



**ARIZONA SUPREME COURT
ORAL ARGUMENT CASE SUMMARY**



**MARKHAM CONTRACTING CO., INC. v.
CAHAVA SPRINGS PHASE I, INC., et al.
CV-25-0036-PR**

PARTIES:

Petitioners: Cahava Springs Phase I, Inc.; Cahava Springs Development Corporation; Morningstar Road Properties, Inc.; and Cahava Springs Community Association (collectively referred to as the “Defendant Owners”)

Respondent: Markham Contracting Co., Inc. (“Markham”)

FACTS:

The Defendant Owners each own property in the Cahava Springs Revitalization District (the “District”), which is a special purpose tax-levying public improvement district governed by A.R.S. §§ 48-6801 et seq. According to the allegations in the first amended complaint, the Defendant Owners entered into an agreement with the District for the development of infrastructure benefitting their properties and agreed that the District would enter into construction contracts to be funded by bonds secured by assessments on the properties. The District and Markham then entered into a contract for Markham to construct infrastructure for the District’s development. The infrastructure was intended to benefit the Defendant Owners’ properties.

During construction, disputes arose and the District stopped paying Markham. Markham sued the District, and that case proceeded to arbitration, where Markham was awarded a substantial judgment. After the District failed to pay the judgment to Markham, Markham sued the Defendant Owners for unjust enrichment in the amount of the judgment against the District.

The trial court granted Defendants’ motion to dismiss and denied a motion to amend as futile because the allegations did not include a claim that the Defendant Owners engaged in wrongful conduct, which the trial court held was required by *Wang Electric, Inc. v. Smoke Tree Resort, LLC*, 230 Ariz. 314 (App. 2012).

The Court of Appeals reversed the trial court decision, reasoning that *Wang Electric*’s wrongful conduct requirement only applied in the context of unjust enrichment claims made against a property owner based on a tenant’s contract with a contractor for improvements to leased property.

ISSUE:

Under *Wang Electric*, a non-contracting property owner can only be liable in unjust enrichment for benefits it received from a contractor when the property owner engaged in “improper conduct.” Did the Court of Appeals err in limiting *Wang Electric* to the landlord-tenant context and therefore reversing the superior court’s dismissal of Respondent’s First Amended Complaint, with prejudice, where Respondent failed to make allegations of improper conduct?"

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