



## ARIZONA REGISTRAR OF CONTRACTORS



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# **UPDATE: Eligible Claims for Recovery Fund against ROI Improvements Exceed \$200k Maximum; Deadline Set**

PHOENIX, Ariz., (Sept. 16, 2016) –On Thurs., Sept. 15, 2016, the Arizona Registrar of Contractors determined claims to the Residential Recovery Fund for alleged damages caused by ROI Improvements will exceed the \$200,000 statutory maximum payout allowed per license.

Since the alleged damages exceed \$200,000, each eligible claimant payout award will be calculated based on a statutorily-mandate pro rata basis. Once the \$200,000 has been paid out, statute requires no further recovery from the fund shall be allowed.

ROI Improvements' license was revoked in Aug. 2016 and in an attempt to bring this matter to a fair, equitable and timely conclusion, the Registrar is establishing Fri., Oct. 14, 2016 at 5:00 PM as the deadline for the public to file a complaint against ROI Improvements to ensure their ability to access the Fund.

After that deadline, the Registrar will begin finalizing payout amounts for eligible claimants. As a result, complaints filed after Oct. 14<sup>th</sup> at 5:00 PM will have their case investigated resulting in the potential of additional eligible claimants, but they will not be able to receive a payment from the Fund due to the \$200,000 statutory limit.

Currently, only four complaints against ROI Improvements remain in the investigative stages at the Agency.

As encouraged in Aug. 2016, eligible residential complainants with adjudicated cases are again asked to file Recovery Fund claims as soon as possible.

## **Background/FAQs**

### **Are complaints and claims the same?**

No. An ROC complaint refers to what is filed by the public and investigated by the Agency. A licensed complaint may result in a dismissal or citation, which would then be adjudicated at the Arizona Office of Administrative Hearing. A claim, however, is filed with the Registrar's Recovery Fund by a residential property owner with an adjudicated case that found the contractor at fault.

The Oct. 16 deadline is established for complaints.

### **How does the pro rata formula work?**

When total payments from the Recovery Fund are expected to exceed statutory maximums, each residential complainant receives a letter explaining the pro rata formula and provides example calculations.

In situations where payout from the Fund exceeds the statutory limit, all payouts are determined by a pro rata formula totaling \$200,000, according to ARS 32-1139(A).

When determining payment amounts, the Registrar must first determine the total amount of damages contained in all eligible Recovery Fund claims. If the damages exceed \$200,000, each claimant's individual damages are then divided by the total damages to all complainants to determine their percentage of the aggregate damages caused by the contractor. The claimant's individual percentage is then multiplied by \$200,000 to determine the amount of money to be paid out of the \$200,000, allowed by each license.

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