



Arizona Registrar of Contractors

Message from Israel G. Torres, Director

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Unlicensed contracting remains "Public Enemy #1" for the ROC

In a perfect world, unlicensed contractors would heed the warnings of the Arizona Registrar of Contractors (ROC) and think twice about operating without a license. However, thanks to vigilant homeowners and reports from licensed contractors, we know that there is still plenty of work to be done to fight unlicensed contracting and home repair scams. In our efforts to eliminate these illegal activities, the ROC is conducting statewide undercover sting operations and unlicensed contracting neighborhood sweeps to protect unsuspecting homeowners as well as the legitimate, licensed contracting industry.

The agency's most recent sting operation in Tucson took many unlicensed contractors by surprise. The ROC cited numerous violators who bid thousands of dollars on remodeling jobs and many of them are awaiting additional civil and criminal penalties. In this three-day operation, undercover ROC investigators, posing as homeowners, met with unlicensed contractors and discussed remodeling work that clearly required a license and in almost every instance, the unlicensed contractor did not hesitate to bid on the job. Some even stated that they "could do it cheaper" than a licensed contractor – not surprisingly, not one of them mentioned the myriad of risks homeowners take when they hire someone without a license.

Another tactic the ROC uses to fight unlicensed contracting is neighborhood sweeps. In these sweeps, we apply proactive and concentrated efforts to specific geographic areas. ROC teams visit every job site in the area, check licenses of contractors, ensure that general contractors hire licensed contractors and determine if individuals working on the job site have arrest warrants for unlicensed contracting.

We kicked off 2005 with a sweep in a Sun City neighborhood and of the 116 job sites inspected, 57 violations were found. The results of the Sun City sweep prove that despite the known risks of working without a license, some people continue to do so rather than play by the rules. The Sun City sweep also indicates that these unscrupulous individuals commonly prey on older homeowners who tend to be easier targets for home repair and remodeling scams. The ROC is working to protect our seniors by putting unlicensed contractors on notice that they *will* be caught if they continue to operate unlicensed.

Through these enforcement activities, the message that is sent to both consumers and the unlicensed contracting community goes much further than the 15 or 20 individuals caught in one of these operations, and this message is clear: Unlicensed contracting is public enemy number one for the ROC and will not be tolerated. We will continue to conduct stings and sweeps across Arizona throughout the year, so don't be surprised if you see us or hear about us in a neighborhood near you.

As the ROC works to protect Arizona neighborhoods and licensed contractors, please don't hesitate to report suspected scams on our Web site at www.azroc.gov or by calling the agency at 1-888-271-9286.

Israel G. Torres, Director

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Investigations Update

Scam of the Month: Senior couple scammed out of \$3000 by unlicensed roofing contractor

In late November of 2004, Richard Alan Burton proposed to perform roofing work on an elderly couple's home in Sun City for \$5,000. Burton was paid a deposit of \$3,000 with the understanding that he would complete the work within two weeks. Burton failed to provide any work and did not deliver any materials to the site. This incident was discovered during a ROC unlicensed contracting neighborhood sweep in Sun City in January. Burton has nine prior complaints on file with the ROC, there are currently three warrants for his arrest, and the agency is pursuing felony theft charges against Burton.



Tucson-area remodeler arrested for contracting illegally in southern Arizona

John Lawrence Ilic, doing business as All Around Remodeling, was arrested last month on a warrant for contracting without a license issued out of Safford, Arizona. The ROC also had issued two additional citations to Ilic, who has been contracting illegally for remodeling services in southern Arizona. One ROC citation involved a residential construction job for which he allegedly charged a Green Valley area customer's credit card \$25,000 during the course of the project. The ROC most recently cited Ilic for contracting without a license and advertising violations during a recent undercover sting operation in Tucson. Ilic offered to perform remodeling services for \$25,000 to undercover ROC investigators posing as homeowners.

Protect yourself against unlicensed contracting scams!

To report possible fraudulent home improvement activities or if you have been approached door-to-door by someone claiming to be a contractor,

New ROC program prepares residents for ownership of newly constructed homes



Purchasing a new home can be an exciting and satisfying experience. However, as any new homeowner will tell you, it also can be overwhelming and stressful at times. In an effort to alleviate some new homeowner concerns, the ROC, along with the ROC Consumer Advisory Network, has developed a first-of-its-kind *New Homeowner's Seminar*. This free workshop helps owners of newly constructed homes with questions about construction workmanship, the importance of using licensed contractors for new home

enhancements, and how to spot home repair scams that target new residential developments.

Homeowners in a new development encounter different challenges and often have different concerns than existing-home owners in established neighborhoods. With the record pace set last year for new single-family residential permits in Maricopa County, the ROC wants to address the needs of the thousands of people purchasing a brand new place to call "home."

The workshop is designed to address the most common types of complaints the ROC receives from new homebuyers. The two-hour seminar clarifies what residents should expect from their new homes, as well as how to use the ROC as a resource to maximize their experience as new homeowners.

Seminar attendees will learn about services like the Building Confidence Program, which gives homeowners and contractors the opportunity to resolve a disagreement on a workmanship issue without having to go through the formal complaint process. The seminars also cover details about completing a complaint form, job site inspections, corrective work orders, administrative hearings and the Residential Contractors' Recovery Fund.

The first ROC New Homeowners' Seminar is set for 6 - 8 p.m. Wednesday, March 30, at the Phoenix ROC office, 800 W. Washington St. To learn more or to register, contact the ROC at 602-542-1525, ext. 7405, or toll-free statewide outside Maricopa County at 1-888-271-9286, ext. 7405.

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Legislative Update

Once again, the ROC is focusing its efforts on supporting legislation that encourages and supports licensed contracting to build an Arizona we can all be proud of. To that end, the ROC will support legislation that deters unlicensed contracting and significantly increases penalties for repeat offenders.



In this session, the ROC is working on legislation that more severely punishes violators when certain egregious acts have occurred. This legislation proposes a felony violation if any of the following circumstances exist: 1) incidents where any victim is 65 years or older; 2) use of any fraudulent advertising to induce a person to use the services of an unlicensed contractor; 3) performing unlicensed contracting in a location that has been declared a natural disaster area by the state or federal government; and 4) two or more prior convictions for unlicensed contracting within the past five years.

During the past two years, more than 4,500 Arizonans filed complaints of contracting law violations and were conned out of more than \$50 million of their hard-earned money due to home repair scams. It is not uncommon for ROC Investigators to encounter situations where the most vulnerable of victims are taken advantage of by unlicensed contractors in a very calculated, malicious manner. As such, the agency believes that increasing the penalty allows the agency to appropriately punish the more

contact the ROC at 602-542-1525 or toll-free outside Maricopa County at 888-271-9286, or visit www.azroc.gov. Check the company's license status and report the company to the agency if you suspect a scam.

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severe and repeat offenders to prevent future victimization.

Finally, the ROC will direct its efforts against legislation that attempts to raise the handyman exemption, which is \$750 for all materials and labor. Raising the handyman exemption brings with it a variety of problems including increased risk to consumers and undercutting of licensed, legitimate contractors that rely on smaller projects to maintain their business.

As the session winds up, the ROC will continue to evaluate legislation based on the benefit to all its stakeholders and will keep you posted of any efforts that you may want to be involved in. As always, the ROC's staff is here to assist you in a variety of ways and if you have any questions as to how the new legislation will impact you, contact us at 602-542-1525 or toll-free statewide outside Maricopa County at 1-888-271-9286.

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