

## SUMMARY STATEMENT

*SRM Arms v. GSA Direct*

Docket No. 47194

This appeal addresses the aftermath of an informal business arrangement gone sour and the resulting trial in which the presiding judge modified the jury's verdicts. SRM Arms, Inc. ("SRM"), an arms manufacturer, filed suit against its distributor GSA Direct, LLC, ("GSA") and its distributor's affiliate FFL Design ("FFL") (collectively, the "Entity Defendants"). SRM also filed suit against individuals with ownership interests in these entities, Anthony Scott Turlington ("Turlington"), David Lehman ("Lehman"), and Ryan Fitzgerald ("Fitzgerald") (collectively the "Individual Defendants"); the ensuing jury trial considered their direct liability as individuals, with proxy liability to be determined in a later bench trial. SRM alleged breach of contract, breach of the covenant of good faith and fair dealing, fraud, unjust enrichment, and aiding and abetting.

After the jury awarded verdicts for SRM apparently totaling \$1,110,695, the Entity Defendants and the Individual Defendants asked the court to modify the judgments or grant a new trial. The district court agreed, entering a remittitur of \$422,029 for the claims against the Entity Defendants because it found the amount of the jury award was excessive and not supported by sufficient evidence at trial. Additionally, the district court granted the Individual Defendants' motion for a new trial on liability and damages because it found the jury instructions were inadequate to distinguish between direct liability and proxy liability.

On appeal, regarding Entity Defendants, SRM argued the district court erred in reducing the awarded damages. In a cross-appeal, the Entity Defendants argued the jury improperly found fraud and improperly found FFL liable for GSA's debts. The Entity Defendants also asserted that damages should have been reduced further. Regarding Individual Defendants, SRM argued the district court erred in awarding a new trial because the jury correctly determined direct liability and associated damages. All parties asked for attorney fees and costs.

Regarding the Entity Defendants, the Idaho Supreme Court reversed and remanded the district court's remittitur against GSA and FFL for reconsideration of the basis for the jury's damage award. The Idaho Supreme Court affirmed the district court's decision to uphold the verdict of fraud against GSA and FFL. The Idaho Supreme Court further affirmed the district court's decision to uphold the verdict that FFL is liable to SRM; however, this Court did so because the statute of frauds was satisfied and not, as the jury decided, because an exception to the statute of frauds applied. The Idaho Supreme Court reversed the district court's decision to uphold the finding of unjust enrichment against FFL because the verdict form failed to clearly specify that unjust enrichment is an alternate theory, and remanded for consideration of whether damages for both breach of an implied-in-fact contract and unjust enrichment were supported by substantial and competent evidence.

Regarding the Individual Defendants, the Idaho Supreme Court affirmed the district court's granting of a new trial on liability against the Individual Defendants based on the district court's finding that the jury instructions and verdict form were inadequate to keep out proxy liability claims. The Idaho Supreme Court also affirmed the district court's awarding of a new trial on damages against the Individual Defendants because the district court's findings that the jury instructions and verdict form were inadequate also supported its conclusion that the jury's calculated damages were based on passion or prejudice.

\*\*\*This summary constitutes no part of the opinion of the Court, but has been prepared by court staff for the convenience of the public.\*\*\*