

IN THE SUPREME COURT OF THE STATE OF IDAHO

Docket No. 52899-2025

SAMUEL LEE SERVICES LLC, d/b/a South Pacific Environmental, a Montana limited liability company,	)	Moscow, August 2026 Term
	)	
Plaintiff-Appellant,	)	Opinion filed: October 20, 2026
	)	
v.	)	Melanie Gagnepain, Clerk
	)	
HEATHER BANGEMAN, an individual,	)	
	)	
Defendant-Respondent.	)	
	)	

Appeal from the District Court of the First Judicial District of the State of Idaho, Bonner County. Lamont C. Berecz, District Judge.

The decision of the district court is affirmed.

Davillier Law Group, LLC, Sandpoint, for Appellant. Daniel Rodriguez argued.

Randall C. Probasco, Attorney at Law, Coeur d’Alene, for Respondent. Randall Probasco argued.

ZAHN, J.

This case concerns whether a contractor who never registered under the Idaho Contractor Registration Act (“ICRA”) may bring an equitable claim to recover for the value of construction services it provided to a homeowner. Samuel Lee Services LLC, dba South Pacific Environmental (“SLS”), is a Montana business that provides mold remediation and other restoration services. It filed a complaint against Heather Bangeman for unjust enrichment, alleging that Bangeman failed to pay SLS for mold remediation services it provided for her home. Bangeman moved to dismiss the complaint on the basis that ICRA precluded SLS from filing the action because SLS was not a registered contractor in Idaho. SLS did not dispute that it failed to register as required by ICRA but argued that the district court should apply an equitable exception to allow SLS to pursue its unjust enrichment claim. The district court declined to apply the exception and dismissed SLS’ complaint.

SLS appeals and argues that, while ICRA prohibits unregistered contractors from bringing actions to enforce contracts, this Court has recognized that unregistered contractors may pursue a claim for unjust enrichment when non-compliance with the statute is nearly harmless and leaving the parties as this Court found them would result in a windfall to the property owner. As we discuss below, ICRA unambiguously precludes SLS' claim, and no equitable exception applies to the general rule that illegal contracts are unenforceable. We therefore affirm the district court's decision.

I. FACTUAL AND PROCEDURAL BACKGROUND

SLS is a Montana limited liability company that provides disaster remediation and restoration services. Gary Ashcraft, the owner of SLS, was contacted by Tim Winters, a long-time professional acquaintance, shortly before Christmas. Winters explained that his daughter, Bangeman, needed immediate emergency mold remediation services in her home, located in Bonner County, Idaho. Ashcraft disclosed to Winters that SLS was not a registered contractor in Idaho. Despite this, Bangeman and SLS entered into a contract for the work and SLS promptly got to work to enable Bangeman to quickly return to her home.

SLS' work included inspecting the home, meeting with a field adjuster on Christmas Eve to discuss insurance coverage, and mold remediation work that began several days after Christmas. SLS billed \$44,451.36 for the work performed. When Ashcraft contacted Bangeman's insurance regarding payment, he learned that Bangeman had instructed the insurance company to not issue a check to SLS. Ashcraft contends he has not received any payments from Bangeman or her insurance company.

Evidence in the record on appeal indicates that Bangeman concedes she received payment from her insurance company, but she used the funds to pay another contractor to complete the same remediation work and repairs that are the subject of SLS' bill. According to Bangeman, SLS failed to properly remediate the mold damage. Bangeman also alleges that she was never informed that SLS was not registered as a contractor in Idaho.

SLS filed a complaint in Bonner County district court against Bangeman for unjust enrichment. Bangeman moved to dismiss SLS' complaint under Idaho Rule of Civil Procedure 12(b)(6) for failure to state a claim. She claimed that, under ICRA, only a contractor registered in Idaho could bring a legal action in Idaho's courts to collect compensation for work performed as a contractor. Consequently, Bangeman argued that, before SLS could pursue legal action against

her for the remediation work, it had to establish that it was a registered contractor in Idaho. She argued that SLS failed to provide any evidence that it was registered in Idaho and therefore failed to state a claim upon which relief could be granted.

SLS opposed the motion to dismiss, arguing that the court should apply an equitable exception to the registration requirement in ICRA. In support of its opposition, SLS filed a declaration from Ashcraft. The district court treated the motion to dismiss as a motion for summary judgment due to its consideration of Ashcraft's declaration. It then granted summary judgment and dismissed SLS' complaint. The district court concluded that the plain language of ICRA precluded SLS from filing its action because it was an unregistered contractor. The district court further concluded that the caselaw SLS cited in support of its equitable claims did not apply. SLS appeals.

II. ISSUES ON APPEAL

1. Whether the district court erred by granting summary judgment.
2. Whether Bangeman is entitled to attorney fees on appeal.

III. ANALYSIS

A. The district court did not err in granting summary judgment because the plain language of Idaho Code section 54-5217(2) precludes an unregistered contractor from filing an action in Idaho's courts to recover for the construction work it performed while unregistered.

SLS does not challenge the district court's conclusion that the plain language of ICRA precludes unregistered contractors from filing suit in Idaho's courts to recover compensation for the work performed while unregistered. Instead, SLS argues that the district court erred when it declined to apply an equitable exception to the general rule that illegal contracts are unenforceable. Relying on *Farrell v. Whiteman*, 146 Idaho 604, 200 P.3d 1153 (2009), and *Genho v. Riverdale Hot Springs, LLC*, 174 Idaho 894, 560 P.3d 1041 (2024), SLS asserts that this Court has applied an equitable exception to this general rule where declining to enforce the contract would result in the opposing party receiving a windfall. SLS contends that this rule is applicable here because declining to allow it to pursue an unjust enrichment claim would result in a windfall to Bangeman.

We review a decision granting a motion for summary judgment de novo. *Paslay v. A&B Irrigation Dist.*, 162 Idaho 866, 868, 406 P.3d 878, 880 (2017). Summary judgment is appropriate where the pleadings and other evidence show that there is no genuine issue of material fact, and the moving party is entitled to judgment as a matter of law. *Id.*; I.R.C.P. 56(a).

While we are sympathetic to SLS' plight, we nonetheless affirm the district court's decision granting summary judgment and dismissing SLS' claim. As we explain below, our caselaw does not permit SLS to submit an equitable claim for recovery because it never registered under ICRA, and its claim was made against the very party that ICRA is intended to protect.

Here, the district court conducted a two-step analysis to conclude that Bangeman was entitled to summary judgment. First, it concluded that ICRA precluded SLS from bringing a claim because it was not registered in Idaho. Second, it determined no equitable exception applied that would permit SLS to bring an unjust enrichment claim. On appeal, SLS only challenges the district court's conclusion on the second step. Therefore, we focus our analysis on whether the district court erred in declining to apply an equitable exception to the general rule that illegal contracts are unenforceable.

SLS' argument concerning the availability of equitable relief primarily relies on five of our prior decisions:

The [d]istrict [c]ourt altogether rejected the possibility of equitable relief saying, “. . . this [c]ourt is acting here as a civil court, and SLS is seeking a civil remedy that is prohibited under the ICRA.” However, [*Barry v. Pacific West Construction, Inc.*, 140 Idaho 827, 103 P.3d 440 (2004)], *Farrell*, [*AED, Inc. v. KDC Investments, LLC*, 155 Idaho 159, 307 P.3d 176 (2013)], and *Genho* show that this precisely the situation when equitable relief should apply.

Trees elaborates on the public policy exception. “Barring the strict application of the illegality doctrine, the central focus must be whether the ends of the law will be furthered or defeated by granting the relief asked.” [*Trees v. Kersey*, 138 Idaho 3, 9, 56 P.3d 765, 771 (2002)], citing *Sedco Int'l[] v. Cory*, 522 F. Supp. 254, 321 (1981).

Here, [SLS] brings significant allegations that [SLS], in the words of the [d]istrict [c]ourt, “appears to have acted in good faith and [went] above and beyond” to help [Bangeman] under exigent circumstances. [Bangeman] is alleged to have received and accepted the benefit of [SLS'] hard work, then withheld the funds provided by an insurer to pay for the services rendered. Refusing equitable relief certainly would not “further the end of the law.”

SLS has misinterpreted our caselaw. This Court has not held that an unregistered contractor may utilize equitable remedies to recover for contracting work performed while unregistered. Rather, we have held the contractor may only utilize equitable remedies to recover for work performed *after* the contractor became registered if that work is severable from the unregistered work.

We begin our analysis with *Genho*, our 2024 decision addressing the availability of equitable remedies in an ICRA case. In *Genho*, we analyzed four of our prior decisions concerning

whether a contractor who became registered midway through the performance of a construction project was entitled to assert equitable claims to recover for the work performed after it became licensed. 174 Idaho at 903–04, 560 P.3d at 1050–51. We rejected the appellant/property owner’s argument that we should overrule prior decisions allowing recovery because ICRA precluded recovery unless the contractor was licensed for the entirety of the construction project. *Id.* at 904–05, 560 P.3d at 1051–52. In stating our holding, we addressed balancing the public interests of requiring contractors to be registered and providing remedies against those who may exploit unregistered contractors:

This Court in [*ParkWest Homes LLC v. Barnson*, 149 Idaho 603, 238 P.3d 203 (2010),] put this matter to rest. Equitable remedies are allowed under [ICRA] if a contractor becomes licensed during a project, and the post-licensing work is severable from work before licensing. Thus, once a contractor becomes registered, subsequent acts that are severable from unregistered acts comply with ICRA.

Therefore, we hold that when a contractor becomes registered midway through a project, he or she may pursue equitable remedies for several acts performed after registration. As we noted in *ParkWest*, this strikes a balance between the various public policies at play in these cases. The legislature, through ICRA, has determined that the public interest is served by requiring contractors to be registered. On the other hand, the public interest is also served by providing remedies against those who might exploit an unregistered contractor who otherwise does good work. This conclusion does not render ICRA meaningless as Riverdale suggests. Rather, it balances the interests at play, focuses on *all* the language of ICRA, and provides a mechanism for contractors to recover for work they perform after they become legal by registration. That said, we continue to emphasize that liens may not be filed based on pre-registration work; illegal contracts remain unenforceable.

Id. at 905, 560 P.3d at 1052 (internal citations omitted).

Nothing in *Genho* suggests that an unregistered contractor may utilize equitable remedies to recover for construction work performed while unregistered. Quite to the contrary, *Genho* expressly provides that a contractor who becomes registered midway through a project may only pursue equitable remedies for work performed after it became registered. *Id.* Our holding specifying that contractors may utilize equitable remedies to pursue recovery for work performed *after* registration necessarily implies that a contractor may not utilize equitable remedies to recover for work performed *before* registration. This reading is borne out by the discussion of the balancing of competing public interests. *Genho* does not support SLS’ argument on appeal.

Similarly, SLS’ argument is not supported by our decisions in *Barry*, 140 Idaho 827, 103 P.3d 440; *Farrell*, 146 Idaho 604, 200 P.3d 1153; *AED, Inc.*, 155 Idaho 159, 307 P.3d 176; or

Trees, 138 Idaho 3, 56 P.3d 765. SLS argues that our decision in *Barry* establishes “that in some circumstances a party to an illegal contract may obtain some relief due to public policy considerations.” (Citing *Barry*, 140 Idaho at 833, 103 P.3d at 446.) *Barry* concerned a subcontractor’s claim against a general contractor for breach of contract and unjust enrichment related to work that the subcontractor performed on a public works contract. *Id.* at 830, 103 P.3d at 443. This Court, sua sponte, raised the issue of contract illegality because the subcontractor was unregistered, in violation of Idaho’s Public Works Contracting License Act (“PWCLA”). *Id.* at 832, 103 P.3d at 445.

PWCLA is similar to ICRA in that it provides for registration requirements for public works contractors. *Compare* I.C. § 54-1902, *with* I.C. § 54-5204. PWCLA also contains a similar penalty provision that precludes unregistered public works contractors from bringing an action in Idaho courts to recover compensation for the performance of work for which a public works license is required. *Compare* I.C. § 54-1920(2), *with* I.C. § 54-5217(2).

In *Barry*, this Court determined that the contract between the general contractor and the subcontractor was illegal under PWCLA because the subcontractor was unregistered. 140 Idaho at 832, 103 P.3d at 445. We then noted the general rule that illegal contracts are void and this Court will leave the parties where it finds them, meaning it denies recovery to both parties. *Id.* However, we also recognized there are exceptions to the general rule “where denying a party relief would frustrate the public interest more than ‘leaving the parties where they lie.’” *Id.* at 833, 103 P.3d at 446. We articulated the public policy interest that may motivate the award of damages to a party to an illegal contract as when “the public interests will be better promoted by granting than by denying relief, and in such the general rule must yield to this policy.” *Id.* (quoting *McFall v. Arkoosh*, 37 Idaho 243, 246, 215 P. 978, 979 (1923)).

This Court determined that the subcontractor could not recover on the illegal contract but remanded the case to the district court for further consideration of the unjust enrichment claim. *Id.* at 834–35, 103 P.3d at 447–48. In doing so, we expressly noted that the State was not a party to the case and had not sought to deny payment to the subcontractor because it was unregistered. *Id.* at 833, 103 P.3d at 446.

Our decision in *Barry* was consistent with the public interest underlying the statute, which the legislature codified in Idaho Code section 54-1901(1). “[I]t is in the best interests of the people of the state of Idaho to establish a process for licensure of public works contractors . . . [t]o assure

that experienced and qualified contractors provide services to public entities in Idaho” See I.C. § 54-1901(1). We favorably cited a Tennessee Supreme Court decision reasoning that “the policies that bar recovery against a member of the general public do not apply in suits against licensed professionals in the same business.” *Barry*, 140 Idaho at 833–34, 103 P.3d at 446–47 (citation modified) (quoting *Gene Taylor & Sons Plumbing Co. v. Corondolet Realty Tr.*, 611 S.W.2d 572, 575–76 (Tenn. 1981)).

Barry is distinguishable and does not support SLS’ argument here. Unlike the subcontractor that sued a general contractor in *Barry*, here, SLS sued a member of the public to whom it provided mold remediation services. This is the precise party ICRA is intended to protect. See I.C. § 54-5202 (“[T]he practice of construction in the state of Idaho affects the public health, safety and welfare of its citizens. . . . [I]t is in the public interest to provide a mechanism to remove from practice incompetent, dishonest, or unprincipled practitioners of construction.”). Because SLS sued the very party that the registration requirements of ICRA are intended to protect, the logic and reasoning from *Barry* is inapplicable.

Farrell involved an out-of-state architect who was unlicensed when he began performing work for a real estate developer on a condominium project in Idaho, in violation of Idaho’s Architecture Practice Act (“APA”). 146 Idaho at 607–08, 200 P.3d at 1156–57. The architect became licensed in Idaho midway through the project. *Id.* at 608, 200 P.3d at 1157. The developer subsequently terminated the architect from the project and the architect sued the developer for breach of contract. *Id.* The developer asserted that the contract was illegal and therefore unenforceable because the architect was not licensed at the inception of the contract. See *id.*

This Court agreed that the architect’s work performed while unlicensed was illegal but concluded that the work performed before he was licensed could be severed from the work performed after he obtained his license. *Id.* at 611, 200 P.3d at 1160. We held that because the illegal work was severable from the legal work, the architect could maintain an equitable claim for quantum meruit to recover for the value of services he provided after he became licensed. *Id.* *Farrell* does not support SLS’ argument here because it applied the same rule we articulated in *Genho*. A professional who becomes licensed partway through a project may assert an equitable claim for the services provided *after* the individual became licensed. Nothing in *Farrell* suggests that the professional may assert an equitable claim for services rendered *prior* to licensure.

In *AED*, we considered whether a contractor’s registration after entering into a contract, but prior to completing the contracted work, validated an illegal contract and made it legal. *See* 155 Idaho at 168–69, 307 P.3d at 185–86. We concluded the post-contracting registration did not transform an otherwise illegal contract into a legal one. *Id.* However, we also noted that, under *Farrell*, “if a contractor becomes licensed part of the way through performance of a contract and if the post-licensing performance is severable, the licensee may be entitled to equitable remedies for the services rendered after licensure.” *Id.* at 169, 307 P.3d at 186. We held that the contractor in *AED* was not entitled to damages under an unjust enrichment theory because it had not performed services prior to termination of the contract. *Id.* *AED* does not support SLS’ argument here because it simply restates the rule from *Farrell* and *Genho*, which only permits equitable recovery for post-registration work.

Trees is distinguishable and unhelpful for the same reasons articulated above regarding *Barry*. *Trees* involved two parties that entered into a joint venture concerning public works construction projects. 138 Idaho at 5, 56 P.3d at 767. One party, who was registered under PWCLA, would bid on the public works projects while the other party, who was not registered, would perform the work. *Id.* The business relationship between the two deteriorated and the unregistered party sued the other for a variety of claims, including fraud. *Id.* at 5–6, 56 P.3d at 767–68. The issue on appeal was whether PWCLA precluded the unregistered party from bringing a fraud claim. *Id.* at 10, 56 P.3d at 772. While this Court concluded the joint venturers’ agreement was illegal due to one party’s failure to register under PWCLA, it declined to strictly apply the illegality doctrine to deny enforcement of that party’s fraud claim. *Id.* at 9–10, 56 P.3d at 771–72.

In reaching its holding on this point, we noted that the parties to the case were joint venturers that owed each other fiduciary duties. *Id.* at 10, 56 P.3d at 772. We applied an exception to the general rule that illegal contracts will not be enforced because the fraud claim concerned allegations of wrongdoing not involving the general public. *Id.* *Trees* does not support SLS’ claim for the same reasons *Barry* does not—SLS’ claim here is against a member of the general public, the very party that ICRA is intended to protect.

As we explained earlier, we are sympathetic to SLS’ circumstances. The record on appeal suggests it performed work in good faith and on short notice to help the daughter of a longtime business associate. The record also suggests that Bangeman received payment from her insurer for the work SLS did and then refused to pay SLS. These facts, however, do not permit us to ignore

the unambiguous language of ICRA. SLS was an unregistered contractor and Bangeman was a member of the public seeking contractor services. Because SLS never became registered in Idaho, it may not maintain an action in Idaho's courts to recover against a member of the public for the services it provided. Therefore, we affirm the district court's decision dismissing SLS' complaint.

B. We decline to award Bangeman attorney fees on appeal.

Bangeman requests attorney fees on appeal under Idaho Code section 12-121. The prevailing party on appeal is entitled to fees under Idaho Code section 12-121 "when this Court is left with the abiding belief that the appeal was brought, pursued, or defended frivolously, unreasonably, or without foundation." *Rudd v. Merritt*, 138 Idaho 526, 533, 66 P.3d 230, 237 (2003). "[F]ees generally will not be awarded when 'the losing party brought the appeal in good faith and where a genuine issue of law was presented.'" *City of Boise v. Ada County*, 147 Idaho 794, 812, 215 P.3d 514, 532 (2009) (quoting *Nelson v. Nelson*, 144 Idaho 710, 718, 170 P.3d 375, 383 (2007)). Bangeman argues that she is entitled to fees because SLS failed to present facts or argument demonstrating an exception to the bar on recovery in ICRA.

We decline to award fees here because SLS made valid arguments for the application of our previously recognized equitable exception to the general rule that an illegal contract is unenforceable. SLS' arguments are well-taken in light of the facts contained in the record on appeal, which indicate that, after receiving a check from her insurance company for SLS' work, Bangeman refused to pay any of that money to SLS.

IV. CONCLUSION

We affirm the district court's dismissal of SLS' complaint. Bangeman is awarded costs as a matter of right pursuant to Idaho Appellate Rule 40.

Chief Justice BRODY, and Justices BEVAN, MOELLER, and MEYER CONCUR.