

## **Exhibit 2**

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**From:** Ollie North  
**Sent:** Thursday, April 25, 2019 7:55 AM  
**To:** John.Frazer@nrahq.org  
**Cc:** Richard - racing Childress; CAROLYN MEADOWS  
**Subject:** FORMATION OF SPECIAL COMMITTEE ON CRISIS MANAGEMENT  
**Attachments:** OLN MEMO TO EXECUTIVE COMMITTEE, 25 APR 2019.pdf; Attachment 1 - New Yorker Article.pdf; Attachment 2 - AckMc Letter re LaPierre Clothing.pdf; Attachment 3 - AckMc Letter re LaPierre Expenses.pdf; Attachment 4 - North and Childress Letter re Payments to Brewer.pdf

JOHN FRAZER & WILLIAM "WIT" DAVIS :

PLEASE FIND ATTACHED A CONFIDENTIAL MEMORANDUM FROM ME TO THE EXECUTIVE COMMITTEE NOTIFYING THE MEMBERS THAT I HAVE FORMED A SPECIAL COMMITTEE ON CRISIS MANAGEMENT AND AM IN THE PROCESS OF ASSIGNING MEMBERS. PLEASE INCLUDE THE ATTACHMENTS BELOW WHEN TRANSMITTING THE MEMO.

YOUR ACKNOWLEDGEMENT OF RECEIPT & TRANSMISSION TO THE EX COMM WILL BE APPRECIATED.

JOHN: PLEASE ENSURE OUR EVP/CEO AND WILLIAM "WIT" DAVIS, OUR NEW BOARD COUNSEL ARE PROVIDED WITH THIS ENTIRE MISSIVE.

DO NOT HESITATE TO CALL WITH ANY QUESTIONS.

SEMPER FIDELIS, OLIVER NORTH

**"SEMPER FIDELIS" IS MORE THAN A SLOGAN FOR U.S. MARINES. "ALWAYS FAITHFUL" IS A WAY OF LIFE.**

NATIONAL RIFLE ASSOCIATION OF AMERICA

OFFICE OF THE PRESIDENT

11250 WAPLES MILL ROAD

FAIRFAX, VIRGINIA 22030

OLIVER L. NORTH  
President



**CONFIDENTIAL**

To: Executive Committee of the NRA

From: Oliver North, NRA President

Cc: John Frazer, NRA General Counsel  
William Davis, NRA Board Counsel

Date: April 25, 2019

Re: Formation of a Crisis Management Committee


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**THE NRA FACES A CRISIS**

The NRA faces a crisis that [REDACTED].

1. On 17 April 2019, the *New Yorker* magazine published a devastating article raising serious allegations about mismanagement, which, [REDACTED] [REDACTED] See Attachment 1. Earlier critical articles appeared in the *Wall Street Journal* and the *New York Times*. Because these articles allege mismanagement of nonprofit funds, they may provoke investigations by the New York Attorney General, the IRS, or other authorities. These investigations could last years and be damaging to the NRA.
2. On 12 April 2019, the NRA filed a public lawsuit in the state court of Virginia against Ackerman McQueen alleging that Ackerman failed to provide financial information requested by the NRA. The suit was filed without consultation and without informing members of the NRA Board of Directors or key officers of the NRA, and its public airing of what might be an internal dispute has cast the NRA in a bad light.
3. On 22 April 2019, Ackerman McQueen responded to the lawsuit with a series of letters making allegations against Wayne LaPierre, the NRA's EVP/CEO. For example, one letter from Ackerman McQueen suggested that Mr. LaPierre received \$270,000 worth of

clothing from Ackerman McQueen for which he did not pay. Another letter from Ackerman McQueen suggested that Mr. LaPierre received over \$240,000 in travel, hotels, and limousines paid for by Ackerman McQueen, which ultimately were reimbursed by the NRA. See Attachment 2 and Attachment 3.

4. On 22 April 2019, shortly after Ackerman McQueen sent the letters referenced above to Mr. LaPierre and NRA Board Counsel Steve Hart, Mr. LaPierre fired Mr. Hart. Mr. LaPierre fired Mr. Hart without consulting with the Board, and promptly after Mr. Hart  

5. For two months, based on the advice of NRA Board Counsel, I and others have been urging Mr. LaPierre to conduct an independent, outside review of the substantial payments that the NRA has been making to Brewer Attorneys & Counselors. As a nonprofit organization, the NRA has a duty to be good stewards of its funds, and I have been informed that the NRA has made payments to Brewer exceeding \$24 million. On 18 April, 2019, Richard Childress and I submitted a letter to the Audit Committee explaining multiple reasons why we need to review these extraordinary payments. Mr. LaPierre has consistently opposed such a review. See Attachment 4.

#### **CRISIS MANAGEMENT COMMITTEE**

As President of this Association, I have a fiduciary duty to respond to this crisis. Pursuant to NRA Bylaw Article V, Section 2, I hereby form a Special Committee of the Board of Directors called the "CRISIS MANAGEMENT COMMITTEE." The CRISIS MANAGEMENT COMMITTEE is tasked with addressing and resolving the problems identified above so we can fulfil our duties and get on with our mission of protecting the Second Amendment.

The CRISIS MANAGEMENT COMMITTEE will do the following:

1. Supervise a confidential, privileged, internal investigation to determine whether there is substance/validity to the allegations set forth in the *New Yorker* article and other publications, particularly to remediate any issues with the NRA's compliance with rules, regulations, and law applicable to nonprofit organizations.
2. Supervise a confidential, privileged, internal investigation into the letters from Ackerman McQueen dated 22 April 2019, which suggest financial impropriety.
3. Examine the process that led to the NRA's filing of a lawsuit against Ackerman McQueen, including who authorized the filing of that lawsuit and whether any Directors were advised/consulted prior to the filing of the lawsuit on 12 April 2019.
4. Determine whether there is a basis to resolve whatever differences exist between NRA and Ackerman McQueen in an arbitration or other forum.



5. Consult with a prominent expert in the governance of nonprofit organizations, who will assist the CRISIS MANAGEMENT COMMITTEE in implementing best practices to ensure that the NRA is in compliance with all rules, regulations, and law applicable to nonprofit organizations.
6. Supervise an outside, independent review of the invoices submitted by Brewer Attorneys & Counselors, which total more than \$24 million over a short period of time.
7. Establish procedures to keep the NRA's Executive Committee and full Board advised of key decisions and strategies developed over the months ahead.

I am working to appoint members to the CRISIS MANAGEMENT COMMITTEE, and intend to see that this Special Committee addresses and remediates the problems identified above. We owe this to the NRA and its 147+ year history of protecting the Second Amendment.

ADDENDUM

John Frazer & William Davis:

Please pass a copy of this document and its four attachments as OFFICIAL CORRESPONDENCE to the members of our Executive Committee and our Executive Vice President/CEO.

Your acknowledgement that this has been done will be much appreciated.

Semper Fidelis,



Oliver North  
NRA President

Attachments:

1. New Yorker Article
2. AckMc letter re clothing
3. AckMc letter re expenses
4. President North, 1<sup>st</sup> VP Childress letter to Audit Committee

**“Semper Fidelis” is more than a slogan for U.S. Marines.  
“Always Faithful” is a way of life**

THE  
NEW YORKER

# Secrecy, Self-Dealing, and Greed at the N.R.A.

*The organization's leadership is focussed on external threats, but the real crisis may be internal.*

By Mike Spies April 17, 2019

This winter, members of the National Rifle Association—elk hunters in Montana, skeet shooters in upstate New York, concealed-carry enthusiasts in Jacksonville—might have noticed a desperate tone in the organization's fund-raising efforts. In a letter from early March, Wayne LaPierre, the N.R.A.'s top executive, warned that liberal regulators were threatening to destroy the organization. "We're facing an attack that's unprecedented not just in the history of the N.R.A. but in the entire history of our country," he wrote. "The Second Amendment cannot survive without the N.R.A., and the N.R.A. cannot survive without your help right now."

LaPierre is right that the N.R.A. is troubled; in recent years, it has run annual deficits of as much as forty million dollars. It is not unusual for nonprofits to ask prospective donors to help forestall disaster. What is unusual is the extent to which such warnings have become the central activity of the N.R.A. Even as the association has reduced spending on its avowed core mission—gun education, safety, and training—to less than ten per cent of its total budget, it has substantially increased its spending on messaging. The N.R.A. is now mainly a media company, promoting a life style built around loving guns and hating anyone who might take them away.

On NRATV, the organization's programming network, the popular host Grant Stinchfield might appear in a "Socialist Tears" T-shirt, taking a sledgehammer to a television set cycling through liberal news shows. The platform's Twitter account circulates videos of the spokesperson Dana

Loesch, a former Breitbart News editor who has said that mainstream journalists are “the rat bastards of the earth” and deserve to be “curb-stomped.” Over menacing images of masked rioters, she asserts that the only way to stop the left is to “fight its violence of lies with the clenched fist of truth.” A lawyer and activist called Colion Noir, whose real name is Collins Idehen, Jr., also has a large following. After the mass shooting at Marjory Stoneman Douglas High School, in Parkland, Florida, Noir appeared in a video chiding “all the kids from Parkland getting ready to use your First Amendment to attack everyone else’s Second Amendment.”

Loesch and Noir have become the primary public faces of the N.R.A.; at events, enormous banners feature their images alongside those of LaPierre and Chris Cox, the organization’s top lobbyist. But Loesch and Noir are not technically employed by the N.R.A. Instead, they are paid by Ackerman McQueen, a public-relations firm based in Oklahoma. In at least one year, Loesch earned close to a million dollars, according to a source who has seen her contract.

For more than three decades, Ackerman has shaped the N.R.A.’s public identity, helping to build it from a niche activist organization into a ubiquitous presence in American popular culture. Ackerman produces the N.R.A. magazine *America’s 1st Freedom* and has devised its most successful ad campaigns, including one called “I’m the N.R.A.,” for which it recruited gun owners, including the actor Tom Selleck and the basketball star Karl Malone, to pose with their weapons. More recently, Ackerman produced a series called “Freedom’s Safest Place,” in which conservative icons inveigh against liberals and terrorists. In a segment from 2016, the country-music star Charlie Daniels warns the “ayatollahs of Iran” that they may be acquainted with “our fresh-faced flower-child President,” but they “haven’t met the heartland—or the people who will defend this nation with their bloody, calloused bare hands.”

*This story was published in partnership with The Trace, a nonprofit news organization covering guns in America.*

The N.R.A. and Ackerman have become so intertwined that it is difficult to tell where one ends and the other begins. Top officials and staff move freely between the two organizations; Oliver North, the former Iran-Contra operative, who now serves as the N.R.A.'s president, is paid roughly a million dollars a year through Ackerman, according to two N.R.A. sources. But this relationship, which in many ways has built the contemporary N.R.A., seems also to be largely responsible for the N.R.A.'s dire financial state. According to interviews and to documents that I obtained—federal tax forms, charity records, contracts, corporate filings, and internal communications—a small group of N.R.A. executives, contractors, and vendors has extracted hundreds of millions of dollars from the nonprofit's budget, through gratuitous payments, sweetheart deals, and opaque financial arrangements. Memos created by a senior N.R.A. employee describe a workplace distinguished by secrecy, self-dealing, and greed, whose leaders have encouraged disastrous business ventures and questionable partnerships, and have marginalized those who object. "Management has subordinated its judgment to the vendors," the documents allege. "Trust in the top has eroded."

In response to a description of my reporting, Bill Brewer, a lawyer who represents the N.R.A., said that the organization "has serious concerns about the accuracy of this reporting and *The New Yorker's* sources. Of course, we cannot comment on privileged communications or personnel matters."

Marc Owens, who served for ten years as the head of the Internal Revenue Service division that oversees tax-exempt enterprises, recently reviewed these records. "The litany of red flags is just extraordinary," he said. "The materials reflect one of the broadest arrays of likely transgressions that I've ever seen. There is a tremendous range of what appears to be the misuse of assets for the benefit of certain vendors and people in control." Owens added,



“Those facts, if confirmed, could lead to the revocation of the N.R.A.’s tax-exempt status”—without which the organization could likely not survive.

In its early days, the N.R.A. was more interested in shooting than in politics. It was founded by two former Union Army officers, who returned from the Civil War dismayed at having been outshot by their Confederate counterparts and hoping to inspire a culture of marksmanship in the North. For more than a century, the N.R.A.’s primary concerns were hunting, firearms education, and gun safety. Then, in 1977, a decade after the Federal Gun Control Act restricted firearms sales, activist board members seized control of the group and transformed it into an advocacy organization for gun owners’ rights. Officials knew that this new mission would require a more sophisticated approach to public relations. An N.R.A. executive suggested hiring Ackerman McQueen, which was run by a personal friend.

Later that year, Wayne LaPierre began working for the N.R.A., as a lobbyist. LaPierre, a former Democratic legislative aide with little experience handling guns, was not obviously suited to a role as a firebrand. People who have spent time around him describe him as “mild,” “reserved,” “awkward,” and even “meek.” Still, he rose through the organization, and he built a close relationship with Ackerman. In a deposition concerning a federal-election case, the firm’s then C.E.O., Angus McQueen, said, “I speak to Wayne almost every day. There are exceptions, because I take vacations and he takes vacations. Although he has no reluctance to interrupt mine.”

VIDEO FROM THE NEW YORKER

How To Write A New Yorker Cartoon Caption: Zach Galifianakis & Zoe Saldana Edition

In 1991, LaPierre became executive vice-president, the N.R.A.'s top position. He is, by many accounts, reticent about public appearances. According to a story that circulates among staffers, he was once dispatched to appear on a Sunday news show after a school shooting. When a producer entered the greenroom to bring him on set, LaPierre, fretting over talking points, was hiding behind a curtain, with only his wingtips visible. Nonetheless, he appears in videos and makes speeches, often choreographed by Ackerman, that present him as a ferocious critic of the political left. At the N.R.A.'s annual meetings, he disparages "élites" who "long to turn America into some European-style socialist state." Last year, he told the crowd, "We're standing at the edge of fear, staring into the abyss of the demise of our country and its freedom we care about most." He added, "This coming election is a guarantee of our worst nightmares if we don't win." A former N.R.A. staffer told me, "The agency created the Wayne cult of personality."

Established in the early seventies, Ackerman McQueen is a family business. It has about two hundred and twenty-five employees, and offices in

Oklahoma City, Dallas, Alexandria, and Colorado Springs. In the past, the company has worked with other national clients, such as the Six Flags amusement parks, but now its roster seems to consist mainly of the N.R.A. and a modest set of regional accounts, including some Oklahoma-based casinos and the Chickasaw Nation. “Most of the agency’s efforts go toward servicing the N.R.A.,” a former senior employee at Ackerman told me. Tax filings for 2017, the most recent year for which records are available, show that the N.R.A. paid Ackerman McQueen and its affiliates more than forty million dollars that year. (Bill Powers, Ackerman’s executive vice-president for public relations, broadly disputed the facts of this article, saying, “It’s like an old Soviet disinformation campaign—you take a little bit of truth and wrap it around a bunch of that things aren’t true.” He declined to point to specific inaccuracies.)

Ackerman McQueen provides the N.R.A. with public-relations work, marketing, branding, corporate communications, event planning, Web design, social-media engagement, and digital-content production. It wields great influence over the N.R.A.’s initiatives and is involved with nearly all of the group’s divisions, with the exception of its lobbying arm, the Institute for Legislative Action, where, according to former employees, Ackerman’s messaging sometimes undermines the group’s efforts. In 2012, after a gunman murdered twenty children and six staff members at Sandy Hook Elementary School, in Newtown, Connecticut, LaPierre argued that the best way to prevent such atrocities was to install armed police officers in schools. When President Barack Obama criticized this reasoning, Ackerman responded with an ad noting that Obama’s children received Secret Service protection. An ominous voice-over asked, “Are the President’s kids more important than yours?” At the time, N.R.A. lobbyists were negotiating with federal lawmakers over potential regulations. The organization maintained friendly relations with several Democratic legislators, including Mary Landrieu, a senator from Louisiana. According to a former staffer, the ad caused Landrieu and others to “freak out,” nearly ending those relationships.

“Ackerman never cleared that ad with us,” the former staffer recalled. “We had no oversight over Ackerman McQueen.” (Landrieu could not be reached for comment.)

Many N.R.A. employees have long suspected Ackerman of inflating the cost of the services it provides, but its relationships with executives remain strong. For instance, the company has worked closely with LaPierre’s wife, Susan, who maintains an Ackerman e-mail address and was briefly employed there, in the mid-nineties. She now volunteers as a co-chair of the N.R.A.’s Women’s Leadership Forum. Every year, she hosts a luxurious retreat for women who make sizable donations, at which they go on shooting expeditions and mingle with conservative celebrities such as Carly Fiorina and Dick and Liz Cheney. At the N.R.A.’s annual convention, she hosts a W.L.F. lunch and auction. In 2017, she interviewed Trump’s senior adviser Kellyanne Conway onstage, embracing her and calling her “my friend.” Ackerman arranges speakers for these events and provides marketing materials, including glossy brochures that feature photographs of Susan on nearly every page. A former N.R.A. staffer told me that Ackerman “made Susan the face of the W.L.F. project. It pulled Wayne even closer to the firm.”

**I**n December, 1996, the N.R.A. board’s finance committee gathered at a Hyatt hotel near the Dallas–Fort Worth airport. According to minutes of the meeting, members discussed the fact that “the NRA has been technically insolvent for several years” and “has incurred substantial debt.” The minutes note “improvements in cost containment” but say that the exception was LaPierre, who “directed public relations expenditures, which were significantly over budget (\$2,022,900) through the third quarter.” The committee agreed that “in our financial condition the NRA could no longer afford to spend large sums of money on Public Relations . . . nor can it afford to continue [to] allow the EVP to fail to follow the simplest of business procedures—having written agreements with vendors.”

LaPierre promised reforms. As a board member named Weldon Clark recalled, in an affidavit filed with the Federal Election Commission, LaPierre said that he would replace Ackerman with the Mercury Group, a communications firm in Washington, D.C. According to the affidavit, though, an inquiry by board members “revealed that Mercury Group, Inc. was a wholly owned subsidiary of Ackerman McQueen.”

Neal Knox, an influential board member, also urged LaPierre to fire Ackerman, and he agreed. But half a year went by with no apparent action, and Knox warned LaPierre that he planned to have him removed from his post. The following spring, Knox stood for election as an officer, a higher tier of board member. According to the affidavit, Tony Makris, the president of Mercury Group, enlisted the actor Charlton Heston to challenge Knox for the position. Heston, the star of “The Ten Commandments” and “Planet of the Apes,” won by four votes; a year later, he became the N.R.A.’s president. (In the N.R.A.’s version of these events, “In a hotly contested battle, Wayne LaPierre emerged victorious over the dissident board members.”)

As the relationship between the N.R.A. and Ackerman strengthened, some employees became disgruntled. “Most staffers think that Ackerman is too expensive,” Aaron Davis, who spent a decade working in the N.R.A.’s fund-raising department, told me. “They think they’re just using the N.R.A. to make a massive profit.” Davis, a former special-education teacher from rural South Carolina, started at the N.R.A. in 2005, drawn by the organization’s mission. The staff was underpaid but devoted, with what Davis described as a “rah-rah” attitude. Fund-raising was difficult. Often, Davis told me, potential donors were put off by the N.R.A.’s divisive politics and concerned about what their neighbors would think. He and his colleagues tended to do best with small donors; often, their most successful pitch was persuading people to include donations in their wills.

In 2010, Tyler Schropp, a former executive at the Mercury Group, was brought in to lead the N.R.A.’s advancement team, a fund-raising group that



targets wealthy members. As Schropp reshaped the department, he steered more business toward Ackerman McQueen; Davis recalled that the relationship “skyrocketed.”

Schropp oversaw the production of a magazine, *Ring of Freedom*, which Ackerman had devised to feature wealthy donors. “It was a beautiful magazine,” Davis said. “Rather than do your typical N.R.A. language, which is more hard-hitting, this was meant to tell the stories, the life styles of the donor. So if someone had an airplane, or a collection of Ferraris, we would put that in the magazine.”

N.R.A. employees found the magazines startlingly expensive to produce. “Typically, you’d print around twenty-five hundred copies,” Davis said. “Most of those copies wouldn’t even get used.” At one point, a fund-raising guru came in to give a daylong seminar. “He holds up one of our marketing materials that Ackerman had produced,” Davis said. “He goes, ‘This actually will hurt you. Donors don’t want to see that you’re spending so much money when they give a large gift.’ ”

The N.R.A.’s tax filings suggest that the advancement team generates only a small portion of revenues, with the “vast majority” of contributions coming instead from “millions of small individual donors.” Still, Schropp’s department spends lavishly; his annual compensation has grown to more than six hundred and twenty thousand dollars. “I was doing fund-raising dinners where wine was pouring freely, and going to dinners with other N.R.A. executives where the bill would be a thousand dollars—just to go out to dinner!” Davis said. He estimated that “at least eighty per cent” of his colleagues brought in less money than they were paid. “I just thought, If the typical N.R.A. member knew that this is how the organization really works, then there’s no way they would give money.” But Davis felt that the culture of the organization discouraged complaints. “If you’re in a war and your commanders are doing something you disagree with, you don’t just go up and question them,” he said.

The advancement team—roughly thirty staff members—increasingly relied on Ackerman employees. Davis was impressed by their work. “They were topnotch,” he told me. “They did beautiful graphic design, great writing, and we started to lean on them. Over time, we ended up giving almost all of our P.R. projects to Ackerman McQueen.” As the firm’s employees visited the office more frequently, the staff began noticing Lexuses in the parking lot, alongside their own beat-up cars. “I mean, they had a lot going on for them, but they weren’t your folks who were interested in Second Amendment politics,” Davis said. They were “your typical New York or Austin types that are excited about doing really big projects and creative projects. N.R.A. being kind of propaganda gave them the opportunity to do marketing in a way they couldn’t do for any other organization.” He suggested that Ackerman’s approach was impossible to reconcile with the ideals that had drawn him to the N.R.A. “They’re a for-profit organization, trying to do things that would bring more money to them,” he said. “They have completely different intentions than a nonprofit should have, which is for the common good.”

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Board members, particularly those who had served for a long time, grew uncomfortable. Once, Davis recalled, he took a board member to lunch to request a donation: “He just looks at me, and he goes, ‘You know, I like you, but I hate your department.’ I said, ‘Why?’ He says, ‘Because N.R.A. is not fancy Italian shoes with thousand-dollar suits. N.R.A. is the backbone of this country, wearing bluejeans and boots. And your division is taking us to a whole ’nother place.’”

In 2014, Angus McQueen’s son, Revan, got married, in Colorado Springs, in an opulent affair that brought together the most prominent beneficiaries of Ackerman’s work with the N.R.A. Revan had graduated from New York University only five years earlier, but he was being trained to work as the co-C.E.O. of Ackerman McQueen. During the wedding weekend, Revan and his guests, who included Colion Noir and several college classmates, went to a shooting range to practice tactical movements and fire semi-automatic rifles. The ceremony was held at a resort called the Broadmoor, a cluster of Italian Renaissance buildings set on five thousand acres at the foot of Cheyenne Mountain. McQueen sat at a table alongside Tony Makris, of the Mercury Group, and LaPierre. Bill Brewer, the N.R.A. lawyer, who is also McQueen’s son-in-law, sat nearby. The groomsmen, in black tie, toasted one another with twenty-three-year-old Pappy Van Winkle bourbon, which can sell for three thousand dollars a bottle. During the ceremony, the Colorado Springs Philharmonic played on the terrace.

**I**n 2017, visitors to the N.R.A.’s annual meeting, at a convention center in Atlanta, noted a huge banner that ran nearly the full length of the building. It was there to promote a newly launched program called Carry Guard, for members who wanted to protect themselves with firearms. The program offered military-style training, overseen by former Special Forces members, and liability insurance to cover policyholders who had shot people in self-defense. The banner featured an image of Dana Loesch, holding an insurance card and announcing, “I will never carry a gun without carrying this.” On the showroom floor was a Carry Guard virtual-reality exhibit,

where participants, equipped with electronic handguns and V.R. goggles, were encouraged to fire away at an armed robber.

Ackerman had been deeply involved in developing Carry Guard, and it marketed the insurance aggressively, through e-mail campaigns and an NRATV program called “Carry Guard Daily.” The promotional literature included a guide called “Surviving the Aftermath of a Self-Defense Shooting,” which advised prospective buyers that it was important to “establish for police that you were in fear for your life and did what you felt was necessary.”

According to sources familiar with the N.R.A.’s business decisions, Carry Guard was intended to secure the organization’s long-term prosperity. The N.R.A. had spent more than fifty million dollars on the 2016 elections, mostly in support of Donald Trump, and it badly needed revenue. Brian Mittendorf, the chair of the accounting department at Ohio State University’s Fisher College of Business, has analyzed eleven years’ worth of the organization’s public financial statements, starting in 2007. In seven of those years, he told me, “the N.R.A. owed more money to others than it had at its discretion to spend.” A financial audit from 2017 revealed that it had nearly reached the limit of a twenty-five-million-dollar line of credit. Additionally, it had been forced to liquidate more than two million dollars from an investment fund, borrow almost four million from its officers’ life-insurance policies, and tap another five million from its affiliated charitable foundation.

Carry Guard inspired controversy from the start. Gun-control activists disparaged it as “murder insurance.” Staff members questioned the value of the program, but, according to the memos I obtained, there was “intimidation of ppl who disagreed.” After the Parkland shooting, in early 2018, the New York State Department of Financial Services advised financial institutions to carefully assess the risks “that may arise from their dealings with the N.R.A. or similar gun promotion organizations.” At the time, the D.F.S. was concluding a long investigation into Carry Guard, which found

that the program violated regulations that prevent unlicensed entities from marketing insurance and prohibit insuring a criminal act. In May, 2018, the department said Carry Guard could no longer be sold in the state.

On May 11th, the N.R.A. sued the D.F.S. and the governor of New York, Andrew Cuomo, claiming that the department's actions had caused "tens of millions of dollars in damages." The group's lawyers—led by Bill Brewer, McQueen's son-in-law—framed the dispute as a First Amendment issue, arguing that Cuomo and the D.F.S. had conspired "to deprive the N.R.A. and its constituents" of the "right to speak freely about gun-related issues." In an amended complaint, the N.R.A. alleged that it had "encountered serious difficulties obtaining corporate insurance coverage, media liability coverage, and basic banking services." Without such necessities, it said, it would "be unable to exist as a not-for-profit."

On the morning of July 30th, the N.R.A.'s audit committee gathered in a windowless conference room at the organization's headquarters, in Fairfax, Virginia. They were there for an emergency meeting, requested by Brewer. A copy of the day's agenda notes that the committee discussed "whistleblowing reports." It also addressed the N.R.A.'s 2017 tax filings, which were due in November. According to two people familiar with the meeting, Emily Cummins, who for twelve years had been the N.R.A.'s managing director of tax and risk management, told the board members that the filings would make unprecedented disclosures about Ackerman McQueen, and briefed them on a series of problematic vendor arrangements, each of which had cost the N.R.A. at least a million dollars in the previous year.

Cummins declined to comment for the record, but memos that she wrote in the weeks before the meeting give a sense of the issues. One was addressed to Rick Tedrick, the managing director of finance, and titled "List of Top Concerns for Audit Committee." The memo, written by hand, lists seven areas of primary concern. "N.R.A. pays overbilled, deceptive, vague invoices



to ‘preferred’ vendors and contractors,” one entry says. Another notes that “decisions are made in the best interests of vendors,” especially, the memos make clear, those of Ackerman McQueen. A nonprofit’s board is charged with scrutinizing business arrangements and providing fiscal oversight. Yet, according to the memos, the “board hasn’t been told of what’s embarrassing.”

The 2017 tax filings, prepared at Cummins’s direction, gave the first full accounting of how much the N.R.A. was paying Ackerman McQueen and its affiliates: \$40.9 million, or about twelve per cent of total expenses that year. Federal regulations require very limited disclosure of how much nonprofit organizations pay their vendors, so in previous years the N.R.A.’s filings had not disclosed payments to Ackerman’s affiliates, or any payments that were meant to reimburse expenses. These omissions were probably substantial. The 2017 filing acknowledged a payment of \$5.6 million to the Mercury Group, which, despite years of close association with the N.R.A., hadn’t been mentioned in any previous filings.

Cummins explained to the board that Ackerman and other vendors were generating enormous expenses and getting paid through multiple entities, in a way that obscured payments. One such arrangement involved a company called Membership Marketing Partners, which provides direct-mail fundraising. In 2017, the N.R.A. paid M.M.P. nearly twelve million dollars. At the same time, it directed almost eight hundred thousand dollars to a firm called Allegiance Creative Group, for “fundraising counsel.” Allegiance doesn’t have a Web site, but, according to state filings, at least ten of its fifteen employees also work at M.M.P. The president and C.E.O. of both companies is Gurney Sloan, who previously worked as a senior vice-president at Ackerman McQueen. This kind of arrangement is not illegal, but, as the former I.R.S. manager Marc Owens told me, “Multiple names for the same entity suggest an effort to disguise the extent of contact. Most organizations have centralized accounting so they can track how much is owed.”

After Cummins's presentation ended, Brewer took over to discuss what the agenda from the meeting refers to as "related party transactions"—arrangements that could improperly enrich N.R.A. leaders or their associates. Before he spoke, most of the staff members were asked to leave the room. But the memos suggest some of the concerns. They assert that about a quarter of the organization's staff is "now managed by former employees" of Ackerman who have been hired by the N.R.A., creating "financial conflicts of interest." As an example, the documents note \$2.6 million paid to a corporate entity called Under Wild Skies, whose annual reports list Tony Makris as president, the same position he holds with the Mercury Group. "Under Wild Skies" is also the name of a TV show, broadcast on the Outdoor Channel, that features Makris and his guests, including Revan McQueen, tracking big game in such far-flung locales as Botswana's Okavango Delta. ("Under Wild Skies" used to appear on mainstream TV, but NBC Sports ended its run after Makris, on camera, shot an elephant in the face.) According to a recent article in the *Times*, the N.R.A. has paid Under Wild Skies some eighteen million dollars since 2010. Until recently, Tyler Schropp, who runs the N.R.A.'s advancement team, the large-donor program, also served as the treasurer of Under Wild Skies. Brewer, the lawyer, told the *Times* that Schropp had "a minuscule interest" in the company, and that he had relinquished his stake. But N.R.A. officials were evidently concerned; in documents filed soon after the audit committee met in July, Schropp's name was listed among the officers of Under Wild Skies, but had been crossed out by hand.

One of the memos alleges that "protecting the N.R.A. now means protecting and enriching the officers and Tyler"—a reference to Schropp. His advancement team, despite having dozens of full-time staff members, has paid consultants millions of dollars for "identifying prospective high net worth individuals" and "providing advice and support."

One of these vendors is Wayne Sheets, who retired from the N.R.A. in 2008 but continued to serve as a fund-raising consultant. According to state

filings, Sheets's contract stipulated a "base monthly consulting fee" of thirty thousand dollars, to be paid "regardless of the number of consulting hours provided by Consultant." Federal tax records show that, in 2017, the N.R.A. paid Sheets seven hundred and ten thousand dollars. The memos note that he received an additional two hundred and forty thousand dollars in "expense reimbursements." Cummins wrote that Sheets's case was "just one illustration" of N.R.A. staff "being told to process payments w/o documentation." His contract was recently extended through 2023.

The memos frequently note a lack of transparency around questionable payments to individuals. Mike Marcellin worked at the N.R.A. for almost twenty-three years. As a senior employee, he oversaw the organization's relationship with Lockton Affinity, an insurance administrator that worked on Carry Guard and other N.R.A.-branded insurance products. In 2016, Marcellin retired from the N.R.A. and started a private consultancy. Although he had worked only the first few weeks of January, the organization paid him a full year's salary—nearly six hundred and thirty thousand dollars, according to tax filings, mostly in the form of a bonus. During the same year, the memos reveal, Lockton paid him about four hundred and fifty thousand dollars. The memos assert that "no one was aware" that Marcellin was receiving income from both organizations—a situation that should have been disclosed on the N.R.A.'s 2016 tax filings. (The payment from Lockton was mentioned on the following year's filing, with a note that it had been "inadvertently excluded" in 2016.)

State records reveal several arrangements that Marc Owens described as "extraordinary." One involves LaPierre. The records say that his contract "provides for consulting services and personal appearances upon the end of his employment, at an annual rate that starts at his currently contracted final base salary and is later reduced." LaPierre earns more than a million dollars a year. "I've never seen anything like that before," Owens said.

Another deal involves Kyle Weaver, the N.R.A.'s former executive director of general operations, who was fired in the fall of 2016. That year, he had been paid seven hundred and twenty thousand dollars. According to state filings, he received a hundred and fifty thousand dollars upon his exit, continued to be paid through 2018, and received "a final lump sum" this past January.

Weaver was replaced by Josh Powell, an outdoorsman in his mid-forties. Powell came to the N.R.A. after running two clothing catalogues that catered to men who enjoy adventure, venison, and fine wine. Businesses that had worked with Powell sued him on at least twenty occasions, for unpaid bills amounting to more than four hundred thousand dollars.

Powell has a close relationship with Makris, dating back to at least 2011. That year, the two men travelled together to Patagonia, for a photo shoot for one of Powell's catalogues, in which they are pictured smoking cigars and gazing at the sunset. The accompanying text describes an idyllic two-week fishing and hunting trip: "Bags of Cubans, bottles of Scotch, enough red meat to appease any man, and certainly enough fresh air to make you wonder why you settle for the norm to begin with."

A recent article in the *Wall Street Journal* revealed that, in late 2017, Powell's wife, Colleen Gallagher, took a job with one of the N.R.A.'s top fund-raising vendors, McKenna & Associates, as a "senior advisor." Powell told the *Journal* that his wife "works on some N.R.A. business," and that he had disclosed her employment to the audit committee. But Cummins's memo to the committee, written half a year after Gallagher was hired, suggests that the board had not been informed. The first item on the page reads, "Josh Powell's financial conflicts of interest: wife paid by top vendor." (In a statement, Andrew Arulanandam, an N.R.A. spokesperson, said, "The NRA has a conflict of interest policy, and arrangements are evaluated to ensure they work in the best interest of the organization.")

Not long after Powell started at the N.R.A., his father began photographing shooting competitions for its publications. In addition, Powell tried to arrange a job at the N.R.A. for a woman with whom he'd had a sexual relationship. Powell admitted to the relationship when he was deposed by a lawyer representing one of his unpaid vendors. Ultimately, the woman was not hired.

According to filings, the N.R.A. paid Powell nearly eight hundred thousand dollars in 2017. In December, 2018, he was moved out of the job of executive director of general operations. According to a company-wide e-mail, he was given a "promotion" to the N.R.A.'s legal team, which he assists as a "senior strategist." Powell is not an attorney.

Last August, the N.R.A., in desperate need of funds, raised its dues for the second time in two years. To cut costs, it has eliminated free coffee and water coolers at its headquarters and has frozen its employees' pension plan. Carry Guard, which was meant to save the organization, has proved disastrous. According to the memos, in 2017, the year that Carry Guard was introduced, Ackerman McQueen received some six million dollars for its work on the product, which included the creation of a Web site and media productions featuring celebrity firearms trainers. The lawsuit against New York State has created an additional burden. Sources familiar with the N.R.A.'s financial commitments say that it is paying Brewer's firm an average of a million and a half dollars a month.

An official assessment performed by Cummins last summer dryly describes the N.R.A.'s decision-making during the previous year as "management's shift in risk appetite." The document analyzes the organization's executive-liability exposures and discusses insurance policies that "protect NRA directors and officers from claims by third parties that they have breached their duties, such as by mismanagement of association assets." From 2018 to 2019, it says, insurance costs increased by three hundred and forty-one per cent. "To say this is a major increase would be an understatement," Peter



Kochenburger, the deputy director of the Insurance Law Center at the University of Connecticut, told me. “This seems to be pretty direct evidence that the N.R.A.’s problems are not due to New York but rather to how the organization conducts itself.”

The memos urged the audit committee to “step up + fulfill its duties!,” but it’s not clear what the board has done to root out malfeasance. James Fishman, a co-author of “New York Nonprofit Law and Practice: With Tax Analysis,” a leading text on nonprofit law, told me, “There is no such thing as a director who doesn’t direct. You’re responsible to make yourself aware of what’s going on. If the board doesn’t know, they’ve breached their duty of care, which is against the law in New York,” where the N.R.A. is chartered. According to Owens, the former I.R.S. official, New York State “could sanction board members, remove board members, disband the board, or close down the organization entirely.”

Since the emergency meeting in July, sources familiar with the board’s decisions say, the audit committee has retroactively signed off on at least some of the N.R.A.’s problematic transactions. “That does legitimize them,” Owens said, “but a regulator would want to know why the process was unfolding this way, especially if it’s part of a larger pattern.” Last fall, the N.R.A. made its 2017 tax filings public, revealing its payments to Ackerman McQueen and its affiliates. I asked the N.R.A., at the time, why it had made these disclosures, and a spokesperson told me that it was “in an effort to offer greater visibility into the dealings of the Association and foundation.” On April 12th, the N.R.A. embarked on another lawsuit—against Ackerman McQueen. The suit alleges that Ackerman has denied the N.R.A. access to basic business records, including the terms of Oliver North’s contract, and blames the firm for throwing it into an existential crisis. Ackerman’s general lack of transparency, the complaint says, “threatens to imminently and irreparably harm” the N.R.A.’s status as a nonprofit organization. (In response, the marketing firm issued a statement saying it “has served the NRA and its members with great pride and dedication for the last 38 years.

The NRA’s action is frivolous, inaccurate and intended to cause harm to the reputation of our company and the future of that 38-year relationship.”)

But the N.R.A.’s leaders also remain focussed on threats from outside. On March 2nd, LaPierre delivered his annual speech at the Conservative Political Action Conference. He told the crowd, “In real time right before your very eyes, we, the National Rifle Association, on behalf of all Americans, are fighting perhaps the most important piece of First Amendment constitutional advocacy in the history of our country.” The suit against New York State, he said, “will decide whether or not government can be weaponized against you if your opinion differs from theirs.” The N.R.A. now has a Web page devoted to soliciting donations to support the suit. “Please give as generously as you can,” the text urges, “and help win this life-or-death legal battle for the survival of the N.R.A. and freedom.”

*This piece has been updated to include a response from Ackerman McQueen and to correct a misspelling of the board member Neal Knox’s name.*

*Mike Spies is a staff writer at The Trace and a 2017 Livingston Awards finalist. [Read more »](#)*

## Video

*How the Gun Industry Sells Self-Defense  
Millions of Americans are licensed to carry a concealed weapon. Most say that they do so  
for self-defense.*

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April 22, 2019

Via Email  
Mr. Wayne LaPierre  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030

RE: Clothing purchases by Ackerman McQueen (AMc) on your behalf.

Dear Mr. LaPierre:

During the recent audit sequence, specifically with FRA, transactions with related parties were discussed. We realized during these discussions that we need to address your wardrobe you required us to provide, specifically, purchases at the Zegna store in Beverly Hills, CA. Due to the substantial nature of the total **(\$274,695.03)**, we should address these items immediately.

I have attached the listing of purchases by date and amount for your convenience. Since we do not have original receipts, we are unable to provide any more detail than this. Therefore, please provide store receipts or a complete, itemized list of the items purchased.

We appreciate your immediate attention to this request.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Winkler', with a horizontal line extending to the right.

William Winkler  
Chief Financial Officer

cc: Mr. Craig Spray  
Mr. Steve Hart

Date of Purchase	Amount
4/7/2004	\$ 575.00
5/11/2004	\$ 39,435.00
11/11/2004	\$ 875.00
11/8/2004	\$ 3,580.00
11/15/2004	\$ 260.00
10/5/2005	\$ 5,740.00
7/19/2006	\$ 11,075.00
5/30/2007	\$ 615.00
7/18/2007	\$ 3,240.00
7/30/2007	\$ 295.00
9/4/2007	\$ 1,255.00
8/20/2008	\$ 663.58
2/17/2009	\$ 10,200.00
2/17/2009	\$ 1,569.62
3/17/2009	\$ 2,156.88
3/20/2009	\$ 7,718.11
4/3/2009	\$ 2,835.04
7/6/2009	\$ 1,270.58
9/21/2009	\$ 915.00
12/9/2009	\$ 8,112.50
12/9/2009	\$ 1,100.00
2/17/2010	\$ 8,987.58
4/6/2010	\$ 1,985.00
10/27/2010	\$ 14,014.00
11/2/2010	\$ 1,795.00
2/22/2011	\$ 493.88
5/24/2011	\$ 4,309.26
5/24/2011	\$ 11,995.25
6/27/2011	\$ 728.75
11/3/2011	\$ 905.00
2/27/2012	\$ 17,480.00
3/11/2014	\$ 29,060.00
9/23/2014	\$ 15,050.00
9/23/2014	\$ 205.00
11/26/2014	\$ (585.00)
9/22/2015	\$ 39,000.00

2/2/2016 \$ 520.00

9/13/2016 \$ 4,185.00

2/12/2017 \$ 21,080.00

Total	\$ 274,695.03
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April 22, 2019

Via Email  
Mr. Wayne LaPierre  
National Rifle Association  
11250 Waples Mill Road  
Fairfax, VA 22030

RE: Documentation of expenses incurred by Ackerman McQueen (AMc) and billed to the National Rifle Association (NRA)

Dear Mr. LaPierre:

As you are well aware, one of the claims that has been asserted in the Lawsuit by the NRA against AMc is as follows:

*“Out of Pocket’ expenses that lacked meaningful documentation of NRA approvals, receipts, or other support, despite the requirements set forth in the Services Agreement”*

At your request, we issued you an American Express card and agreed to the travel fee from II&IS. Both with the intent to keep your business travel confidential and secure. Due to your demands in the lawsuit, we are notifying you that you have failed to provide written approvals, receipts, and other support for expenses related to your travel, etc. Thus, it is imperative that you provide this information timely so that we may comply with your requests for information. Please be reminded that these actions were taken expressly upon your demand.

We request that you furnish to us, in itemized detail, all approvals, receipts, and/or other support which will show documentation sufficient to meet the standards alleged per the Lawsuit for all the listed charges included as Attachment #1 (**total expenses of \$267,460.53**) to this letter. Section A - (total \$9,980.95) includes the charges incurred on your AMc American Express card issued at your request in November 2014. Section B - (total \$243,644.74). includes the air and limo charges paid to II & IS on your behalf, for travel to Bahamas, Palm Beach, New York, Los Angeles, Reno, Budapest, and Italy, and billed to the NRA. Section C - (total \$13,804.84) is for the apartment you required we rent for the period of May 27 - August 30, 2016 in Fairfax, VA for Megan Allen and billed to the NRA. At a minimum, the documentation should include date, business purpose and/or discussion, who was present and who were included as additional passengers on any air travel. Also, for the apartment, please provide the business relationship with Ms. Allen.

We appreciate your immediate attention to this request.

Yours very truly,

William Winkler  
Chief Financial Office

cc: Mr. Craig Spray  
Mr. Steve Hart

# Attach

## Section A - All Credit Card Charges

Card Name	Charge Date	Purchased From
AMEX - WLP	11/3/2014	RUSH CARD SERVICE CHARGE
AMEX - WLP	11/9/2014	GODUNOV RESTAURANT BUDAPEST
AMEX - WLP	11/9/2014	ONYX E'TTEREM BUDAPEST
AMEX - WLP	11/11/2014	ROBINSON E'TTEREM BUDAPEST
AMEX - WLP	11/11/2014	BORKONYHA, WINEKITCH BUDAPEST
AMEX - WLP	11/11/2014	COSTES RESTAURANT BUDAPEST
AMEX - WLP	11/13/2014	FOUR SEASONS GRESHAM BUDAPEST
AMEX - WLP	11/13/2014	FOUR SEASONS GRESHAM BUDAPEST
AMEX - WLP	11/15/2014	HOTEL SUISSE BELLAGIO
AMEX - WLP	11/16/2014	PANE E TULIPANI COMO
AMEX - WLP	11/16/2014	CASTADIVA RESORT BLEVIO

**Grand Total**

## Section B - Airfare and Limo charges billed through II&IS

Vendor		Invoice number
I.I. & I.S.	II &IS Inc	2702

I.I. & I.S.	II &IS Inc	2703
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I.I. & I.S.	II &IS Inc	2888
		total

## Section C - Megan Allen Apartment

Vendor		Invoice number
The Ridgewood II by Windsor		534.6.16
The Ridgewood II by Windsor		534.7.16
The Ridgewood II by Windsor		534.8.16
		total



total of all expenses

# Document #1

Total Charge Description	Reference Number
15.00	02014307081810441006000000000000+000001500
75.38 REF# 00000000000 RESTAURANT	02014313073117117808009461346389+001818000
240.35 REF# 00000000000 RESTAURANT	02014313073117117908009461230856+005796000
63.20 REF# 00000000000 RESTAURANT	20141111371660000103119461037574+000006320
113.19 REF# 00000000000 RESTAURANT	20141111371661000103119461334591+000011319
202.60 REF# 00000000000 RESTAURANT	02014315137165165908009461146888+004850800
18.78 REF# 00000000000 LODGING	02014317134761761408009460431117+000450000
6,555.02 REF# 00000000000 LODGING	02014317134761761308009460431117+157032800
172.23 REF# 00000000000 LODGING	02014319105400400308009520600214+000013450
110.12 REF# 00000000000 RESTAURANT	20141116624755000103119624218434+000011012
2,415.08 REF# 00000000000 LODGING	02014320062475475708009624688719+000188600

**9,980.95**

amount	date	description
94,682.25	1/10/2013	WLP: - 12/17 - Air Transportation - Wash/Eleuthera - \$39,947.50 - 01/03 - Air Transportation - Nassau/Dallas - \$29,100.63 - 01/05 - Air Transportation - Dallas/Palm Beach - \$25,634.12

112,045.00	1/22/2013	WLP: - 01/17 - Air Transportation - Wash/New York - \$17,600.00 - 01/19 - Air Transportation - NTY/Los Ang./Reno - \$47,025.00 - 01/27 - Air Transportation - Reno/LA - \$7,075.00 - 01/27 - Air Transportation - Reno/Wash - \$40,345.00
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36,917.49	11/1/2014	Hungary and Italy Travel for WLP: - Air Charter - Budapest/Brescia - \$17,550.00 - Car & Driver - Budapest - \$5,352.19 - Car & Driver - Italy - \$12,919.30 - Frankfurt Airport Assitance - \$1,096.00
243,644.74		

amount	date	description
\$ 4,950.00	5/27/2016	June rent, deposit and Application fee
\$ 4,500.00	6/20/2016	July rent
\$ 4,354.84	6/20/2016	August rent prorated
\$ 13,804.84		

\$ 267,430.53

NATIONAL RIFLE ASSOCIATION OF AMERICA  
OFFICE OF THE PRESIDENT  
11250 WAPLES MILL ROAD  
FAIRFAX, VIRGINIA 22030

*CONFIDENTIAL*



John Frazer  
Secretary & General Counsel, National Rifle Association of America

Charles Cotton  
Chairman of the Audit Committee, National Rifle Association of America

April 18, 2019

Dear John and Charles:

As indicated in previous correspondence, we and others continue to be deeply concerned about the extraordinary legal fees the NRA has incurred with Brewer Attorneys & Counselors. The amount appears to be approximately \$24 million over a 13-month period. [REDACTED]

Because of the extraordinary size of the Brewer firm's invoices, our NRA Board Counsel advised us [REDACTED]

To that end, we have asked several times over the past two months for NRA management to retain an outside, independent review of the Brewer firm's invoices. Thus far there has been no action.

[REDACTED]—our Board Counsel has urged us to [REDACTED]

Further, in separate meetings we had with Mr. Brewer on 15 and 20 March 2019, [REDACTED]

There are seven reasons why the NRA must engage an independent, outside expert to review the Brewer invoices immediately.

**First, the Brewer firm's invoices appear to be excessive on their face.**

The Brewer invoices are draining NRA cash at mindboggling speed.

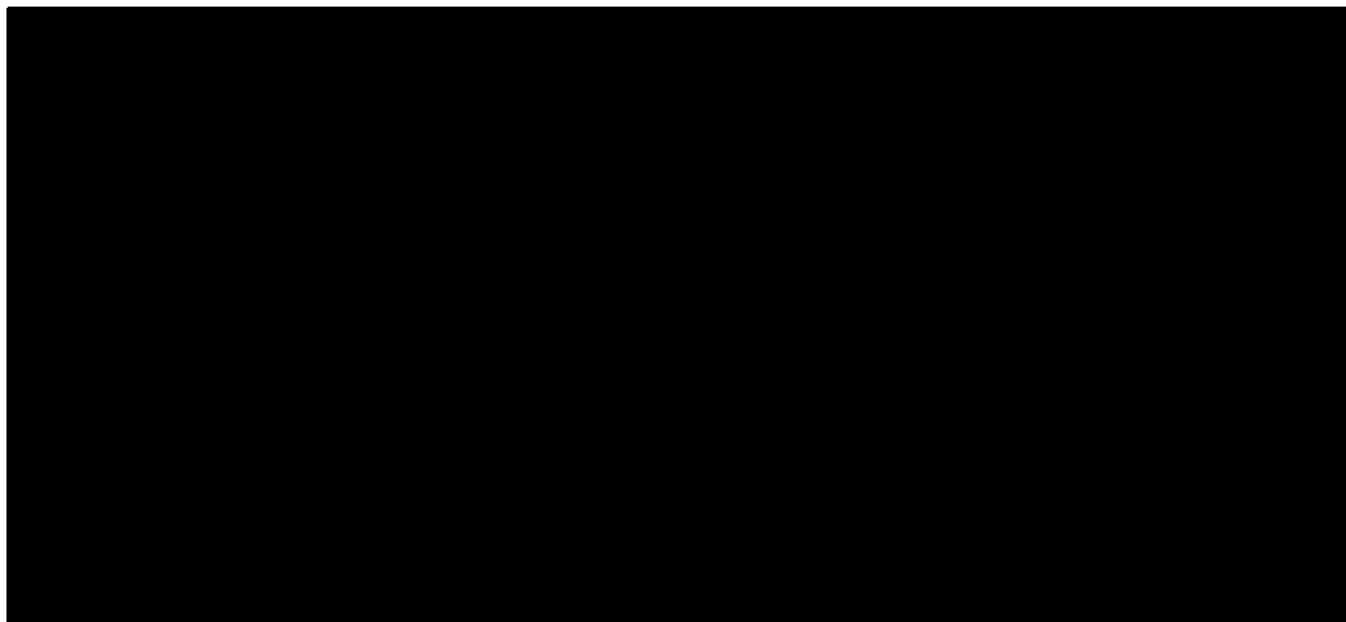
Based on information provided to us over a month ago by our Secretary & General Counsel, the first 12 invoices the NRA received from the Brewer firm were for these amounts:

Date	Brewer Firm Invoice
March 2018	\$ 25,000.00
April 2018	\$ 1,011,184.04
May 2018	\$ 1,409,622.82
June 2018	\$ 1,730,571.18
July 2018	\$ 1,839,535.17
August 2018	\$ 1,839,743.68
September 2018	\$ 1,883,351.80
October 2018	\$ 1,892,735.45
November 2018	\$ 2,043,746.51
December 2018	\$ 1,847,898.88
January 2019	\$ 1,887,452.55
February 2019	\$ 1,849,610.20
<b>TOTAL:</b>	<b>\$ 19,260,452.28</b>

Invoices of this size for 12 months of work appear to be excessive and pose an existential threat to the financial stability of the NRA. This is a fiscal emergency, yet we have been unable to get management to engage an outside, independent review to ensure these bills are necessary and reasonable.

More alarming still, are the most recent figures provided in the table below by our Treasurer & Chief Financial Officer. His data indicates the Brewer firm's invoices for 1st Quarter 2019 total more than \$8.8 million—over \$2.9 million per month—or \$97,787 per day, seven days a week, every day of every month.

Invoices of this extraordinary magnitude deserve immediate attention, oversight, and a careful, competent and unbiased examination. \$97,000 + a day is a stunning amount of money for any organization to pay. It cries out for an outside, independent review.

**Brewer Attorneys & Counselors Paid & Owed 2018 & 1<sup>st</sup> Q 2019****Second, the secrecy surrounding the Brewer firm's invoices is alarming.**

We, and others, have made multiple requests and recommendations for an outside, independent review of the Brewer firm's invoices. All these requests have been denied. The secrecy surrounding these large invoices causes suspicion and raises questions.

On the advice of our Board Counsel [REDACTED] we have made the following requests regarding the Brewer invoices:

- February 25, 2019, President North asked our General Counsel/Secretary to be shown the Brewer invoices. He told President North he had been instructed not to show the invoices.
- February 26, 2019, President North, 1<sup>st</sup> VP Richard Childress and 2<sup>nd</sup> VP Carolyn Meadows, wrote to the Executive Vice President requesting the Brewer firm's invoices. The request was denied.
- On March 22, 2019, President North, 1<sup>st</sup> VP Richard Childress and 2<sup>nd</sup> VP Carolyn Meadows, wrote to the Audit Committee requesting that the Audit Committee retain and oversee an outside, independent review of the Brewer invoices. As yet, there is no response.
- On March 31, 2019, President North wrote to our Executive Vice President asking that he order an outside, independent review of the Brewer invoices. He refused.
- On April 8, 2019, President North wrote to our Executive Vice President urging him to end this controversy by ordering an outside, independent review of the Brewer firm's invoices. He again refused.



In Q1 2019 the NRA paid the Brewer firm more than \$2.9 million per month. The fact that these billings are being shielded from review by an outside, independent auditor is alarming. If the bills are reasonable and properly documented, why the refusal to conduct an independent review?

**Third, the Brewer firm's engagement letter is inconsistent with industry standards.**

The NRA's March 2018 engagement letter with the Brewer firm is inconsistent with industry standards. There are several problems with the engagement letter, all to the disadvantage of the NRA, including:

- The Brewer firm's engagement letter is vague regarding the scope of work that Brewer is performing for the NRA. The letter simply says the Brewer firm is performing legal services "[REDACTED]". It appears that the Brewer firm has far exceeded this scope—without proper written documentation. As we understand it, the standard in the legal profession is to require engagement letters for each separate matter, and to adequately document the scope of work that will be performed on each matter.
- The Brewer firm's engagement letter states it is charging the NRA "on an hourly basis" at "its usual and customary rates." But the NRA is a not-for-profit entity. Paying "rack rates" to the Brewer firm makes no sense. Law firms usually reduce rates when representing non-profits. Why no reduction for the NRA?
- The Brewer firm's engagement letter states the firm "requires payment of all expenses associated with this representation, including both in-house and third-party disbursements. In-house charges for support services may exceed the actual cost of providing such services." The letter identifies messenger costs, work processing charges, and telecommunications as examples. It makes no sense for the client of a law firm to pay surcharges on "in-house charges."
- The Brewer firm's engagement letter states the firm uses "I & A International, a company which is owned by partners of the Firm, to provide document abstracting." These costs apparently get passed along (at a surcharge?) to the NRA, but are they commercially reasonable? Have we looked at the market rate for such services?
- The Brewer firm's engagement letter says Texas law will apply, and that if we have a dispute with Brewer we must resolve it through arbitration where the loser pays all attorney fees. These provisions are not in the NRA's interests. Indeed, they are unusual and harmful to the NRA. Texas law? No Virginia-based non-profit should agree to that. Arbitration? That denies the leverage the NRA needs to compel honest and ethical legal services. Loser pays? This is a concept from English law—and is not used in America.

It is obvious that in addition to the high fees and secrecy surrounding the Brewer firm's invoices, we apparently have lax oversight regarding our engagement of the Brewer firm and the scope of what the Brewer firm should be doing, how they are billing us and the rates they are charging. These matters are key elements of our fiduciary duty and must be addressed by an outside, independent review.

The Brewer firm's March 2018 engagement letter should be discarded and re-written. If the Brewer firm does not agree to standard terms, a non-profit discount, detailed billing guidelines used by all properly managed corporations and non-profits (explained below), and adequate scope documentation for each matter on which the Brewer firm is working, then the entire engagement agreement should be terminated.

**Fourth, NRA's oversight of the Brewer firm is totally inconsistent with industry standards.**

Our oversight of the Brewer firm is wholly inadequate. As we understand it, our NRA is failing to properly oversee the Brewer firm in multiple ways. For example:

- The NRA has failed to require the Brewer firm to adhere to "billing guidelines." These are standard in the both the non-profit and for-profit corporate world. There are samples on the internet. The American Bar Association provides guidance on this topic. Billing guidelines help organizations control the costs of outside counsel. The NRA should implement such billing guidelines immediately and direct the Brewer firm to follow them. They should be part of each separate retainer agreement.
- We have failed to secure a discount on Brewer's "high" hourly rates. Why do we allow the Brewer firm to charge such high rates? NRA outside counsel at Morgan Lewis wrote a memo to the NRA last month stating that:

[REDACTED]

It should be noted that not all of the Brewer firm's work is "high-stakes corporate litigation." First, NRA is a non-profit association, rather than a corporation. Second, some of the matters the Brewer firm apparently handles are uncomplicated, routine matters such as vendor contracts that were not properly managed in years past and responding to Congressional letters.

- Thus far, we have failed to require any outside, independent review of the Brewer invoices. There are services that perform this function—and we easily could find an outside expert to perform the function at very little cost. Morgan Lewis opined [REDACTED]



**Fifth, judges in cases in which the Brewer firm has been involved have determined that Mr. Brewer has engaged in improper unethical conduct and a Federal Judge in Virginia ejected him from representing the NRA in litigation.**

Mr. Brewer was found by a Federal District Judge in Virginia to have misled the court, an offense that led the court to eject Mr. Brewer from participating in a case for the NRA. In that case, after a special hearing to determine why Mr. Brewer failed to disclose his prior disciplinary problem in Texas, the Judge in the U.S. District Court for the Eastern District of Virginia decided on September 13, 2018 to revoke his standing to participate in the case. The Virginia federal court stated:

“[T]he Court of Appeals [in Texas] went on to affirm the findings of Judge Reyes that Mr. Brewer’s actions were not a negligent act, or a mistake, or the result of poor judgment, but they were in **bad faith, unprofessional, and unethical, highly prejudicial to the fair trial of an impartial jury.**

And, of course, we’re talking about this push poll that Mr. Brewer admitted he had reviewed and approved before it was used by the polling company. Disrespectful to the judicial system. Threatening the integrity of the judicial system. Incompatible with a fair trial. The poll was designed to improperly influence the jury pool. And that the conduct impacted the right of a trial by impartial jurors. And that it was intentional and in bad faith. And that the quote, “it is undisputed that the trial Court’s ability to impanel an impartial jury and to try a case before unintimidated witnesses are core functions of the Court.”

Had I known about these opinions, notwithstanding that there is further appeals ongoing, I wouldn’t have signed the pro hac vice form and would not have admitted Mr. Brewer to the Eastern District of Virginia. They are very serious allegations. They are findings of bad faith that go to the core of a fair and impartial rendering of a jury verdict. And now having reviewed them—and I realize that the NRA will be inconvenienced and, if necessary, there might have to be some adjustment to the discovery process ongoing—but **I find that Mr. Brewer’s pro hac vice admission should be revoked and that he should not be admitted to proceed further in this case.**”

Transcript, NRA v. Lockton, Case No. 18-639, September 13, 2018, page 16–17 (emphasis added).

Indeed, the Texas court sanctioned Mr. Brewer on January 22, 2016, writing:

“[T]he manner in which Mr. Brewer has responded to the sanctions motions and allegations therein is concerning to this Court. Mr. Brewer’s demeanor was nonchalant and uncaring. Additionally, Mr. Brewer was repeatedly evasive in answering questions when he was on the witness stand. This Court sustained multiple objections for non-responsiveness, instructed Mr. Brewer to answer the questions being asked of him by counsel, and before taking more aggressive steps, this Court took a recess during Mr. Brewer’s examination seeking the assistance of Mr. Brewer’s attorney. The Court asked Mr. Pridmore [Mr. Brewer’s attorney] to step outside the courtroom and advise Mr. Brewer to follow the Court’s instructions and be responsive to questions being asked of him. It was the desire and hope of this Court to highlight to Mr. Brewer that the matter at hand was of extreme importance and with potentially grave consequences. . . . **The Court finds Mr. Brewer’s actions were not merely a negligent act, a mistake or the result of poor judgment, and Mr. Brewer’s explanation that he bears clean hands . . . is insulting to this Court. The Court further finds Mr. Brewer’s attempt to avoid responsibility and accountability for his conduct to be at the very least unpersuasive and at the worst in bad faith, unprofessional, and unethical.**”

Ruling from Judge Reyes, *Teel v. Titeflex*, Case No. 2012-504 (Lubbock, TX), January 22, 2016, pages 1–2 (emphasis added). As the Virginia federal court noted, the Texas Court of Appeals affirmed Judge Reyes’s sanction of Mr. Brewer.

The NRA cannot ignore such findings. We understand that the ethical problem Mr. Brewer has in Texas is on appeal to the Texas Supreme Court. But the fact is, his honesty and ethics have been questioned by courts in Texas and Virginia. This record adds to the urgency of the requests that the NRA immediately conduct an outside, independent review of the millions in fees the Brewer firm has charged to the NRA, . . . fees which appear to be excessive . . . and fees which appear to have been paid at a rate of more than \$97,000 per day in Q1 2019.

**Sixth, Mr. Brewer has been actively trying to stop an outside, independent review of his firm’s invoices.**

It is even more stunning to learn that Mr. Brewer has personally been actively working to stop an outside, independent review of his own invoices. Certainly the Brewer firm has a conflict of interest regarding the review of its own bills when it works to resist an outside, independent review of its own bills.

**Seventh, the NRA Board of Directors has a fiduciary duty to oversee massive expenditures of NRA funds.**

The NRA is a non-profit registered in New York. It is regulated by the New York Attorney General. The New York Attorney General has published guidance on the financial management of non-profits. We must follow this guidance and the laws governing non-profits in the State of New York. Multiple guidance memoranda from the New York Attorney General can be found at [www.charitiesnys.com](http://www.charitiesnys.com). One particularly relevant piece of guidance is titled:

“INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY FOR NOT-FOR-PROFIT BOARDS.” It states:

**“A primary responsibility of a nonprofit’s board of directors is to ensure that the organization is accountable for its Programs and finances to its contributors, members, the public and government regulators.”**

To fulfill our directors’ fiduciary duties and responsibilities as stewards of our non-profit organization, we must insist on full disclosure, proper oversight, and an outside, independent review. If we do not, we are bound by our fiduciary duties to do what is right—and to push further for review and oversight of these extraordinary, multi-million-dollar expenditures. This is a matter of conscience for both of us.

We want to be clear that we raise concerns about the Brewer firm’s multi-million-dollar fees for only one reason: it is our fiduciary duty to make sure the NRA responsibly uses the funds it raises from members and the public. We fully support the compliance work the Brewer firm has performed for the NRA. We fully support and expect 100% compliance with all rules, regulations and laws applicable to non-profits. But this includes compliance in all NRA contractual relationships with vendors, including the Brewer firm. If the NRA Audit Committee fails to order an outside, independent review, then the NRA Board of Directors, in fulfillment of its fiduciary duty, should do so.

**Conclusion**

The decision to permit an outside, independent review of the Brewer legal fees should not be difficult. In fact, it is a “no-brainer” when one considers the totality of current circumstances:

Over the last 13 months Brewer has billed the NRA approximately \$24,000,000, more than \$18.5 million [REDACTED]. His retainer agreement is flawed, inconsistent with standards in the industry, and contains provisions clearly harmful to the NRA.

The bills he submitted are not subject to customary “billing guidelines” used by non-profits and public corporations. He provides no discount from his “normal” billing rates to NRA. He provides no budget of costs going forward. And the “scope” of his work is vague and does not include the projects for which he is billing the NRA.

Despite repeated requests to fulfill our Board of Directors' fiduciary responsibilities by conducting an outside, independent review of the Brewer firm's billing details, our efforts have been unsuccessful. Based on his 1st Quarter 2019 invoices, each day going forward will require the NRA to expend almost \$100,000 with the Brewer firm.

Lastly, all of the above should be considered in the context that the lawyer whose bills are in question has had encounters with Judges who have taken action against him, finding ethical lapses in a Texas court and a false statement to a Federal Judge in Virginia, the result of which was that Mr. Brewer was ejected from the Virginia proceeding and prohibited from continuing to represent NRA in the ongoing litigation filed there.

For all the reasons above, and as we have articulated orally and in previous correspondence, we should retain an outside, independent reviewer of the Brewer firm's billings prior to our Board of Directors meeting on 29 April in Indianapolis. Failing that, we plan to address the points above to our Board in person, so they are aware of their fiduciary duties, our efforts to protect this organization and its members, and let our Board Members decide how they want to proceed.

Charles, hopefully, the agenda for your Audit Committee meeting on Sunday, 28 April will permit including this document for discussion under "new business" in executive session. If that is not possible, please advise and we will plan to introduce this letter during our Board of Directors meeting on 29 April 2019.

John, please pass a copy of this document as OFFICIAL CORRESPONDENCE to our Executive Vice President/CEO and inform him that if the Audit Committee takes a pass on retaining the services of an outside, independent reviewer acceptable to us, then it is our intention to seek approval for such a review of these massive expenditures from the Board Members in attendance.

Semper Fidelis,



Oliver North  
NRA President



Richard Childress  
NRA 1<sup>st</sup> Vice President

**"SEMPER FIDELIS" IS MORE THAN A SLOGAN FOR U.S. MARINES.  
"ALWAYS FAITHFUL" IS A WAY OF LIFE**