street Charleston, SC 29401	492,014(2)	12.37%
The Bank of South Carolina Employee Stock Ownership Plan and Trust ("ESOP") 256 Meeting Street Charleston, SC 29401	226,533(3)	5.70%

- (1) To the extent known to the Board of Directors, the Marital Trust for the Benefit of Beverly G. Lane, Beverly G. Lane Trust, Beverly G. Jost, Kathleen L. Schenck, Charles G. Lane and Hugh C. Lane Jr., collectively, have beneficial ownership of 663,164 shares or 16.68% of the outstanding shares. As more fully described in the following footnotes, Hugh C. Lane, Jr is the only one of the above who has a beneficial ownership interest in more than 5% percent of the Company's Common Stock. Hugh C. Lane, Jr. disclaims any beneficial interest in those shares in which other members of his family have a beneficial interest other than those shares his wife owns directly and those for which he serves as trustee or she serves as custodian (as more fully described in the following footnote).
- (2) To the extent known to the Board of Directors, Hugh C. Lane, Jr., an Executive Officer and Director of the Bank and the Company, directly owns and has sole voting and investment power with respect to 262,469 shares; as trustee for three trust accounts holding an aggregate of 115,533 shares, he has sole voting and investment power with respect to such shares; as a co-trustee for two trust accounts holding 2,298 shares, he has joint voting and investment power with respect to such shares; as a trustee for the Mills Bee Lane Memorial Foundation, he has shared voting and investment power with respect to 9,831 shares; as a trustee for the ESOP he has joint voting and investment power with respect to 3,962 unallocated shares; he is indirectly beneficial owner of 12,764 shares owned by his wife and an aggregate of 48,965 shares held by his wife as custodian for their son, and 36,192 shares owned by the ESOP in which he has a vested interest. All of the shares beneficially owned by Hugh C. Lane, Jr. are currently owned. Hugh C. Lane, Jr. has had beneficial ownership of more than 5% of the Bank's Common Stock since October 23, 1986, and more than 10% since November 16, 1988.
- (3) The Trustees of the ESOP, Thomas C. Stevenson, III, a Director of the Bank and the Company, Sheryl G. Sharry, an officer of the Bank and Hugh C. Lane, Jr., an Executive Officer and Director of the Bank and the Company, disclaim beneficial ownership of the 226,533 shares owned by the ESOP with 222,571 shares allocated to members of the plan each of whom under the terms of the plan has the right to direct the Trustees as to the manner in which voting rights are to be exercised. The Trustees have joint voting and investment power with respect to 3,962 unallocated shares held in the ESOP.

Beneficial Ownership of Common Stock of the Company

The following table sets forth the number of shares of Common Stock (the only class of outstanding equity securities of the Company) known by the Company to be beneficially owned by each Nominee for election as Director and by the Executive Officers and Directors of the Company as a group as of February 27, 2009. Except as otherwise indicated in the footnotes to the table, the persons named possess sole voting and investment power with respect to the shares shown opposite their names. As of February 27, 2009, no Executive Officer, Director or Nominee beneficially owned more than 10% of the outstanding shares of the Company other than Hugh C. Lane, Jr. As of February 27, 2009, the Executive Officers, Directors and Nominees beneficially owned 994,646 shares, representing approximately 25.01% of the outstanding shares.

As of February 27, 2009, the beneficial ownership of Common Stock of the Company by all current Directors and each Nominee for Director was as set forth in the following table:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
David W. Bunch 6605 Seewee Road Awendaw, SC 29429	450	.011%
C. Ronald Coward 537 Planters Loop Mt. Pleasant, SC 29464	50,295(1)	1.265%
Graham M. Eubank, Jr. 791 Navigators Run Mt. Pleasant, SC 29464	550	.014%
Fleetwood S. Hassell 30 New Street Charleston, SC 29401	61,046(1)	1.535%
Glen B. Haynes, DVM 101 Drayton Drive Summerville, SC 29483	3,276	.082%
William L. Hiott, Jr. 1831 Capri Drive Charleston, SC 29407	147,227(1)	3.702%
Katherine M. Huger 1 Bishop Gadsden Way, C-17 Charleston, SC 29412	8,051(1)	.202%
Richard W. Hutson, Jr. 124 Tradd Street Charleston, SC 29401	1,525	.038%

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Charles G. Lane 10 Gillon Street Charleston, SC 29401	173,976(1)	4.375%
Hugh C. Lane, Jr. 30 Church Street Charleston, SC 29401	492,014(1)	12.373%
Louise J. Maybank 8 Meeting Street Charleston, SC 29401	44,907(1)	1.129%
Linda J. Bradley McKee, PHD, CPA 3401 Waterway Blvd. Isle of Palms, SC 29451	861	.022%
Alan I. Nussbaum, M.D. 37 Rebellion Road Charleston, S. C. 29407	703	.018%
Edmund Rhett, Jr., M.D. 17 Country Club Drive Charleston, S.C. 29412	2,387(1)	.060%
Malcolm M. Rhodes, MD 7 Guerard Road Charleston, SC 29407	1,787	.045%
David R. Schools 317 Coinbow Drive Mount Pleasant, SC 29464	100	.003%
Thomas C. Stevenson, III 173 Tradd Street Charleston, SC 29401	25,171(1)	.633%

- (1) To the extent known to the Board of Directors, each of the following Directors and Nominees for election as Directors (each of whom directly owns and has sole voting and investment power of all shares beneficially owned by him or her except as set forth in this footnote) indirectly owns the following number of shares: C. Ronald Coward - an aggregate of 1,663 shares owned by a company of which he is chairman and director; Fleetwood S. Hassell – an aggregate of 10,520 shares owned by his wife, held by him as trustee for the revocable trust of his father, held by him as a co-trustee with Charles G. Lane for the children of Hugh C. Lane, Jr. and 24,069 shares owned by the ESOP, in which he has a vested interest; William L. Hiott, Jr. - an aggregate of 8,050 shares directly owned by his wife and 23,289 shares owned by the ESOP, in which he has a vested interest; Katherine M. Huger - 731

shares owned by her husband; Charles G. Lane - an aggregate of 68,273 shares owned by his wife, held by her as custodian for two of their children, held by him as a co-trustee with Hugh C. Lane, Jr. under one trust for a sisters children, held by him as a co-trustee with Fleetwood S. Hassell for the children of Hugh C. Lane, Jr., held by him as co-trustee under the Irrevocable Trust of Hugh C. Lane and held by him as a trustee of Mills Bee Lane Memorial Foundation; Hugh C. Lane, Jr. - an aggregate of 193,353 shares owned by his wife, held by his wife as custodian for their son, held by him as a co-trustee with Charles G. Lane under one trust for a sisters children, held by him as trustee under the Hugh C. Lane Trust for the benefit of three of the grandchildren of Hugh C. Lane, held by him as trustee for the Beverly Glover Lane Trust, held by him as a trustee for the Hugh C. Lane Irrevocable Trust, held by him as trustee for the Marital Trust for the benefit of Beverly Glover Lane, held by him as a trustee of Mills Bee Lane Memorial Foundation, held by him as a trustee for the ESOP(unallocated shares), and 36,192 shares owned by the ESOP in which he has a vested interest; Louise J. Maybank – 15,506 shares held by her as a co-trustee for a Family Charitable Trust; Edmund Rhett, Jr.MD - 756 shares owned by his wife; and Thomas C. Stevenson, III- an aggregate of 24,440 shares held by him as co-trustee under a Marital Trust and held by him as co-trustee of a QTip Trust, held by him as trustee of the ESOP (unallocated shares). All such indirectly owned shares are included in the totals of the number of shares set forth in the above table and beneficially owned by the Directors and Nominees.

As a group, all Directors, and the Nominees and Executive Officers (including Hugh C. Lane, Jr., President and Chief Executive Officer; Fleetwood S. Hassell, Executive Vice President; and William L. Hiott, Jr., Executive Vice President and Treasurer) are seventeen in number and beneficially own an aggregate of 994,646 shares, representing 25.01% of the issued and outstanding Common Stock of the Company. All of these shares beneficially owned by the Directors, Nominees and Executive Officers are currently owned.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	105,398	\$ 10.99	-
Equity compensation plans not approved by security holders	-	-	-
Total	105,398	\$ 10.99	-

(1) The Incentive Stock Option Plan was approved in 1998. Under the 1998 Incentive Stock Option Plan, options are periodically granted to employees at a price not less than the fair market value of the shares at the date of grant. No options may be granted under this Plan after April 14, 2008. Options granted before this date shall remain valid in accordance with their terms.

PART IV

Item 15. Exhibits, Financial Statement Schedules

1. The Consolidated Financial Statements and Report of Independent Auditors are included in this Form 10-K and listed on pages as indicated.

	Page
(1) Report of Independent Registered Public Accounting Firm	28
(2) Consolidated Balance Sheets	29
(3) Consolidated Statements of Operations	30
(5) Consolidated Statements of Shareholders' Equity and Comprehensive Income	31
(5) Consolidated Statements of Cash Flows	32
(6) Notes to Consolidated Financial Statements	33 - 58
(7) Managements Report on Internal Control over Financial Reporting	59

2. Exhibits

- 2.0 Plan of Reorganization (Filed with 1995 10-KSB)
 - 3.0 Articles of Incorporation of the Registrant (Filed with 1995 10-KSB)
 - 3.1 By-laws of the Registrant (Filed with 1995 10-KSB)
 - 4.0 2008 Proxy Statement (Filed with 2008 Original Form 10-K)
 - 10.0 Lease Agreement for 256 Meeting Street (Filed with 1995 10-KSB)
 - 10.1 Sublease Agreement for Parking Facilities at 256 Meeting Street (Filed with 1995 10-KSB)
 - 10.2 Lease Agreement for 100 N. Main Street, Summerville, SC (Filed with 1995 10-KSB)
 - 10.3 Lease Agreement for 1337 Chuck Dawley Blvd., Mt. Pleasant, SC (Filed with 1995 10-KSB)
 - 10.4 1998 Incentive Stock Option Plan (Incorporated herein)
 - 10.5 Employee Stock Ownership Plan (Incorporated herein)
 - 13.0 2008 10-K (Incorporated herein)
 - 14.0 Code of Ethics (Filed with 2004 10-KSB)
 - 21.0 List of Subsidiaries of the Registrant (Filed with 1995 10-KSB)
- The Registrant's only subsidiary is The Bank of South Carolina (Filed with 1995 10-KSB)
- 31.1 Certification of Principal Executive Officer pursuant to 15 U.S.C. 78 m(a) or 78 o(d) (Section 302 of the Sarbanes-Oxley Act of 2002)
 - 31.2 Certification of Principal Financial Officer pursuant to 15 U.S.C. 78 m(a) or 78 o(d) (Section 302 of the Sarbanes-Oxley Act of 2002)
 - 32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)
 - 32.2 Certification of the Principal Financial Officer pursuant to 18 U.S.C. 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 3, 2010

BANK OF SOUTH CAROLINA CORPORATION

By: /s/William L. Hiott, Jr.
William L. Hiott, Jr.
Executive Vice President and Treasurer