

TABLE OF CONTENTS

TABLE OF CONTENTS.....i

TABLE OF AUTHORITIES.....iii

GLOSSARY.....vi

ARGUMENTS.....1

I. THE TRIAL COURT ERRED WHEN IT CONCLUDED THERE WAS A TAX SCHEME WHEN 26 U.S.C.A §§ 46 AND 48 HAVE BEEN FULLY MET.....1

II. DISGORGEMENT AWARD WAS IN ERROR.....2

A. Standard of Review.....2

B. DOJ Did Not Meet the Burden of Showing a Reasonable Approximation.....4

C. Approximation Was Unreasonably Based Upon the District Court’s Conjecture.....5

D. Income of Individual Defendants is Basis for Disgorgement13

III. DOJ VIOLATED THE DISCOVERY DISCLOSURE RULES.....14

A. Damage Evidence Was Not Disclosed.....14

B. Expert Witness Testimony Was Not Properly Disclosed or Admitted.....17

IV. DEFENDANTS WERE ENTITLED TO A JURY.....20

A. The Correct Standard of Review for reviewing denial of Appellants’ Jury Right on this Appeal is De Novo.....20

B. Defendants Were Not Required to File an Objection to the Magistrate’s Order Striking the Appellants’ Jury Demand as a Precursor to Revisiting Their Right to a Jury.....21

C. The Motion to Reinstate a Jury was Timely.....22

D. The District Court Had Discretion to Reconsider Its Decision to Strike Defendants’ Timely Jury Demand.....22

E. The Principles in *Kokesh* are Analogous in Deciding Whether IRS Disgorgement is Punitive Rather than Remedial.....23

F. The IRS is Already Treating SEC Disgorgement as a Penalty in Contexts Broader than 28 U.S.C. § 2462.....24

V. Solco and XSun Energy Are Non-Parties and Should Not Be Included in Evidence for Damages.....25

VI. THE TRIAL COURT ERRED WHEN IT CONCLUDED THAT A PERMANENT INJUNCTION WAS REQUIRED BECAUSE THE SYSTEM DID NOT AND WOULD NEVER WORK.....25

A. Finding System Will Not Ever Work – When It Now Does....25

B. The Mancini Testimony Should Have Been Stricken.....27

CONCLUSION.....29

CERTIFICATE OF COMPLIANCE.....30

CERTIFICATE OF DIGITAL SUBMISSION AND PRIVACY REDACTIONS31

CERTIFICATE OF SERVICE.....32