

Exhibit 2

DEFENSE OF LTCOL OLIVER NORTH
TO THE NRA'S BASELESS AND ILLEGAL ATTEMPT TO EXPEL HIM

1. LtCol Oliver North USMC (Ret.) is a war hero with unimpeachable integrity.

North is a retired United States Marine Corps officer who served on active duty for 22 years, including over five years overseas. For his combat service in Vietnam, he was awarded the Silver Star, the Bronze Star for valor, and two Purple Hearts. In the Marine Corps and in life, he lives by the motto "Semper Fi."

North served as President of the NRA from September 2018 through April 2019. He has been a life member of the NRA since 1993, and a member of the NRA Board of Directors since 1998.

2. North was advised by lawyers for the NRA about his fiduciary duties to the NRA.

As an NRA board member and as President, North owed fiduciary duties to the NRA. North sought legal advice from NRA lawyers to understand and to discharge his fiduciary duties. See Exhibits 13 (Statement of Charles Cooper*), 15 (Statement of Steve Hart*), 17 (Statement of Michael Volkov). As these lawyers explained to North, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

* Counsel to North requested that Charles Cooper and Steve Hart submit witness statements to the Hearing Board. These witness statements should be inserted as Exhibits 13 and 15 of the binder and made part of the record for the Hearing Board. Counsel to North has not seen these witness statements, nor were they informed of the contents because these witnesses asserted the NRA's attorney-client privilege. Counsel for North believe that the assertion of privilege is far beyond any legitimate assertion of the privilege. North's counsel has requested only that the witness provide the substance of conversations had between North and the witness. There is nothing privileged about those conversations in the context of this hearing.

3. North took action to discharge his fiduciary duties to the NRA.

Acting pursuant to legal advice from lawyers for the NRA, North reported potential financial misconduct and inadequate governance at the NRA to other Officers and Directors of the NRA. *See* Exhibits 2 (Mar. 22, 2019 Memo to Audit Comm.), 3 (Apr. 8, 2019 Ltr. to W. LaPierre), 4 (Apr. 9, 2019 Ltr. to W. LaPierre), 5 (Apr. 18, 2019 Ltr. to GC and Audit Comm. Chairman), 6 (Apr. 25, 2019 Memo to Ex. Comm.), 7 (Apr. 27, 2019 Statement to NRA Board). These reports included the alarmingly high legal fees being charged by the NRA's outside counsel William Brewer, articles in the national news media about the NRA's failure to comply with the laws applicable to non-profits, and allegations of improper personal expenses such as clothing, airfare, hotels, and limousines, charged by LaPierre. North's reporting of these allegations to others at the NRA was consistent with—and compelled by—his fiduciary duties to the NRA. *See* Exhibits 12 (Statement of Richard Childress), 13 (Statement of Charles Cooper), 15 (Statement of Steve Hart), 17 (Statement of Michael Volkov), 18 (Statement of Harvey Pitt).

4. This is an illegal proceeding that must be stopped.

The NRA has repeatedly retaliated against North for discharging his fiduciary duties, which is clearly prohibited by New York law. *See* Exhibits 8 (June 12, 2019 Ltr. to J. Frazer), 10 (Oct. 25, 2019 Ltr. to J. Frazer), 11 (May 18, 2020 Ltr. to W. Davis). New York law requires the NRA to enact a policy “to protect from retaliation persons who report suspected improper conduct.” N.Y. Not-for-Profit Corp. Law § 715-b. The NRA's whistleblower policy improperly restricts its protections to NRA employees, which falls short of what is required under New York law. Rather, the NRA's whistleblower policy

shall provide that **no director, officer**, key person, employee or volunteer of a corporation who in good faith reports any action or suspected action taken by or within the corporation that is illegal, fraudulent or in violation of any adopted policy of the corporation

shall suffer intimidation, harassment, discrimination or other retaliation[.]

N.Y. Not-for-Profit Corp. Law § 715-b (emphasis added).

5. North did not conspire to oust LaPierre.

As corroborated by numerous witnesses with first-hand knowledge, North did not conspire to oust Wayne LaPierre as Executive Vice President of the NRA. *See* Exhibits 12 (Statement of Richard Childress), 14 (Statement of Chris Cox), 16 (Statement of Revan McQueen), 17 (Statement of Michael Volkov).

6. LaPierre induced North to contract with Ackerman McQueen and to become NRA President.

LaPierre was involved in negotiating the details of North's employment with Ackerman McQueen, and knew that North was an Ackerman employee. *See* Exhibits 12 (Statement of Richard Childress), 16 (Statement of Revan McQueen). LaPierre personally recruited North to become President of the NRA and become employed by Ackerman. *See* Exhibit 12 (Statement of Richard Childress). A copy of North's employment contract with Ackerman was reviewed by two lawyers for the NRA (Steve Hart and John Frazer), and its details were reported to the NRA's Audit Committee, which passed a resolution approving it. *See* Exhibit 1 (July 30, 2018 Audit Comm. Resolution).

7. Former SEC Chairman Harvey Pitt—a leading expert on corporate fiduciary duties—indicates that North acted consistent with his duties.

Harvey Pitt—a former Chairman of the Securities and Exchange Commission and an expert on corporate fiduciary duties—submitted a detailed opinion, concluding that:

The efforts by LtCol North discussed above—and that are the purported subject of this hearing—were undertaken in conformity with LtCol North's fiduciary, legal and ethical responsibilities. They were an effort to ensure that the NRA, an organization to which LtCol North has been devoted for over two decades, adheres to its fiduciary, legal and moral responsibilities. Whether or not

the concerns that LtCol North communicated to the NRA Board will be found by an independent forum to be supported by sufficient factual and legal evidence, these issues were of paramount concern to the well-being of the NRA, raise important policy issues on which the *collective* judgment of the NRA should be focused, and they deserved to be treated dispassionately, independently, and with appropriate effort. They most certainly did not and do not warrant the institution of this proceeding, or the retaliation that has been visited on NRA former Board members and officers who have sought only a fair consideration of the issues raised.

Exhibit 18 (Statement of Harvey Pitt).

Dated: June 1, 2020

Brendan V. Sullivan, Jr.
Steven M. Cady
Alexander S. Zolan
WILLIAMS & CONNOLLY LLP
725 Twelfth Street, N.W.
Washington, DC 20005

Counsel for LtCol North

Exhibit 1

3

**NATIONAL RIFLE ASSOCIATION OF AMERICA
REPORT OF THE AUDIT COMMITTEE**

Arlington, Virginia

September 8 - 9, 2018

TO: NRA BOARD OF DIRECTORS

The Audit Committee met at NRA Headquarters, Fairfax, Virginia, July 30, 2018. Committee members present were: Charles L. Cotton, Chairman, David G. Coy, Vice Chairman, Curtis Jenkins, Herbert A. Lanford, Jr. and Carolyn Meadows. Others in attendance were: John Frazer, NRA Secretary; Wilson H. Phillips Jr., NRA Treasurer, Joshua Powell, Executive Director of General Operations; Craig Spray, Chief Financial Officer; Rick Tedrick, Committee Secretary and NRA Managing Director of Finance; Emily Cummins, Managing Director of Tax and Risk Management; Sonya Rowling, Director of Accounting Operations and Financial Reporting; Michael Erstling, Director of Budget and Financial Analysis; and Lisa Supernaugh, Managing Director of Executive Operations. Other Board members were also in attendance. Steve Hart, outside counsel, and William A. Brewer III, Partner and Sarah Rogers, Partner, from Brewer Attorneys and Counselors were also in attendance.

The Committee discussed many areas of interest and while not rising to the level of Board action, the following items were addressed:

1. The minutes from the March 7, 2018 meeting were approved.
2. Emily Cummins provided an update on the NRA's risk management framework and reviewed the NRA's 990/990T and retirement plan audits.
3. Al Weber reviewed the auditor/audit committee relationship, the overview of the audit process to include the planning and fieldwork processes, and required communications including independence, internal controls, materiality and audit timing.
4. The Committee met in executive session with counsel and staff, and independently.

The Audit Committee met at The Westin Arlington Gateway, Arlington, Virginia, September 6, 2018. Committee members present were: Charles L. Cotton, Chairman, David G. Coy, Vice Chairman, Curtis Jenkins, Herbert A. Lanford, Jr. Committee member Carolyn Meadows attended by telephone. John Frazer, NRA Secretary and General Counsel, served as committee secretary. Others in attendance were: NRA Directors Scott Bach, Pete Brownell, and Todd Rathner; Wilson H. Phillips Jr., NRA Treasurer, Joshua Powell, Executive Director of General Operations; Craig Spray, Chief Financial Officer; Emily Cummins, Managing Director of Tax and Risk Management; Christy Majors, NRA Foundation Director of Finance; Sonya Rowling, Director of Accounting Operations and Financial Reporting; Michael Erstling, Director of Budget and Financial Analysis; and Lisa Supernaugh, Managing Director of Executive Operations. Steve Hart, outside counsel from J. Steven Hart, PLLC, and Sarah Rogers, Partner,

and Travis Carter, Managing Director, Public Affairs from Brewer Attorneys and Counselors were also in attendance. Al Weber, Engagement Partner; Steve Marconi, Audit Manager; and Zack Fortsch, Partner, from RSM US LLP were also in attendance.

The committee heard presentations from the RSM US LLP audit team regarding the scope and methodology of the upcoming audit. Updates on revisions to the draft 2017 Form 990 were presented by Emily Cummins, Managing Director of Tax and Risk Management, and Zack Fortsch from RSM.

The committee went into executive session at 12:40 p.m., and rose from executive session at 2:33, having adopted the following resolutions:

I. Oliver North

WHEREAS, on or about May 15, 2018, Lieutenant Colonel Oliver North entered into a contract with Ackerman McQueen, Inc. ("AMC") (the "AMC Contract") which remains in force at this time, and in which Lieutenant Colonel North has a substantial financial interest; and

WHEREAS, because Lieutenant Colonel North has at all relevant times been a director and officer of the NRA, the Audit Committee undertook to analyze whether the AMC Contract gave rise to an improper conflict of interest; and

WHEREAS, factors considered by the Committee in its analysis included (i) Lieutenant Colonel North's unique leadership qualities, proven fundraising record, and experience in the field of television reporting and production, and (ii) in light of the foregoing, the absence of alternative candidates for Lieutenant Colonel North's role; and

WHEREAS, the Audit Committee has therefore determined that it is fair, reasonable, and in the best interest of the NRA to approve and ratify Lieutenant Colonel North's continued participation in the AMC Contract during his service on the NRA Board and as an NRA officer; now, therefore, be it

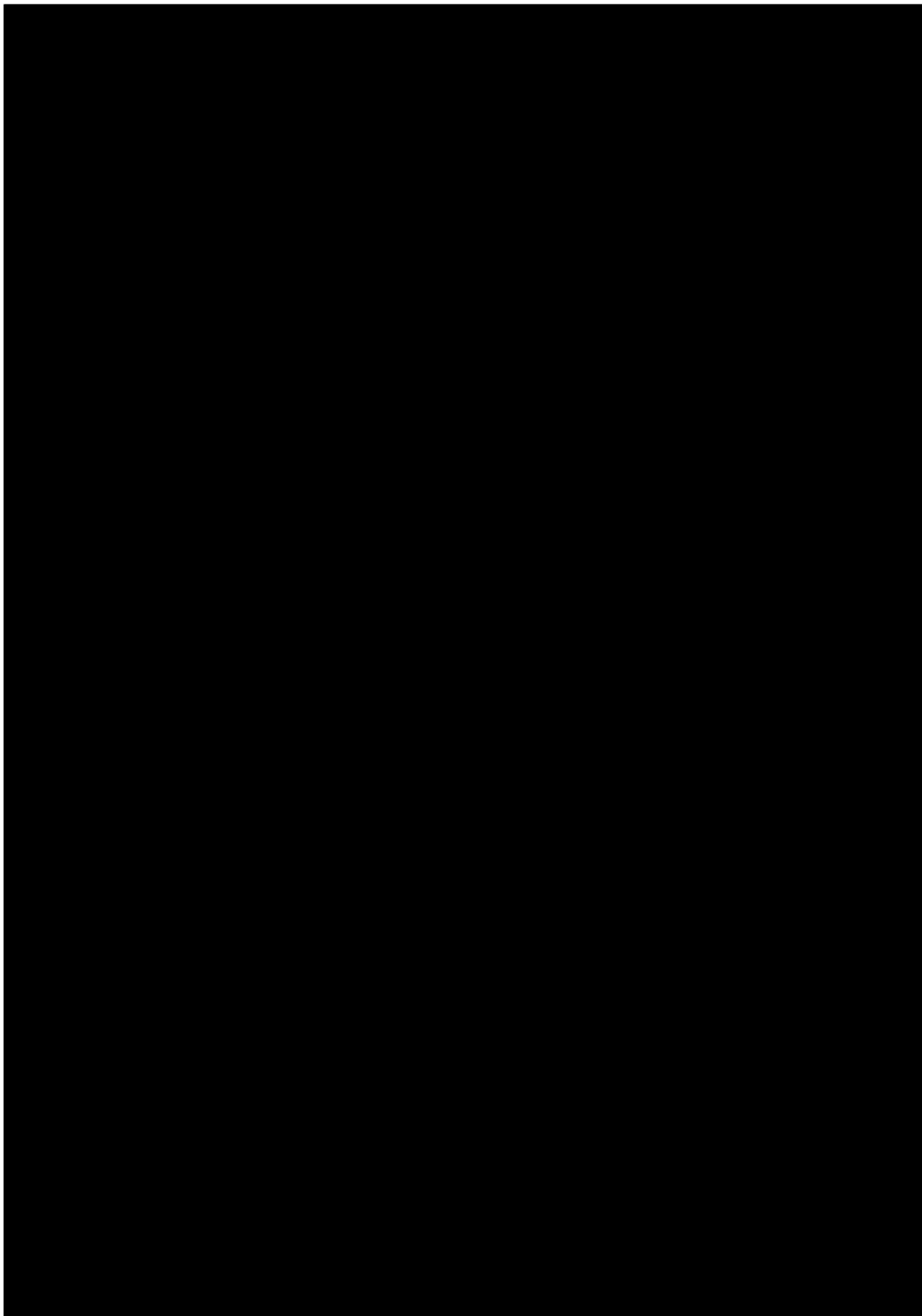
RESOLVED that Lieutenant Colonel North's continued participation in the AMC Contract during his service on the NRA Board and as an NRA officer is hereby approved and ratified, subject to the following provisos:

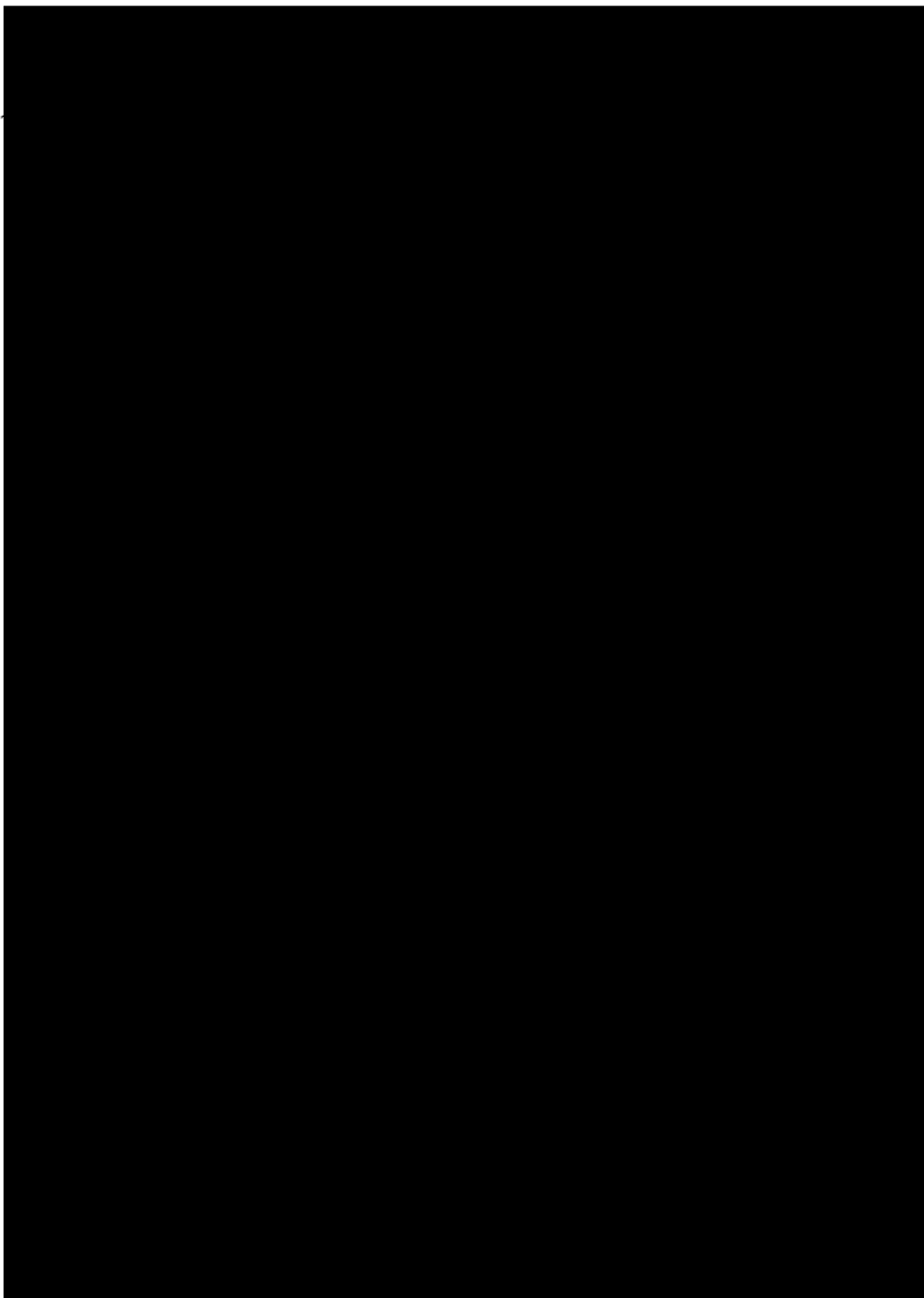
1. That Lieutenant Colonel North shall abstain from participating in any deliberations or votes regarding Ackerman McQueen; and
2. That any material change in the terms of the AMC Contract, or duties under the AMC Contract, be disclosed to the Committee and approved prior to execution.

II.

III.

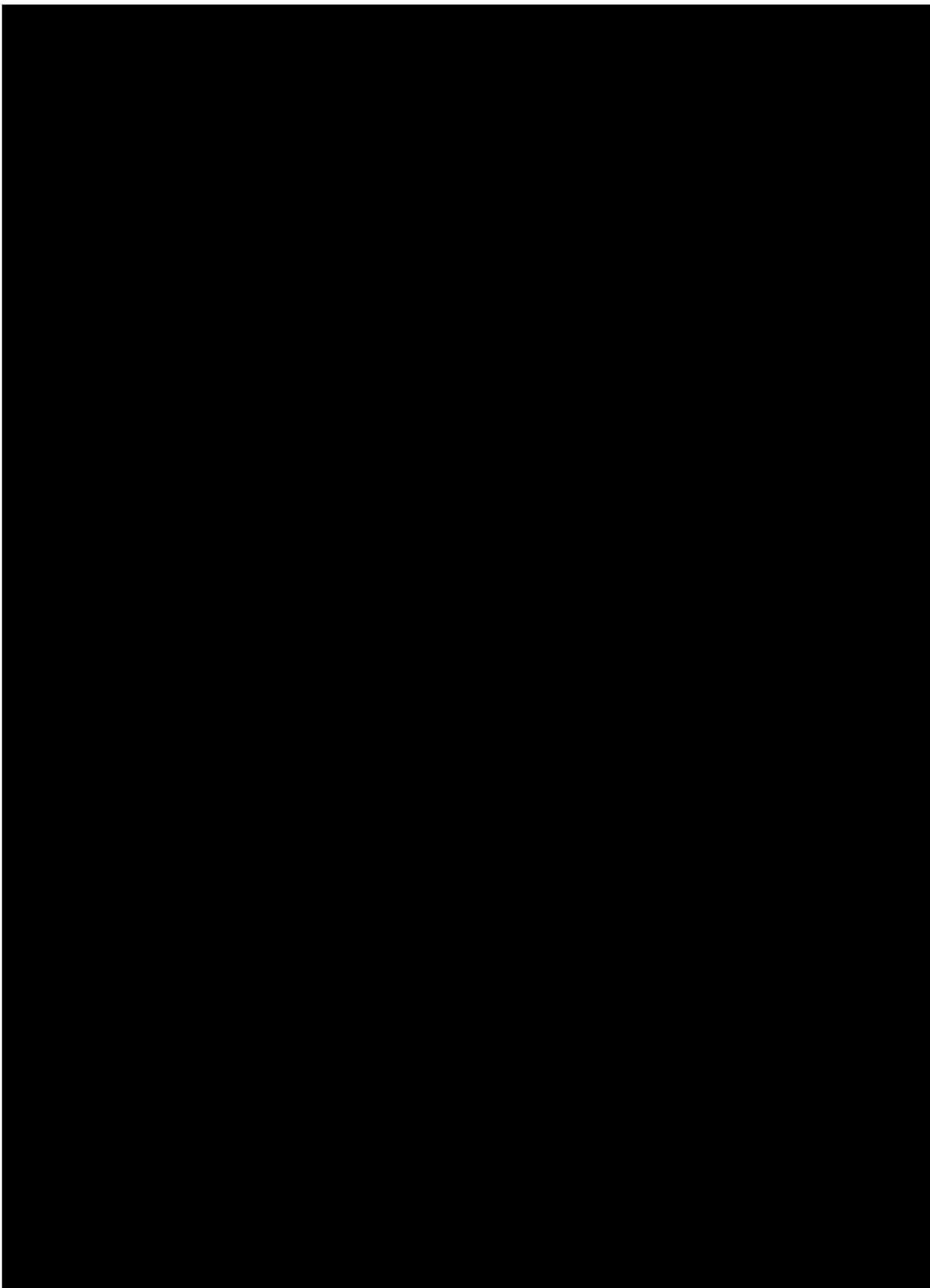
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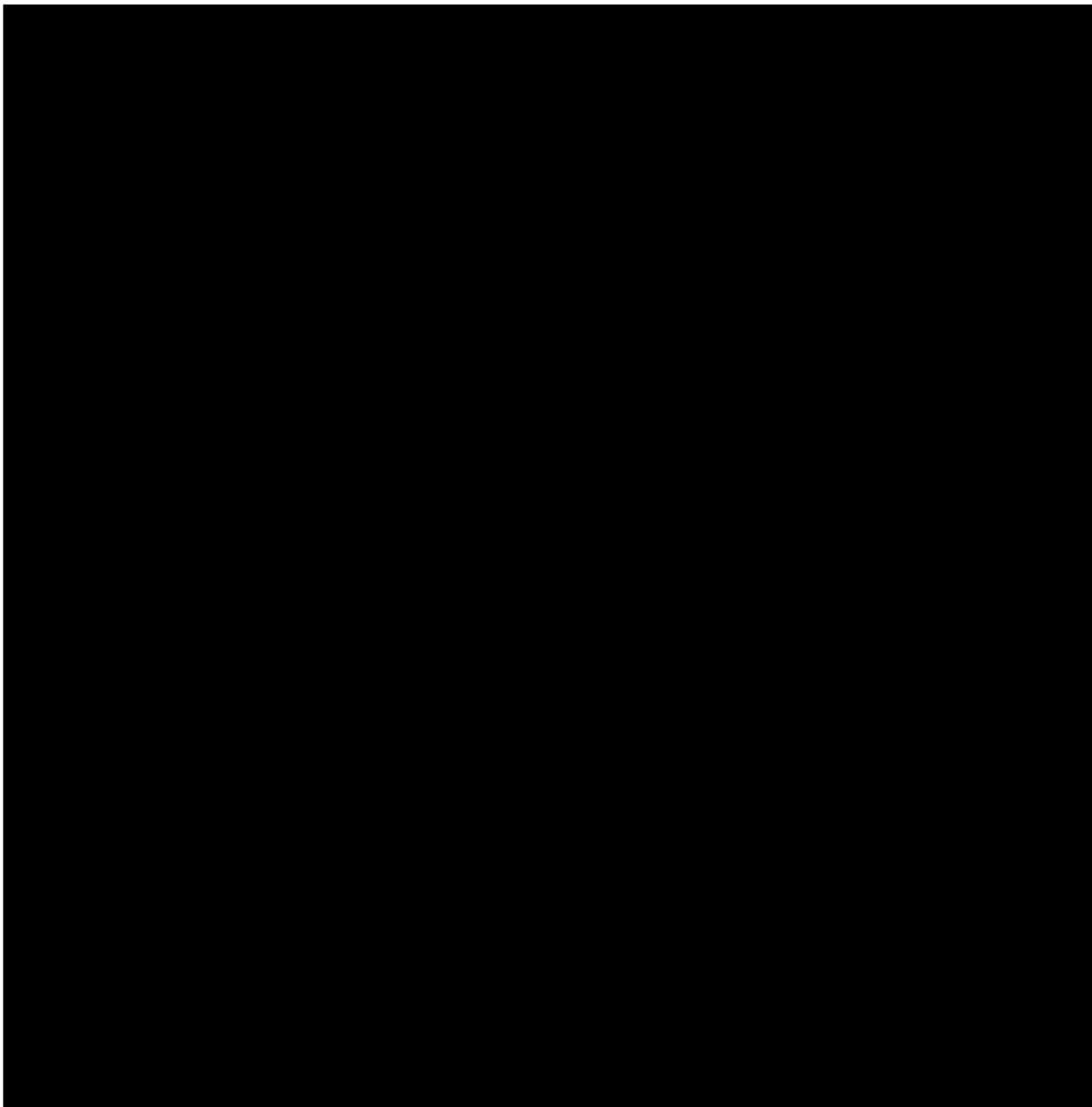




v.







The Committee returned briefly to executive session from 2:40 to 2:45 p.m. The committee then met briefly with the audit team. There were no further action items for the board.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Charles L. Cotton', is written over the typed name.

Charles L. Cotton, Chairman

Exhibit 2

NATIONAL RIFLE ASSOCIATION OF AMERICA

OFFICE OF THE PRESIDENT

11250 WAPLES MILL ROAD

FAIRFAX, VIRGINIA 22030



March 22, 2019

To: NRA Audit Committee

From: Oliver L. North, NRA President
Richard R. Childress, NRA First Vice President
Carolyn D. Meadows, NRA Second Vice President

Re: Brewer Attorneys & Counselors Engagement Review

Since March 2018, Brewer Attorneys & Counselors has billed the NRA for substantial fees and expenses, and has apparently accrued significant additional fees and expenses which have not yet been billed. To ensure that the Audit Committee and its members fulfill their fiduciary obligations, and after consultation with Board Counsel, we have taken specific steps to ensure proper review of the Brewer firm's invoices. This review is consistent with the compliance review conducted by Brewer Attorneys & Counselors over the last year.

Given the magnitude of the legal fees and expenses that the Brewer firm has billed to the NRA over the past 10 months, there are questions concerning the reasonableness of these charges, the documentation to support these charges, and the basis for these expenditures. It is important for the NRA to review these expenditures to ensure that they are appropriate and reasonable.

Therefore, in accordance with our fiduciary duties, we are requesting that the Audit Committee initiate an outside, independent review of Brewer Attorneys & Counselors fees and expenses that the firm has billed the NRA. In accordance with our fiduciary duties, we request that the outside counsel selected to perform the independent review have appropriate expertise to perform such a review, and that the outside counsel be selected in consultation with the President and the First and Second Vice President. The purpose of conducting an outside, independent review of these expenditures is to ensure that such services and fees charged are reasonable and appropriate.

Given the need to fulfill our fiduciary obligations, we are simultaneously notifying Mr. Brewer that the NRA intends to conduct an outside, independent review of Brewer Attorneys & Counselors fees and expenses, and we appreciate his cooperation. We also are informing Mr. Brewer that the NRA needs to enhance the documentation of the scope of his work for the NRA through separate engagement letters for each matter that the Brewer firm is handling for the NRA. This type of documentation is required to comply with existing NRA policies and procedures for contract review and approval of engagements over \$100,000. As you know, the Brewer firm currently is billing significant fees and expenses to the NRA for work that is outside the scope of its original engagement letter with the NRA.

(703) 267-1040

(703) 267-3936 fax

Exhibit 3

NATIONAL RIFLE ASSOCIATION OF AMERICA

OFFICE OF THE PRESIDENT

11250 WAPLES MILL ROAD

FAIRFAX, VIRGINIA 22030

OLIVER L. NORTH

President

**PERSONAL AND CONFIDENTIAL**

Wayne LaPierre

Executive Vice President, National Rifle Association of America

April 8, 2019

Dear Wayne:

I too hope we can quickly resolve the issue regarding an outside, independent review of the Brewer firm's bills—and get on with advancing the mission of the NRA and protecting the Second Amendment. With that goal in mind, several points in your most recent undated letter which I received late on 3 April 2019 need to be addressed.

First, my contract with Ackerman McQueen has been well known to you and many others at the NRA from its inception. It was your idea that I leave my job at Fox News, and become President of NRA and enter into a contract with Ackerman McQueen to work on NRATV. You helped negotiate the contract. I have understood that at all times the contract was approved of, ratified, and supported by the NRA, and that it is reasonable and in the NRA's best interest. In fact, the Audit Committee approved and ratified my contract on 8 September 2018, and it notified the NRA Board of Directors of that action. (See Audit Committee resolution, attached.) Your most recent letter suggests that you found out about my contract with Ackerman McQueen after the fact. That is not true.

Second, your letter states I “omitted” my contract with Ackerman McQueen from my 2018 financial disclosure questionnaire. I did not “omit” this information; it was not called for. That form [See attached] specifically directed me to “answer with respect to calendar year 2017.” I did not include my contract with Ackerman McQueen on that form because I had no contract with Ackerman McQueen in 2017, as you well know. I hope this resolves your misunderstanding.

Third, I fully support the NRA's compliance work with all of our vendors and contractors, including Ackerman McQueen. Your letter alleges I have a conflict of interest with respect to this work. In making this charge, you misquote the New York Attorney General. You wrote that the NY Attorney General's guidance “prohibit[s] anyone with a conflict of interest from being

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present during . . . or influencing' deliberations or voting on issues pertaining to a conflict." But your letter omitted key words: this relates to **"voting on the issue that resulted in the conflict, or influencing the deliberation or vote on the issue that resulted in the conflict."** <https://www.charitiesnys.com/pdfs/Right-From-the-Start.pdf> at p. 7 (emphasis added).

I have never sought to vote on, or influence, the "issue that resulted in the conflict" with Ackerman McQueen. In fact, I have consistently recused myself from all of NRA's dealing with Ackerman McQueen. I will continue to do so consistent with the Audit Committee's directive set out in the attached resolution.

Fourth, your allegation that I have "contractual loyalties to Ackerman which supersede [my] loyalties to the NRA" is patently offensive. As you and Susan heard on the evening of 16 March 2019, no one has ever questioned my loyalty. I await your apology. All I have done is to take the fiduciary advice of our Board Counsel and joined others in seeking an outside, independent review of the Brewer firm's \$19+ million in bills. Those bills are shocking to me and many others, and I am being loyal to the NRA and its members by seeking an outside, independent review of them.

Fifth, your letter states that the NRA's General Counsel "offered [me] comprehensive access to all Brewer invoices pertaining to all active matters—except for (i) the charitable-rights and compliance analysis pertaining to Ackerman; and (ii) certain sensitive, evolving issues relating to Russia." Mr. Fraser sent me an email to this effect. But when I followed up with him, he told me you had "changed [your] mind" and that I could only have the gross monthly amounts shown in the table I sent to you. You sent me a letter that same day demanding that I "cease and desist" from my efforts to fulfill my fiduciary responsibilities by looking into the Brewer firm bills.

Sixth, I and others are asking that the large bills that the Brewer firm is submitting to the NRA be looked into by an outside, independent review, just as Brewer is looking into the bills of NRA's other vendors. Your letters make clear that the NRA has been lax in overseeing vendors in the past. I and others are concerned that the same lax oversight is continuing with overseeing the Brewer firm. Past failures have apparently cost millions of dollars to clean up. When I tried to look into the seemingly excessive Brewer firm bills, I was told to stay out.

How can I ignore millions in payments—especially given our current financial situation—and uphold my fiduciary duties? My sole request, as a fiduciary of this organization and as someone who raises money to pay the organization's bills, is that we have an outside, independent review to ensure that the fees paid to the Brewer firm are reasonable and appropriate. If they are, the review should resolve this. Failure to conduct an outside, independent review of these shockingly large payments places us all at risk of inadequate stewardship. Your letter does not address this. Nor does it address the \$5 million that I understand has been accrued but not yet billed by the Brewer firm for "Russia matters." If that is accurate, it brings Brewer's total billings to around \$24 million. These extraordinary fees must be looked into by an outside, independent review to make sure that they are reasonable and in order.

Seventh, as is probably obvious to all, the Brewer firm has a conflict of interest regarding the review of its own bills. If the Brewer firm is advising you to resist the efforts to look into its

bills, or is writing the letters that you have sent to me in this regard, that would cross the line. That firm has a conflict and should have stayed out of this from the beginning. If they are involved in resisting an outside, independent review of their bills, that shows where their interests lie.

Eighth, as you know, Bill Brewer is related by marriage to Angus McQueen. Angus McQueen is Mr. Brewer's father-in-law. There apparently has been well-known acrimony between the two men for many years. Does this personal conflict and acrimony impede Mr. Brewer's judgment in his work, including his review of Ackerman McQueen? Does it impede the quality of compliance work we need?

Ninth, your letter praises Mr. Brewer, stating that you are "exuberant" about his work. That may be so, but I would suggest that it does not reflect well on the NRA to have its lawyer thrown out of our case based on "serious allegations" of misconduct in a Texas case, then hiding those allegations when submitting papers requesting the opportunity to represent the NRA in our home state. The federal judge in Virginia was less exuberant. He ejected Mr. Brewer from the NRA case. The judge said that Mr. Brewer's conduct in the Texas case was found by the Texas Court of Appeals to be "in bad faith, unprofessional, and unethical" and "intentional." Transcript, NRA v. Lockton, Case No. 18-639 (EDVA), September 13, 2018, pages 16-17.

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.

We cannot ignore such findings. They provide further reasons supporting my and others' requests to have an outside, independent review of the bills submitted by Mr. Brewer.

Wayne, I ask again that you reflect on these issues and urge the Audit Committee to order an outside, independent review of the Brewer invoices. Such a course of action, undertaken by the Audit Committee would preclude the growing controversy over the Brewer firm's bills from erupting at our Board of Directors meeting at "Indy."

We have an emergency, Wayne. I suggest that you and Mr. Brewer join with me and others to avert it by encouraging a prompt outside, independent audit.

Semper Fidelis,

A handwritten signature in black ink, appearing to read "Oliver North", with a stylized, cursive script.

Oliver North

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

3

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WHEREAS, factors considered by the Committee in its analysis included (i) Lieutenant Colonel North's unique leadership qualities, proven fundraising record, and experience in the field of television reporting and production, and (ii) in light of the foregoing, the absence of alternative candidates for Lieutenant Colonel North's role; and

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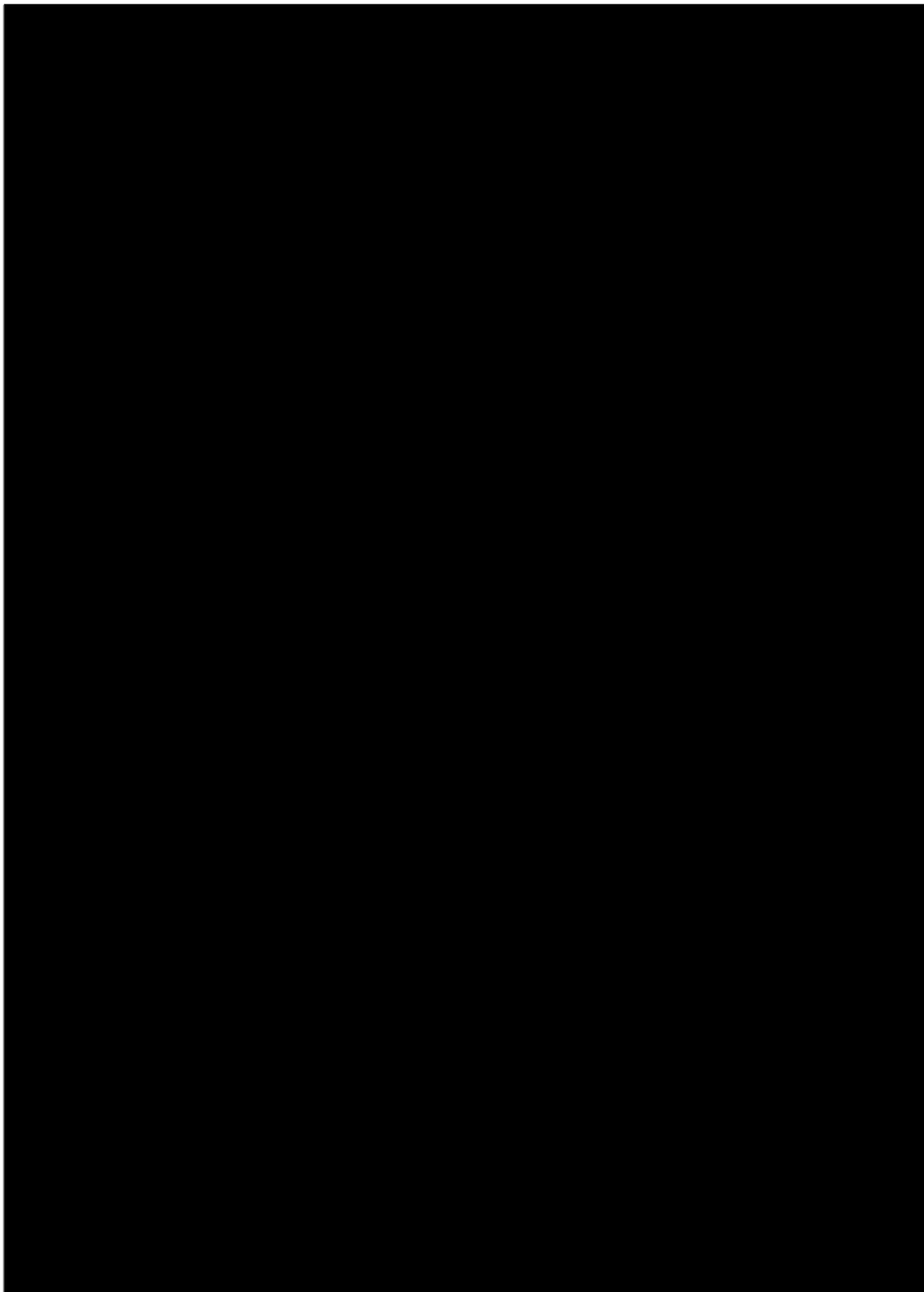
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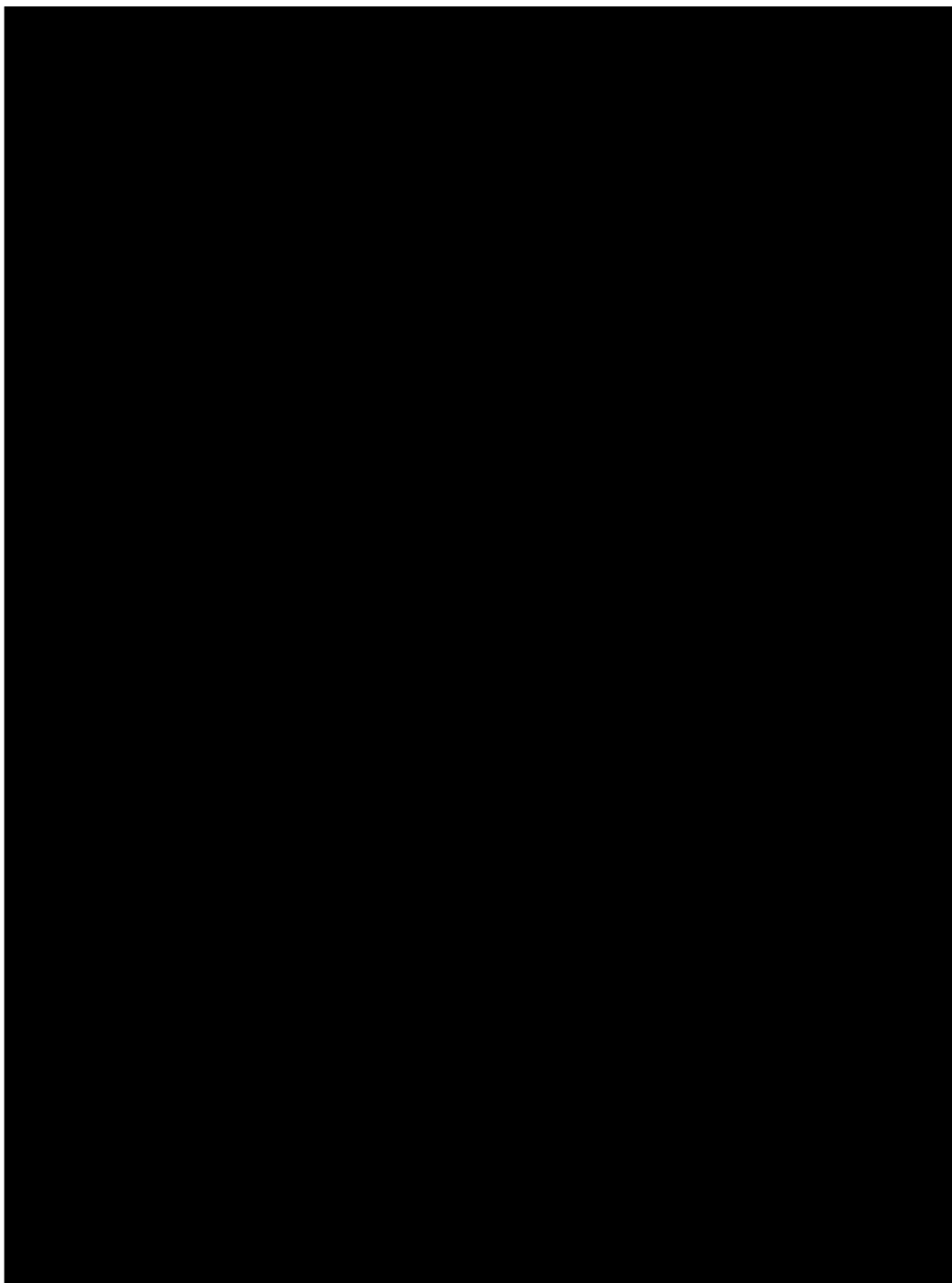
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IV.





v.







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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Charles L. Cotton", is written over the typed name.

Charles L. Cotton, Chairman

Updated *No changes*
Name: Quercy North

National Rifle Association Financial Disclosure Questionnaire 2018Instructions

Unless a question states otherwise (e.g., "Have you ever ..."), you only need to answer with respect to calendar year 2017.

For purposes of all questions:

- "Entity" means any company, corporation, association, partnership, or sole proprietorship, whether for-profit or non-profit. It specifically includes any professional fundraising firm.
- "NRA Entity" means The NRA Foundation, NRA Civil Rights Defense Fund, NRA Freedom Action Foundation, or NRA Special Contribution Fund d/b/a NRA Whittington Center).
- "Relative" means a spouse, brother or sister (whether whole or half blood), child (whether natural or adopted), grandchild, great-grandchild, or domestic partner, as well as spouses or domestic partners of brothers, sisters, children, grandchildren, and great-children.

If you answer "yes" to any question in this section, please attach details on a separate page, including the nature of the relationship or transaction, the names of persons or entities involved, and the time periods and dollar amounts involved. We will contact you if we need any further information, or if your answers may affect your service as an officer, director, or employee in any way. We will disclose only the minimum information required by law or by the NRA Bylaws.

Transactions with NRA Entities and Conflicts of Interest

1. Do you or any relative expect to receive, or have you or any relative received in the last three years, any compensation from the NRA or any NRA Entity?

- Examples would include consulting, legal, or performance fees, or payment for providing any other goods or services to the NRA.
- This does not include reimbursement of expenses incurred in the course of your duties as an officer or director. It also does not include salaries of officers or former employees.

 Yes. Please provide details.

Quercy No.

2. Do you or any relative do business with the NRA that was not reported in question 1, or do you or any relative have any relationship with, or financial interest in, any non-NRA entity (whether for-profit or not-for-profit) (e.g., as an owner, officer, director, employee, etc.) that does business with, or receives funds from, the NRA or any NRA Entity?

- Examples would include consulting, legal, or performance fees, or payment for providing any other goods or services to the NRA, if the funds were paid to a business or organization rather than to you personally.
- This would also include transactions in which a non-NRA entity pays the NRA for goods or services. Examples include placement of advertising in NRA magazines or on NRA websites, or leasing exhibit space at the NRA Annual Meetings and Exhibits.
- Dues and contributions paid to the NRA also should not be reported.

___ Yes. Please provide details.

aw No.

3. Do you or any relative have any management, ownership, employment or financial relationship with any non-NRA entity that has (or is seeking to have) a business relationship with or receive funds from the NRA or any NRA Entity?

- Examples would include being an owner, officer, director, employee, contractor, or subcontractor of a company that provides (or is seeking to provide) goods or services to the NRA, or an officer or director of a club or association that has applied for or received a grant from the NRA Foundation or NRA Civil Rights Defense Fund.
- This does not include merely being a member of an organization that seeks NRA funding, or other minor relationships that couldn't reasonably lead to any conflict of interest (such as owning a few shares of stock in a company that may do business with the NRA).

___ Yes. Please provide details.

aw No.

4. Have you or any relative received, or do you or any relative expect to receive, any gift, gratuity, personal favor, or entertainment with either a retail price or fair market value in excess of \$250 from any person or entity that has or is seeking to have a business relationship with, or receive funds from, NRA or any NRA Entity?

- Please do not include transactions that occur in the ordinary course of business on the same terms as are generally offered to the public, including standard industry and professional discounts.

___ Yes. Please provide details.

aw No.

5. Are you or a relative now or have you or a relative been, within the last three years, an employee of the NRA or any NRA Entity (i.e., The NRA Foundation, NRA Civil Rights Defense Fund, NRA Freedom Action Foundation, or NRA Special Contribution Fund d/b/a NRA Whittington Center)?

☐ Yes. Please provide details. (No salary information is required.)

☒ No.

6. Do you have any family or business relationship with any officer, director, trustee, or employee of the NRA or any NRA Entity? Please do not include transactions that occur in the ordinary course of either party's business on the same terms as are generally offered to the public.

☐ Yes. Please provide details.

☒ No.

7. To the best of your knowledge, is there any transaction that you have not disclosed above in which the NRA is a participant and in which you might have a conflicting interest?

☐ Yes. Please provide details.

☒ No.

Other Disclosures

8. Have you ever been convicted of a misdemeanor or felony, or pleaded no contest to a felony? Please be aware that in many states, serious traffic violations such as reckless driving are classified as misdemeanors. (Do not include any conviction that has been expunged, pardoned, or set aside, or any juvenile delinquency adjudication.)

☐ Yes. Please provide details.

☒ No.

9. Are you, or have you ever been, subject to any administrative or judicial proceeding (including a voluntary agreement with any government agency) involving any alleged violation of laws or regulations related to:

- (a) charitable registration, solicitation, recordkeeping, or asset administration,
- (b) theft, fraud, or deceptive business practices,
- (c) taxation or revenue,
- (d) securities or consumer fraud, or
- (f) antitrust or restraint of trade?

___ Yes. Please provide details, including the court or other forum, case number, title and date of the action, and whether any injunction, judgment, decree, or order was entered.

aw No.

10. Have you ever been held liable in a civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property?

___ Yes. Please provide details.

aw No.

11. Have you ever, during the bankruptcy or receivership of any other corporation, been:

- An officer, director, trustee or incorporator of that corporation (whether for-profit or non-profit); or
- A person who controlled or held over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial, or membership interest in that corporation (but only if the corporation was a for-profit corporation)?

___ Yes. Please provide details.

aw No.

By my signature below, I affirm that:

- My answers are true and correct to the best of my knowledge, and I will inform the Secretary's Office if any of my answers change;
- I have received a copy of the NRA's Conflict of Interest and Related Party Transaction Policy;
- I have read and understand that policy and agree to comply with it; and
- I understand that in order to maintain the NRA's federal tax exemption it must engage primarily in activities which accomplish its tax-exempt purposes.

Signed: _____



Date: 22 Aug 2018

Print name: _____

Oliver L. Norant

Name: Lt. Col. Oliver North**National Rifle Association Financial Disclosure Questionnaire**Instructions

For purposes of all questions:

- "Entity" means any company, corporation, association, partnership, or sole proprietorship, whether for-profit or non-profit. It specifically includes any professional fundraising firm.
- "NRA Entity" means The NRA Foundation, NRA Civil Rights Defense Fund, NRA Freedom Action Foundation, or NRA Special Contribution Fund d/b/a NRA Whittington Center).
- "Relative" means any ancestor, spouse, brother or sister (whether whole or half blood), child (whether natural or adopted), grandchild, great-grandchild, or domestic partner, as well as spouses or domestic partners of brothers, sisters, children, grandchildren, and great-children.

If you answer "yes" to any question in this section, please attach details on a separate page, including the nature of the relationship or transaction, the names of persons or entities involved, and the time periods and dollar amounts involved. We will contact you if we need any further information, or if your answers may affect your service as an officer, director, or employee in any way. We will disclose only the minimum information required by law or by the NRA Bylaws.

Transactions with NRA Entities and Conflicts of Interest

1. Do you or any relative expect to receive, or have you or any relative received in the last three years, any compensation from the NRA or any NRA Entity?

- Examples would include consulting, legal, or performance fees, or payment for providing any other goods or services to the NRA.
- This does not include reimbursement of expenses incurred in the course of your duties as an officer or director. It also does not include salaries of officers or former employees.

 Yes. Please provide details.

X No.

2. Do you or any relative do business with the NRA that was not reported in question 1, or do you or any relative have any relationship with, or financial interest in, any non-NRA entity (whether for-profit or not-for-profit) (e.g., as an owner, officer, director, employee, etc.) that does business with, or receives funds from, the NRA or any NRA Entity?

- Examples would include consulting, legal, or performance fees, or payment for providing any other goods or services to the NRA, if the funds were paid to a business or organization rather than to you personally.
- This would also include transactions in which a non-NRA entity pays the NRA for goods or services. Examples include placement of advertising in NRA magazines or on NRA websites, or leasing exhibit space at the NRA Annual Meetings and Exhibits.
- Dues and contributions paid to the NRA also should not be reported.

☒ Yes. Please provide details. ~~See Attached~~

☐ No.

3. Do you or any relative have any management, ownership, employment or financial relationship with any non-NRA entity that has (or is seeking to have) a business relationship with or receive funds from the NRA or any NRA Entity?

- Examples would include being an owner, officer, director, employee, contractor, or subcontractor of a company that provides (or is seeking to provide) goods or services to the NRA, or an officer or director of a club or association that has applied for or received a grant from the NRA Foundation or NRA Civil Rights Defense Fund.
- This does not include merely being a member of an organization that seeks NRA funding, or other minor relationships that couldn't reasonably lead to any conflict of interest (such as owning a few shares of stock in a company that may do business with the NRA).

☒ Yes. Please provide details. ~~See Q2; Attached~~

☐ No.

4. Have you or any relative received, or do you or any relative expect to receive, any gift, gratuity, personal favor, or entertainment with either a retail price or fair market value in excess of \$250 from any person or entity that has or is seeking to have a business relationship with, or receive funds from, NRA or any NRA Entity?

- Please do not include transactions that occur in the ordinary course of business on the same terms as are generally offered to the public, including standard industry and professional discounts.

☐ Yes. Please provide details.

☒ No.

5. Are you or a relative now or have you or a relative been, within the last three years, an employee of the NRA or any NRA Entity (i.e., The NRA Foundation, NRA Civil Rights Defense Fund, NRA Freedom Action Foundation, or NRA Special Contribution Fund d/b/a NRA Whittington Center)?

☐ Yes. Please provide details. (No salary information is required.)

☒ No.

6. Do you have any family or business relationship with any officer, director, trustee, or employee of the NRA or any NRA Entity? Please do not include transactions that occur in the ordinary course of either party's business on the same terms as are generally offered to the public.

☐ Yes. Please provide details.

☒ No.

7. To the best of your knowledge, is there any transaction that you have not disclosed above in which the NRA is a participant and in which you might have a conflicting interest?

☐ Yes. Please provide details.

☒ No.

Other Disclosures

8. Have you ever been convicted of a misdemeanor or felony, or pleaded no contest to a felony? Please be aware that in many states, serious traffic violations such as reckless driving are classified as misdemeanors. (Do not include any conviction that has been expunged, pardoned, or set aside, or any juvenile delinquency adjudication.)

☐ Yes. Please provide details.

☒ No.

9. Are you, or have you ever been, subject to any administrative or judicial proceeding (including a voluntary agreement with any government agency) involving any alleged violation of laws or regulations related to:

- (a) charitable registration, solicitation, recordkeeping, or asset administration,
- (b) theft, fraud, or deceptive business practices,
- (c) taxation or revenue,
- (d) securities or consumer fraud, or
- (f) antitrust or restraint of trade?

☒ Yes. Please provide details, including the court or other forum, case number, title and date of the action, and whether any injunction, judgment, decree, or order was entered.

___ No. VA 2018 TAX AUDIT. NO TAXES DUE

10. Have you ever been the subject of a civil injunction, judgment, or administrative order (such as a cease and desist order or consent decree from a regulatory agency)?

___ Yes. Please provide details.

☒ No.

11. Have you ever, during the bankruptcy or receivership of any other corporation, been:

- An officer, director, trustee or incorporator of that corporation (whether for-profit or non-profit); or
- A person who controlled or held over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial, or membership interest in that corporation (but only if the corporation was a for-profit corporation)?

___ Yes. Please provide details.

☒ No.

By my signature below, I affirm that:

- My answers are true and correct to the best of my knowledge, and I will inform the Secretary's Office if any of my answers change;
- I have received a copy of the NRA's Conflict of Interest and Related Party Transaction Policy;
- I have read and understand that policy and agree to comply with it; and
- I understand that in order to maintain the NRA's federal tax exemption it must engage primarily in activities which accomplish its tax-exempt purposes.

Signed: 

Date: 7 MAR 2019

Print name: OLIVER NORTH

NOTES TO OLIVER NORTH NATIONAL RIFLE ASSOCIATION FINANCIAL
DISCLOSURE QUESTIONNAIRE DATED 7 MARCH 2019.

QUESTION #2.

SINCE 15 MAY, 2018, BEFORE BECAME PRESIDENT OF THE NRA, I,
OLIVER NORTH, HAVE BEEN COMPENSATED AS A SALARIED EMPLOYEE
OF ACKERMAN MCQUEEN, INC., AN "ENTITY THAT DOES BUSINESS WITH,
OR RECEIVES FUNDS FROM THE NRA..."

NB: FOR MANY YEARS BEFORE I WAS ELECTED NRA PRESIDENT, I,
OLIVER NORTH, PROVIDED VALUABLE REPORTING, VIDEO "FOOTAGE,"
INTERVIEWS AND COMMENTARY FROM WAR ZONES AROUND THE
WORLD FOR NRATV "FRONTLINES" AND "LIFE OF DUTY" SHOWS. I NEVER
CHARGED NRA OR ANY RELATED PARTY A SINGLE DOLLAR FOR ANY OF
THIS WORK IN HOSTILE FIRE AREAS.

IN 2016 AND 2017, WELL BEFORE ANYONE EVER RAISED THE PROSPECT
OF ME BECOMING PRESIDENT OF THE NATIONAL RIFLE ASSOCIATION,
ACKERMAN MCQUEEN OFFERED ME [REDACTED] TO JOIN NRATV AS
HOST OF A "STREAMING VIDEO" BROADCAST.

I TURNED ACKERMAN MCQUEEN DOWN EACH TIME BECAUSE MY
EMPLOYER AT THE TIME MADE ME MORE LUCRATIVE OFFERS. I DID SO
IN JANUARY 2018 I RENEWED MY CONTRACT WITH MY PREVIOUS
EMPLOYER

THROUGHOUT 2016 AND 2017 I CONTINUED TO PROVIDE, AT NO COST
TO ACKERMAN MCQUEEN OR THE NRA, "FOOTAGE" AND VIDEO
CONTENT WHICH, I BELIEVE, HELPED NRA TO ADD MEMBERS AND
DONATIONS TO THE NRA.

IN MAY 2018, ACKERMAN MCQUEEN AGAIN OFFERED ME A CONTRACT
TO SERVE AS HOST OF A NEW NRATV DOCUMENTARY SERIES ENTITLED
"AMERICAN HEROES."

IN MAY 2018, AT THE URGING OF NRA EVP/CEO, WAYNE LAPIERRE, I
RETIRED FROM MY PREVIOUS EMPLOYER AND ACCEPTED AN
ACKERMAN MCQUEEN EMPLOYMENT CONTRACT WHICH EXPIRES ON 15
MAY 2021.

[REDACTED]
[REDACTED]
[REDACTED]

I MADE THIS REQUEST BECAUSE I HAVE ASKED OTHERS IN THE NRA FAMILY TO ACCEPT REDUCTIONS IN COMPENSATION AND I DO NOT BELIEVE LEADERS SHOULD ASK OTHERS TO DO THAT WHICH THE LEADER WILL NOT OR CANNOT DO.

SINCE MY EMPLOYMENT WITH ACKERMAN MCQUEEN, INC. BEGAN IN MAY 2018 TO THE PRESENT, MY EMPLOYER HAS ALSO CONTRIBUTED TO THE FOLLOWING PERSONNEL BENEFITS:

- A. A \$5.0M GROUP LIFE INSURANCE POLICY;
- B. MEDICAL INSURANCE FOR ME AND MY WIFE;
- C. PARTICIPATION IN A CORPORATE 401K PROGRAM; AND,
- D. LONG TERM DISABILITY INSURANCE FOR ME [BUT NOT MY WIFE].

SECURITY:

THE NATIONAL RIFLE ASSOCIATION OF AMERICA PROVIDES SECURITY FOR OUR HOME & FOR ME PERSONALLY WHEN I AM MAKING PUBLICLY ACKNOWLEDGED APPEARANCES OF BENEFIT TO THE NRA.

ON OCCASIONS WHEN SECURITY IS NECESSARY AT "NON NRA" EVENTS, I PAY THE SECURITY EXPENSES MYSELF.

I HAVE NEVER SOUGHT REIMBURSEMENT FOR ANY EXPENSES INCURRED ON NRA BUSINESS SINCE I CONSIDER IT TO BE A PRIVILEGE TO BE A BOARD MEMBER.

RELATIONSHIP WITH FREEDOM ALLIANCE:

THE NRA HAS CONTRIBUTED THE FOLLOWING AMOUNTS TO FREEDOM ALLIANCE, AN EDUCATIONAL CHARITABLE, 501(C)(3) ORGANIZATION WHICH PROVIDES SUPPORT TO WOUNDED MILITARY PERSONNEL AND THE FAMILIES OF MILITARY PERSONNEL KILLED IN THE LINE OF DUTY. FREEDOM ALLIANCE ALSO PROVIDES COLLEGE SCHOLARSHIPS TO THE CHILDREN OF MILITARY PERSONNEL KIA.

I FOUNDED FREEDOM ALLIANCE IN 1990 AND RECEIVE NO COMPENSATION, REMUNERATION OR CONSIDERATION OF ANY KIND FOR MY INVOLVEMENT [I EVEN PAY RENT FOR MY OFFICE SPACE IN THE FREEDOM ALLIANCE BUILDING.

NRA CONTRIBUTIONS MADE TO FREEDOM ALLIANCE:

2016: \$25,000; 2017: \$35,000; 2018: \$4,900

Exhibit 4

NATIONAL RIFLE ASSOCIATION OF AMERICA**OFFICE OF THE PRESIDENT**

11250 WAPLES MILL ROAD

FAIRFAX, VIRGINIA 22030

PERSONAL AND CONFIDENTIAL**OLIVER L. NORTH**
President

Wayne LaPierre

Executive Vice President, National Rifle Association of America

9 April 2019

Dear Wayne:

I understand that the Friday meeting (April 12, 2019) of the Audit Committee has been cancelled due to scheduling problems.

It is regrettable that it has been pushed to 1300 on 28 April, on the eve of our Board of Directors Meeting in Indianapolis. That timing creates a far greater chance of a major disruption in our board meeting and great negative publicity about the NRA at a time when we should be celebrating the visits by President Trump and Vice President Pence.

As you know, I have been pressing for an independent outside review of the Brewer firm's billings since 26 February. As indicated in previous correspondence, I am acting on the advice of board counsel in fulfillment of my fiduciary duties.

Given the magnitude of the Brewer firm's current and past billings, this important issue should be resolved prior to the meeting to avoid it becoming part of the meeting.

I suggest that you and I meet along with Mr. Brewer and Brendan Sullivan at Williams & Connolly on Thursday morning, 11 April to make one final effort to see if we can work together to review the fees and make some important decisions going forward.

Semper Fidelis

Oliver North

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

(703) 267-1040

(703) 267-3909 fax

Exhibit 5

NATIONAL RIFLE ASSOCIATION OF AMERICA**OFFICE OF THE PRESIDENT**

11250 WAPLES MILL ROAD

FAIRFAX, VIRGINIA 22030

CONFIDENTIAL**NRA**

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, \$5 million of which apparently has been reimbursed in connection with the Lockton settlement.

Because of the extraordinary size of the Brewer firm's invoices, our NRA Board Counsel advised us to exercise our fiduciary duty to ensure all the NRA has paid (and allegedly still owe) the Brewer firm is reasonable, appropriate, and subject to proper oversight and accountability. 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.

In order to fulfill our fiduciary responsibilities to management, our fellow NRA board members, our donors, the public—and to comply with New York not-for-profit law—our Board Counsel has urged us to formally request the engagement of a well-respected ethics lawyer who would perform the long-sought outside independent examination.

Further, in separate meetings we had with Mr. Brewer on 15 and 20 March 2019, he informed us that the NRA has been “lax” about “vendor-fee management” in the past. We are deeply concerned this “lax management” situation is extant with respect to the Brewer firm's past and now accelerating legal fees.

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

(703) 267-1040

(703) 267-3936 fax

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
TOTAL:	\$ 19,260,452.28

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 & 1st Q 2019**2018**

Invoiced Services – Paid	\$ 15,523,390	Paid
Lockton Settlement – Rcvd	(4,500,000)	Reimbursement Rcvd
2018 Total net of reimbursements	\$ 11,023,390	

2019

Invoiced Services – Paid	\$ 5,609,388	Paid
Invoiced Services – Owed	3,191,512	Accrued (owed)
Lockton Reimbsmt – Rcvd	(651,746)	Reimbursement Rcvd
Lockton Reimbsmt – Owed	(617,785)	Owed but not Rcvd
2019 Total net of reimbursements	\$ 7,531,370	

Total Gross **\$ 24,324,290** Paid or owed to Brewer

Total Net **\$ 18,554,759** After reimbursement

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 that it was our fiduciary duty to do so, 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, 1st VP Richard Childress and 2nd 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, 1st VP Richard Childress and 2nd 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 "in connection with litigation and strategic needs [?] arising from the termination, or potential termination, of key corporate relationships by contract counterparties in response to political pressure." 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:

"The Brewer firm's billing rates and monthly retainer, while **high**, are not unheard of in the context of high-stakes corporate litigation. **It may well be in the Association's interest to obtain a full accounting of the Brewer firm's time charges to date.**" (Emphasis added.)

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 in its memo that it may be in our interest to do so. Why would we not do so?

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. 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 net after reimbursements from Lockton. 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.

A handwritten signature in blue ink, appearing to be "J. J. J.", is written over a horizontal line. The signature is stylized and cursive.

Exhibit 6

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**NRA****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

THE NRA FACES A CRISIS

The NRA faces a crisis that could affect its ability to operate as a nonprofit organization.

1. On 17 April 2019, the *New Yorker* magazine published a devastating article raising serious allegations about mismanagement, which, if true, threaten the existence of the NRA's nonprofit status. 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

(703) 267-1040

(703) 267-3909 fax

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 sent the Ackerman McQueen letters to the NRA Audit Committee with the message that the Board has a fiduciary duty to inquire further into the letters.
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, 1st VP Childress letter to Audit Committee

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



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.”

In 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.

In 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 vender 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 fund-raising. 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 venders, 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,

A handwritten signature in black ink, appearing to read 'Winkler', written over a horizontal line.

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
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	020143130731171117808009461346389+001818000
240.35 REF# 00000000000 RESTAURANT	020143130731171117908009461230856+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
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, \$5 million of which apparently has been reimbursed in connection with the Lockton settlement.

Because of the extraordinary size of the Brewer firm's invoices, our NRA Board Counsel advised us to exercise our fiduciary duty to ensure all the NRA has paid (and allegedly still owe) the Brewer firm is reasonable, appropriate, and subject to proper oversight and accountability. 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.

In order to fulfill our fiduciary responsibilities to management, our fellow NRA board members, our donors, the public—and to comply with New York not-for-profit law—our Board Counsel has urged us to formally request the engagement of a well-respected ethics lawyer who would perform the long-sought outside independent examination.

Further, in separate meetings we had with Mr. Brewer on 15 and 20 March 2019, he informed us that the NRA has been "lax" about "vendor-fee management" in the past. We are deeply concerned this "lax management" situation is extant with respect to the Brewer firm's past and now accelerating legal fees.

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

(703) 267-1040

(703) 267-3936 fax

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
TOTAL:	\$ 19,260,452.28

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 & 1st Q 2019

<u>2018</u>		<u>Comments</u>
Invoiced Services – Paid	\$ 15,523,390	Paid
Lockton Settlement – Rcvd	(4,500,000)	Reimbursement Rcvd
2018 Total net of reimbursements	\$ 11,023,390	
<u>2019</u>		
Invoiced Services – Paid	\$ 5,609,388	Paid
Invoiced Services – Owed	3,191,512	Accrued (owed)
Lockton Reimbsmt – Rcvd	(651,746)	Reimbursement Rcvd
Lockton Reimbsmt – Owed	(617,785)	Owed but not Rcvd
2019 Total net of reimbursements	\$ 7,531,370	
Total Gross	\$ 24,324,290	Paid or owed to Brewer
Total Net	\$ 18,554,759	After reimbursement

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 that it was our fiduciary duty to do so, 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, 1st VP Richard Childress and 2nd 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, 1st VP Richard Childress and 2nd 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 "in connection with litigation and strategic needs [?] arising from the termination, or potential termination, of key corporate relationships by contract counterparties in response to political pressure." 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:

"The Brewer firm's billing rates and monthly retainer, while **high**, are not unheard of in the context of high-stakes corporate litigation. **It may well be in the Association's interest to obtain a full accounting of the Brewer firm's time charges to date.**" (Emphasis added.)

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 in its memo that it may be in our interest to do so. Why would we not do so?

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. 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 net after reimbursements from Lockton. 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 1st Vice President

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

Exhibit 7

Tuesday, June 4, 2019 at 2:17:49 PM Eastern Daylight Time

Subject: Fw: Col. North Statement to Board
Date: Saturday, April 27, 2019 at 2:06:16 PM Eastern Daylight Time
From: Frazer, John
To: Frazer, John
Attachments: FINAL OLN STATEMENT TO NRA BOARD, 27 APR 2019.pdf

Dear Board and Executive Council members:

Please see attached Col. North's statement that was read at the Annual Meeting of Members this morning.

Sincerely,

John Frazer
Secretary and General Counsel
National Rifle Association of America
11250 Waples Mill Rd.
Fairfax, VA 22030
(703) 267-1254
john.frazer@nrahq.org

This e-mail and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this e-mail in error, please notify the sender immediately, delete the message from your computer, and do not disseminate, distribute or copy it.

STATEMENT OF LTCOL OLIVER NORTH TO THE NRA BOARD
27 APRIL 2019

PLEASE KNOW, I HOPED TO BE WITH YOU TODAY AS NRA PRESIDENT, ENDORSED FOR RE-ELECTION. I'M NOW INFORMED THAT WILL NOT HAPPEN. I AM THEREFORE GRATEFUL MY DEAR FRIEND, NRA 1ST VICE PRESIDENT RICHARD CHILDRESS HAS AGREED TO READ THIS TO YOU.

IN THE SPRING OF 2018, NRA EVP-CEO WAYNE LAPIERRE URGED ME TO RETIRE FROM MY JOB AT FOX NEWS; BECOME NRA PRESIDENT; AND ACCEPT A SALARIED POSITION WITH ACKERMAN MCQUEEN. I AGREED TO DO SO IN ORDER TO HELP BUILD NRA MEMBERS AND RESOURCES.

AFTER ASSUMING OFFICE AS NRA PRESIDENT IN SEPTEMBER 2018, I WAS CONFRONTED BY NRA BOARD MEMBERS AND DONORS WHO EXPRESSED CONCERNS ABOUT THE AMOUNT OF MONEY THE NRA IS PAYING TO THE BREWER LAW FIRM.

MANY TIMES I, AND OTHERS, TRIED TO INITIATE AN OUTSIDE INDEPENDENT AUDIT OF THESE MATTERS. WE WERE REBUFFED REPEATEDLY.

THEN, WITHOUT NOTICE TO THE BOARD, NRA FILED A LAWSUIT AGAINST ACKERMAN MCQUEEN. IN ADDITION, A SERIES OF ARTICLES IN *THE NEW YORKER*, *THE WALL STREET JOURNAL*, AND *THE NEW YORK TIMES* MADE ALLEGATIONS OF FINANCIAL MISMANAGEMENT BY SENIOR NRA OFFICIALS. IF TRUE, THE NRA'S NONPROFIT STATUS IS THREATENED.

TO DEAL WITH THIS SITUATION, I ESTABLISHED A SPECIAL NRA "CRISIS MANAGEMENT COMMITTEE." IN A MEMO TO THE NRA EXECUTIVE COMMITTEE DATED APRIL 25, I EXPLAINED THE REASONS FOR THE ESTABLISHMENT OF THIS COMMITTEE.

THERE IS A CLEAR CRISIS. IT NEEDS TO BE DEALT WITH IMMEDIATELY AND RESPONSIBLY, SO THE NRA CAN CONTINUE TO FOCUS ON PROTECTING THE 2ND AMENDMENT.

I HAVE BEEN ON THE NRA BOARD FOR MORE THAN 2 DECADES. IT WAS A GREAT PRIVILEGE TO SERVE AS YOUR PRESIDENT THIS PAST YEAR – AN HONOR SECOND ONLY TO SERVING OUR COUNTRY AS A U.S. MARINE IN COMBAT.

SHOULD YOU EVER NEED ME IN THE FUTURE, JUST CALL. I WILL COME.

SEMPER FIDELIS, OLIVER NORTH

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

Exhibit 8

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EDWARD BENNETT WILLIAMS (1920-1988)
PAUL R. CONNOLLY (1922-1978)

June 12, 2019

Via Electronic Mail (john.frazer@nrahq.org)

John Frazer, Esq.
Secretary and General Counsel
National Rifle Association of America
11250 Waples Mill Road
Fairfax, VA 22030
(703) 267-1254

Re: LtCol Oliver North, USMC (Ret.)

Dear Mr. Frazer:

LtCol North declines your request that he resign from the NRA Board and Executive Council. For many decades he has supported the NRA and its mission. If Mr. LaPierre continues to retaliate against and disparage LtCol North because LtCol North requested that allegations of financial misconduct at the NRA be independently reviewed, he will continue to harm himself and the NRA, and does so at his own peril.

Mr. LaPierre has taken multiple adverse actions against LtCol North in retaliation for raising concerns about allegations of financial misconduct. First, Mr. LaPierre blocked LtCol North's re-nomination as President of the NRA, despite the fact that LtCol North received significantly more votes from the NRA membership than any other candidate in his two most recent elections to the NRA Board. Second, Mr. LaPierre killed the NRA Crisis Management Committee that LtCol North established to address the allegations of financial misconduct. And third, in an attempt to undermine LtCol North, Mr. LaPierre promulgated false information about an attempted NRA "coup" and alleged that LtCol North tried to "extort" his resignation. Mr. LaPierre also promulgated false information that LtCol North "double-dipped" by taking a salary from the NRA and from Ackerman McQueen.

Mr. LaPierre's attacks and retaliation against LtCol North and others who raise concerns about allegations of financial misconduct at the NRA are wrong and inconsistent with principles of good governance. By engaging in such activity, Mr. LaPierre is putting himself ahead of the

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John Frazer, Esq.

June 12, 2019

Page 2

NRA, its members, and its mission. When leaders choose this path, it usually ends badly for them and harms their organization.

Your letter of May 31, 2019 is another example of taking adverse actions in retaliation against LtCol North because of the concerns he raised. The letter asks LtCol North to resign, asserting that “LtCol North’s continued, simultaneous service as a board and Executive Council member, on the one hand, and an employee of Ackerman McQueen, on the other hand, violates Article V, Section 5 of the NRA’s Bylaws, as well as the NRA’s Conflict of Interest and Related-Party Transaction Policy adopted by the Board on January 9, 2016.”

There is no basis for this assertion.

First, the Bylaw section you cite, Article V, Section 5, is not even relevant. This section relates to the compensation committee. It provides no basis to request that LtCol North resign from the NRA.

Second, the NRA’s Conflict of Interest and Related-Party Transaction Policy is not relevant because Ackerman McQueen is no longer a vendor of the NRA. As you know, the relationship between the NRA and Ackerman McQueen has been terminated. As a result, the Conflict of Interest and Related-Party Transaction Policy provides no basis to request that LtCol North resign from the NRA.

Third, LtCol North will, of course, continue to abstain from participating in or seeking to influence any deliberations or votes regarding Ackerman McQueen, as directed by the Audit Committee on September 6, 2018 when it “determined that it is fair, reasonable, and in the best interest of the NRA to approve and ratify Lieutenant Colonel North’s continued participation in the AMC Contract during his service on the NRA Board and as an NRA officer.” Because Ackerman McQueen is no longer a vendor, this is not an issue. In any event, neither your letter nor the Audit Committee’s purported resolution dated May 30, 2019 articulates the nature of any alleged conflict of interest.

If there were a conflict, it could be dealt with through screens and other procedural safeguards. For example, the *Washington Post* reported on June 10 that Julie Golob is on the NRA Board and also works for Ackerman McQueen. The *Post* wrote: “The NRA has said the arrangement was approved by the audit committee and that Golob does not participate in discussions related to Ackerman.”

As you know, the NRA’s Board members and officers have fiduciary duties to the NRA, its members, and its donors. LtCol North was simply fulfilling his fiduciary duties when he raised concerns about allegations of financial misconduct. LtCol North will continue to do so in order to fulfill his fiduciary duties as a NRA Board member. Importantly, LtCol North raised these concerns on a confidential basis—seeking to resolve the issues within the NRA through

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John Frazer, Esq.

June 12, 2019

Page 3

appropriate channels, including the Audit Committee. At every step, he met resistance from Mr. LaPierre.

Instead of acting responsibly with regard to LtCol North's attempts to address the allegations of financial misconduct, Mr. LaPierre went public with false and retaliatory attacks against LtCol North. With regard to addressing allegations of financial misconduct, it is Mr. LaPierre who has the irreconcilable conflict of interest, because documents sent to the Audit Committee by Mr. Hart (the NRA Board counsel who Mr. LaPierre suspended shortly after he circulated the documents) allege that Mr. LaPierre wrongfully received more than half a million dollars in Italian suits and foreign travel. See Attachment A (LtCol North's memo of April 25, 2019 identifying allegations of financial mismanagement at the NRA and establishing a Crisis Management Committee to responsibly address the allegations).

If Mr. LaPierre wants Lieutenant Colonel Oliver North off the NRA Board of Directors, thus repudiating the ballots of the NRA members who overwhelmingly elected him, then Mr. LaPierre will need to explain that as required by Article IX of the NRA's Bylaws.

LtCol North requests that you send this letter and its attachment to the full NRA Board so the Board can understand LtCol North's response to the multiple emails that you have sent to the full Board regarding this matter.

Sincerely,

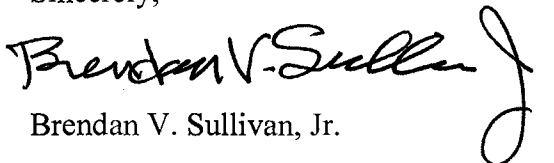

Brendan V. Sullivan, Jr.

Exhibit 9

The Washington Post

Politics

NRA shakes up legal team amid intensifying civil war

By Robert Costa and

Tom Hamburger

August 22

The National Rifle Association shook up its legal team Thursday and severed ties with its longtime outside counsel, intensifying a civil war that has upended the influential gun rights lobby.

The group ended its relationship with prominent Washington attorney Charles Cooper, while another outside counsel, Michael Volkov, resigned, according to NRA spokesman Andrew Arulanandam.

The moves follow an extensive NRA inquiry into efforts to oust chief executive Wayne LaPierre, according to two NRA officials involved in the deliberations who spoke on the condition of anonymity because they were not authorized to talk publicly.

The departures, which were first reported by the New York Times, come as LaPierre has been working with another NRA outside counsel, William Brewer, to fend off allegations of financial mismanagement.

In a statement, LaPierre said the lawyers who left were part a broad effort to push him out that he claims was led by the NRA's then-president, Oliver North, in coordination with the group's former ad agency.

"It disturbs me that the NRA's supposed 'friends' — a man I personally recruited to be president of the NRA, our trusted ad agency of four decades, a couple of our attorneys, and a chief lieutenant — would engage in this obviously premeditated extortion scheme to harm our association," LaPierre said.

Carolyn Meadows, the NRA's current president, said in a statement there has been a "malicious smear campaign against the NRA and our leaders."

"Kernels of 'truth' were stripped of context, wrapped in lies, and peddled to the media and unsuspecting audiences," she said.

An attorney for North declined to comment. Before he was ousted in April, North had warned in two internal letters that Brewer's firm was reaping "extraordinary" legal fees that were draining the NRA coffers, a claim NRA officials have said is inaccurate.

Cooper, who has represented the NRA for the past three decades, said in a statement that throughout that time he "adhered to the highest standards of professionalism and loyalty."

He said his allegiance was to the nonprofit group, "not to any individual officers or directors of the organization."

"At every turn, I have advised my client as to my best judgment of the steps that should be taken to advance and protect the best interest of the NRA itself," Cooper added, declining to comment further.

Volkov, who was retained by the NRA in 2018, confirmed that he resigned but declined to comment further, citing "ethical restrictions."

Alan Gottlieb, founder of the Second Amendment Foundation and chairman of the Citizens Committee for the Right To Bear Arms, said he was startled that the NRA would let Cooper go.

"This surprises me very much because Charles Cooper and his law firm have done excellent work on Second Amendment issues," he said.

Since the spring, the NRA's president, its chief lobbyist and [seven board members](#) have resigned amid widely circulated allegations of self-dealing and poor financial oversight by the nonprofit group under the leadership of LaPierre.

Christopher W. Cox, the NRA's top lobbyist, quit in June after being accused by NRA officials of participating in the scheme to push out LaPierre.


The departure of Cox, who denied the accusation, left a significant hole in the NRA's lobbying arsenal, which is now being tested by demands for universal background checks and other reforms following mass shootings in El Paso and Dayton, Ohio.

This week, two prominent board members [left](#), the latest in an exodus that has seen seven directors step down from the 76-member board since May. Several of them had sought information about allegations of excessive spending on legal fees and personal expenses for LaPierre, only to be blocked, they said.


The claims are being investigated by Democratic attorneys general of the District and New York, which have launched separate probes into whether the NRA is complying with regulations required of its tax-exempt status.

The NRA has said that its finances are healthy and that the allegations of misspending were unfounded. In a May statement, a dozen board members said they have “full confidence in the NRA’s accounting practices and commitment to good governance.”

Robert Costa

Robert Costa is a national political reporter for The Washington Post. He covers the White House, Congress, and campaigns. He joined The Post in January 2014. He is also the moderator of PBS's "Washington Week" and a political analyst for NBC News and MSNBC. [Follow](#) 

Tom Hamburger

Tom Hamburger is an investigative reporter on the national desk of The Washington Post. He has covered the White House, Congress and regulatory agencies, with a focus on money and politics. [Follow](#) 

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October 25, 2019

Via Electronic Mail (john.frazer@nrahq.org)

John Frazer, Esq.
Secretary and General Counsel
National Rifle Association of America
11250 Waples Mill Road
Fairfax, VA 22030

Re: Col. Oliver North / Whistleblower Protection

Dear Mr. Frazer:

As you know, Col. Oliver North has written to various officers and directors within the NRA to voice his concerns about improper financial conduct at the NRA. Some examples:

1. On February 1, 2019, Col. North along with Richard Childress and Carolyn Meadows sent a memo to NRA Executive Vice President Wayne LaPierre expressing their concerns about the NRA's failure to comply with its own rules and New York law in connection with the NRA's agreement with Brewer Attorneys & Counselors;
2. On March 22, 2019, Col. North, again with Richard Childress and Carolyn Meadows, sent a letter to the NRA Audit Committee regarding the magnitude (over \$1.8 million per month) of the bills for legal work charged to the NRA by Brewer Attorneys & Counselors;
3. On March 31, 2019, Col. North wrote to LaPierre again regarding the magnitude of the bills for legal work charged to the NRA by Brewer Attorneys & Counselors;
4. On April 18, 2019, Col. North wrote to you and the Chairman of the NRA's Audit Committee, Charles Cotton, again regarding the magnitude of the bills for legal work charged to the NRA by Brewer Attorneys & Counselors;

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John Frazer, Esq.
October 25, 2019
Page 3

5. On April 25, 2019, Col. North emailed you and attached a memorandum addressed to the Executive Committee of the NRA in which he expressed concerns regarding the serious allegations about mismanagement at the NRA reported in an article in the *New Yorker* magazine, and similar articles in the *New York Times* and the *Wall Street Journal*. That memorandum also expressed Col. North's concerns regarding a law suit filed by the NRA against Ackerman McQueen without consulting or informing the NRA Board, the disclosures in Ackerman McQueen's response to the lawsuit which suggested financial misconduct by LaPierre. That memorandum also again raised concerns about the magnitude of the bills for legal work charged to the NRA by Brewer Attorneys & Counselors. Finally, in that memorandum Col. North told you that he was forming the Crisis Management Committee pursuant to Article V, Section 2 of the NRA Bylaws to address these concerns.

In response to these writings, the NRA and in particular LaPierre retaliated against Col. North in the following ways, among others:

1. Blocked Col. North's re-nomination as President of the NRA;
2. Disbanded the Crisis Management Committee before it could do any work;
3. Spread a false story that Col. North had attempted a "coup" and tried to "extort" LaPierre;
4. Denied Col. North indemnification in connection with investigations and lawsuits related to the NRA, including the concerns raised by Col. North;
5. Attempting to force Col. North to resign from the NRA board.

I demand on Col. North's behalf that Col. North be protected from the NRA's efforts to intimidate, harass, discriminate or otherwise retaliate under the NRA's whistleblower policy as identified in Part VI, question 13 of the NRA's IRS 990 tax form; New York Not-for-Profit Corporation Law § 715-b; any other NRA policy adopted to conform with the requirements in New York Not-for-Profit Corporation Law § 715-b; and the NRA's Statement of Corporate Ethics policy (or any similar predecessor policy).¹

¹ Please provide copies of all NRA policies showing the NRA's conformance to the requirements in New York Not-for-Profit Corporation Law § 715-b that were in effect from January 2018 through the present.

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John Frazer, Esq.
October 25, 2019
Page 3

Sincerely,

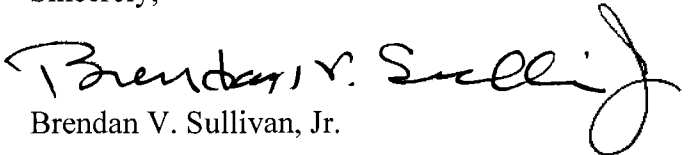

Brendan V. Sullivan, Jr.

Exhibit 11

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May 18, 2020

Via EmailMr. William Davis
NRA Board CounselRe: LtCol North Ethics Complaint/Hearing

Dear Mr. Davis:

I write as counsel for LtCol Oliver North (Ret.) regarding the complaint asserted by Thomas King against North, and the meeting of the Hearing Board currently scheduled for August 12, 2020, over our objection.

While an officer and director of the NRA, North reported potential financial misconduct and inadequate governance at the NRA to other officers and directors. Among other things, North asked for an outside, independent, confidential investigation into the legal fees charged by the NRA's outside counsel, which at the time amounted to approximately \$20 million and which recent news reports indicate have risen to approximately \$50 million—underscoring the need for the investigation called for by North. North's actions were consistent with, and for the purpose of, discharging the fiduciary duties he owed the NRA.

The standard to which corporate officers and directors are held under New York fiduciary duty law is clear:

New York courts have long held fiduciaries to a standard stricter than the morals of the market place. Not honesty alone, but the punctilio of an honor the most sensitive, is . . . the standard of behavior. A corporate officer's fiduciary duty includes discharging corporate responsibilities in good faith and with conscientious fairness, morality and honesty in purpose and displaying good and prudent management of the corporation.

Spitzer v. Grasso, 50 A.D.3d 535, 546 (1st Dept 2008) (quotation marks and citations omitted). North took these duties seriously, and indeed sought advice from your predecessor as Board

WILLIAMS & CONNOLLY LLP

Mr. William Davis

May 18, 2020

Page 2

Counsel, Steve Hart, on this very issue. Hart advised North of his duty to report potential financial misconduct and inadequate management to others at the NRA.

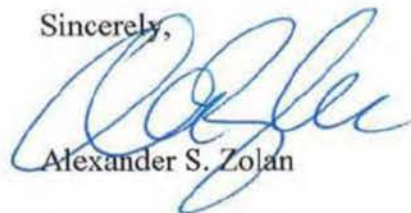
In addition to being consistent with, and in furtherance of, his fiduciary duties, North's reports of potential financial misconduct and inadequate management at the NRA are also protected acts under New York's whistleblower law applicable to not-for-profit corporations. *See* N.Y. Not-for-Profit Corp. Law § 715-b. New York law requires the NRA board of directors to adopt, implement, and comply with a whistleblower policy "to protect from retaliation persons who report suspected improper conduct." The policy,

shall provide that **no director, officer**, key person, employee or volunteer of a corporation who in good faith reports any action or suspected action taken by or within the corporation that is illegal, fraudulent or in violation of any adopted policy of the corporation shall suffer intimidation, harassment, discrimination or other retaliation[.]

Since North reported potential financial misconduct and inadequate management to other officers and directors, he has faced a steady stream of retaliation by the NRA. Wayne LaPierre, among other things, blocked North's re-nomination as President of the NRA; blocked the board committee North created to investigate potential financial misconduct and inadequate governance; falsely accused North of attempting to "extort" LaPierre; denied North's requests for indemnification; and attempted to force North to resign from the NRA board.

These proceedings to involuntarily terminate North as a member of the NRA under Article III, Section 11 of the NRA Bylaws is the NRA's latest act of illegal retaliation. The NRA must cease these proceedings. If the NRA instead decides to move forward, North reserves his right to enforce New York's whistleblower protections in court. *See Pietra v. Poly Prep Country Day Sch.*, 2016 WL 11432581, 2016 N.Y. Slip Op. 32916, at 7 (N.Y. Sup. Ct. 2016).

Sincerely,



Alexander S. Zolan

Exhibit 12



May 28, 2020

To the NRA Hearing Board:

I offer the following statements in support of LtCol Oliver North for your consideration in your proceedings:

1. In early 2018, Wayne LaPierre discussed with me that he had negotiated a deal with LtCol North to become the President of the NRA. Mr. LaPierre told me was going to pay LtCol North between \$2M and \$3M to get him more involved in NRA TV. I said that it would be worth every penny to get LtCol North more involved, including as President, because of LtCol North's stature with the NRA membership and his ability to fundraise. Mr. LaPierre asked me if I would speak to the Audit Committee and explain to them that that was a fair price for someone in his position who was leaving his role at Fox TV. I did that and explained to the Audit Committee. You can check the minutes to see that I spoke to the Audit Committee on behalf of hiring as of getting LtCol North as president. I briefed the Committee about NRA TV prior to Mr. LaPierre nominating LtCol North as President.
2. After LtCol North was named President of the NRA, NRA lawyer Steve Hart explained to LtCol North and me that we owe fiduciary duties to the NRA because we were officers of the NRA.
3. Attorney Hart explained that, as a result of the multi-million dollar bills that Attorney Bill Brewer was sending to the NRA, the NRA was experiencing a cash crisis that put the NRA at risk of being unable to meet its obligations to its employees and its programs.
4. Attorney Hart advised LtCol North and me that we had a fiduciary duty to look into Mr. Brewer's large bills, which were unusually large relative to attorney bills that the NRA had received in the past.
5. LtCol North and I worked to adhere to our fiduciary duties to the NRA by urging the NRA Audit Committee and Mr. LaPierre to undertake a confidential independent review of Mr. Brewer's large bills. We did this to protect the NRA and because we had a fiduciary duty to do so.
6. LtCol North and I both were friends with and supportive of Mr. LaPierre. We were trying to protect Mr. LaPierre and the NRA from potentially unreasonable or otherwise problematic bills by Mr. Brewer by getting a confidential independent review of the large bills. If the review found that Mr. Brewer's bills were appropriate, we would have been satisfied. We wrote letters to Mr. LaPierre in this regard. But Mr. Brewer and ultimately Mr. LaPierre blocked the confidential independent review, which we viewed as a red flag.
7. Despite this red flag, LtCol North and I both remained supportive of the NRA and Mr. LaPierre, and we were hopeful that Mr. LaPierre would change course and allow a confidential independent review of Mr. Brewer's bills. We believed that such a review was appropriate and necessary to adhere to our fiduciary duties to the NRA, because these bills were substantial and were causing a financial crisis at the NRA.

8. LtCol North and I NEVER had the goal of getting Mr. LaPierre to step down as EVP of the NRA. Our goal was to adhere to our fiduciary duties to the NRA and to protect the NRA.
9. On the morning of April 24, 2019, We had a meeting in a conference room to discuss going to the Nominating Committee prior to the NRA annual meeting. Meeting attendees included Mr. LaPierre, Millie Hallow, Jim Porter (for the first part of the meeting), LtCol North, Carolyn Meadows (Second Vice President), the NRA's new attorney Wit Davis, and me. We were there talking to Mr. LaPierre about why he would not have the Nominating Committee nominate LtCol North. We were told Mr. LaPierre had not said anything to the Nominating Committee. Come to find out, Mr. LaPierre had told the members not to vote for LtCol North. LtCol North said that he would stay on as President, if Mr. LaPierre would tell the Nominating Committee to nominate LtCol North. If not, LtCol North would leave before the annual meeting that I presided over. In that meeting, Ms. Hallow received a phone call and she said, "Wayne that was Dan Boren. He said that if you would step down, Ackerman McQueen would drop any charges they were getting ready to file against you and the NRA." Mr. LaPierre got up and walked out the door. Ms. Hallow was crying and said, "That is not right." LtCol North told Ms. Hallow he would fly to Oklahoma with Mr. LaPierre and help him straighten this out. Mr. LaPierre never came back in the room, and LtCol North did not get nominated. At no point during my entire time at the NRA did any of the Executive Committee members ever ask Mr. LaPierre to step down.

I hope this information is helpful in your deliberations. If you have any further questions, please do not hesitate to contact me.

Sincerely,



Richard Childress

Exhibit 13

Please insert Statement from Chuck Cooper

HERE

Exhibit 14

May 28, 2020

National Rifle Association of American
Ethics Committee Hearing Board
11250 Waples Mill Road
Fairfax, VA 22030

Re: Lt. Col. Oliver North

To the Hearing Board:

Regarding your hearing concerning Lt. Col. Oliver North, please consider the information below, which is based on my best recollection.

1. I have known Lt. Col. North since 1995, when I joined the NRA.
2. In all of those years, I never talked with Lt. Col. North about removing Wayne LaPierre as Executive Vice-President of the NRA.
3. On April 24, 2019, Board Member Dan Boren contacted me to warn me about information that Ackerman McQueen supposedly had about Mr. LaPierre.
4. On that call, Mr. Boren told me that Ackerman was demanding that Mr. LaPierre step down as Executive Vice-President.
5. I told Mr. Boren to call Lt. Col North and Mr. LaPierre or his assistant Millie Hallow. I did not tell Mr. Boren that Mr. LaPierre should step down, because I did not think that Mr. LaPierre should step down.
6. I immediately attempted to get in contact with Mr. LaPierre by calling him and his assistant, Millie Hallow. I then called Lt. Col North to pass along the details of my conversation with Mr. Boren.
7. On that call, neither I nor Lt. Col. North stated that Mr. LaPierre should step down as Executive Vice-President.

Sincerely,

/s Chris Cox

Exhibit 15

Please insert Statement from Steve Hart

HERE

Exhibit 16

May 28, 2020

To Whom It May Concern:

The relationship between Ackerman McQueen and Lt. Col. Oliver North was personally negotiated by Wayne LaPierre and structured to produce content for NRATV as well as other associated media appearances, which included fundraising initiatives that he was often directed by NRA executives to assist. Any implication or accusation that Ackerman McQueen leadership discussed Wayne LaPierre's resignation with Col. North is false. To our knowledge, other than conversations about Col. North's work for NRATV, no conversations between Ackerman McQueen employees and Col. North occurred between mid-January 2019 and July 2019. Further, as Ackerman McQueen states in its filings and as the evidence clearly shows, the company was not involved in a "coup" and the continued false accusation is defamatory.

Sincerely,

/s/Revan McQueen
Revan McQueen

/s/Bill Winkler
Bill Winkler

/s/Melanie Montgomery
Melanie Montgomery

/s/Tony Makris
Tony Makris

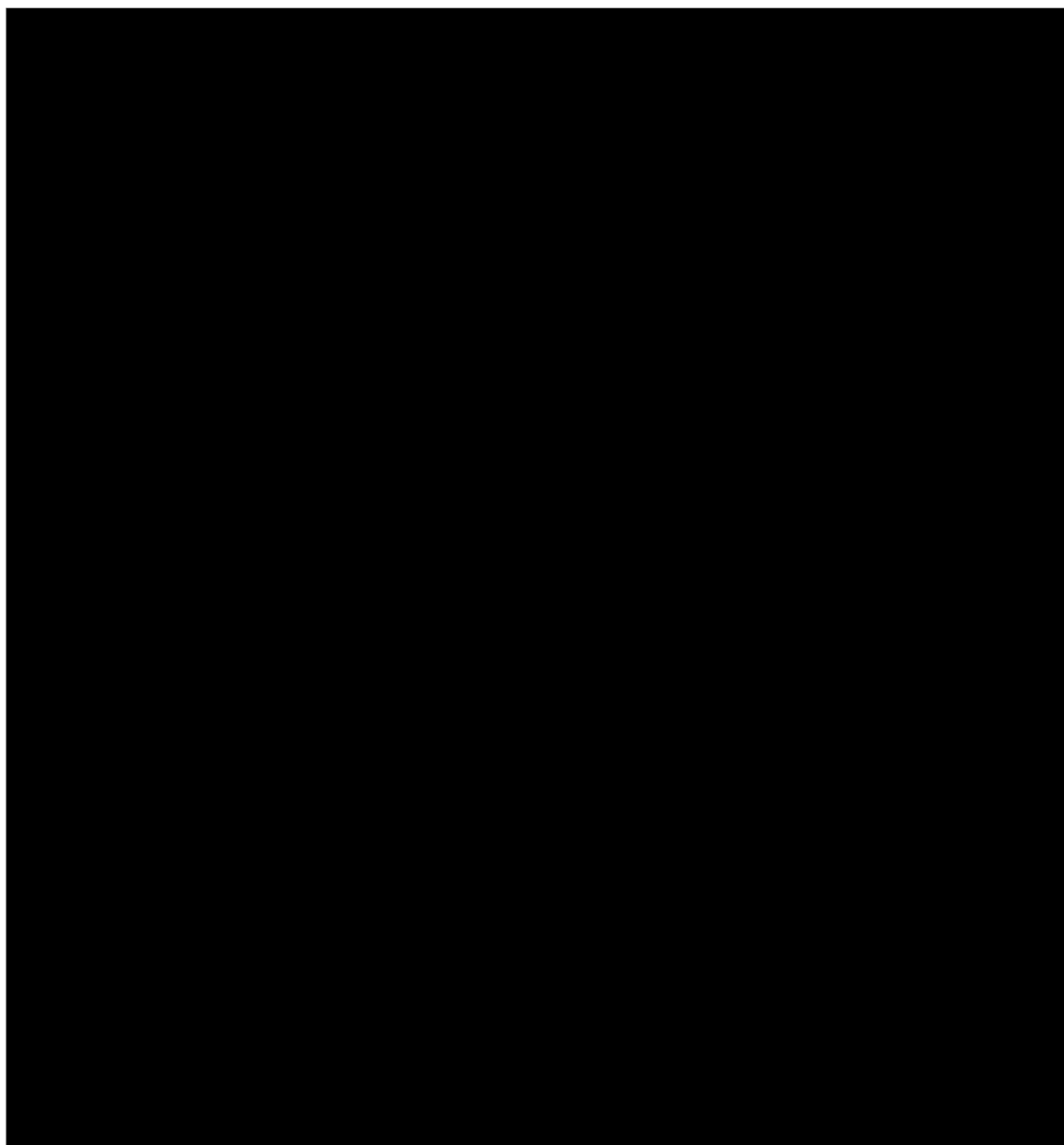
/s/Nader Tavangar
Nader Tavangar

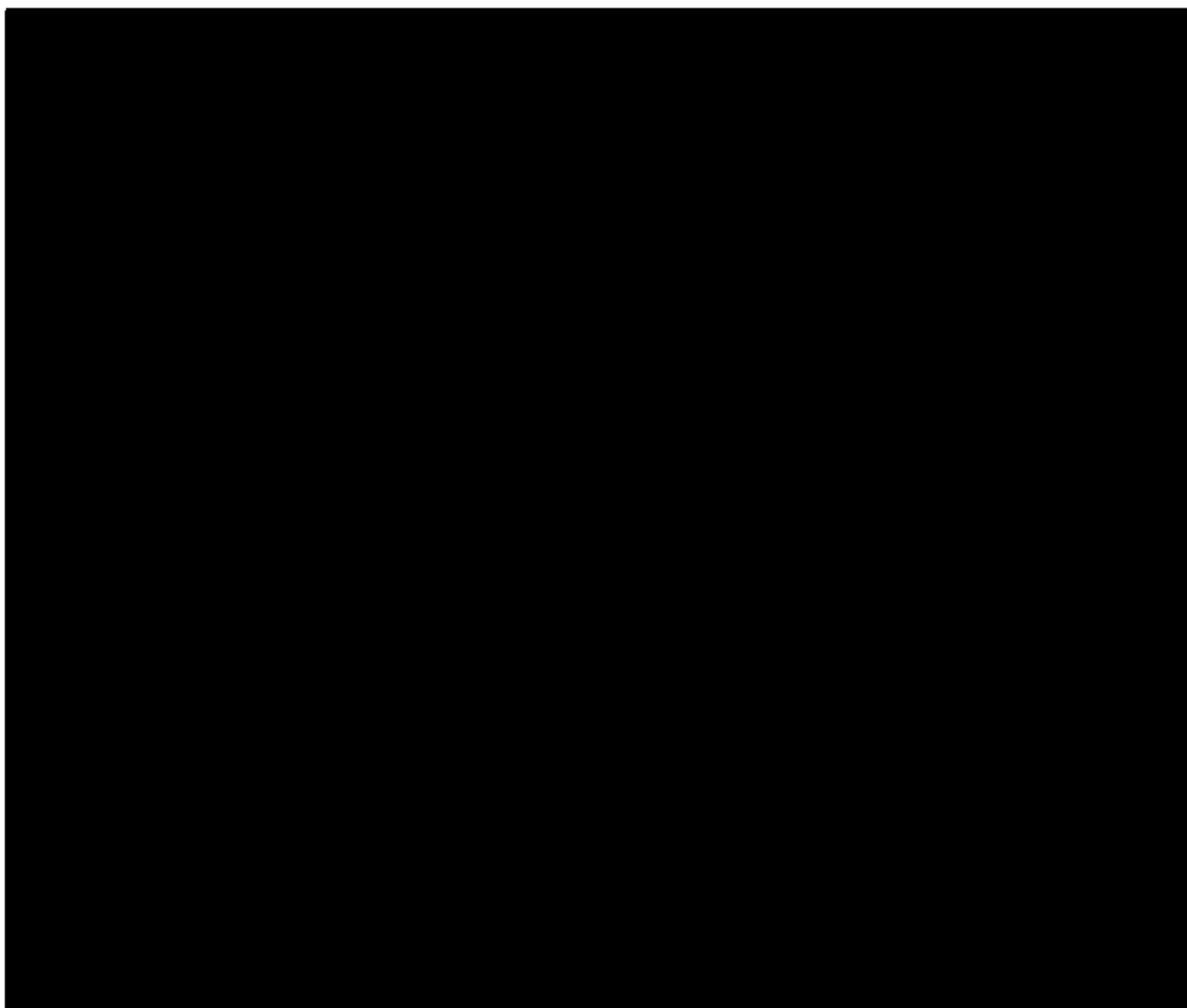
Exhibit 17

Statement of Michael Volkov

**Ethics Committee
In the Matter of Lt. Col. Oliver North
National Rifle Association**

May 24, 2020





This statement has been made on May 24, 2020.

A handwritten signature in black ink on a light gray rectangular background.

Michael Volkov

Exhibit 18



1130 Connecticut Ave. NW
Suite 710
Washington, DC 20036
Phone: 202-721-0000
Fax: 202-721-0008

Harvey L. Pitt
Chief Executive Officer

June 1, 2020

National Rifle Association of America ("NRA")
Hearing Board
11250 Waples Mill Rd.
Fairfax, VA 22030

Re: **Lt. Colonel Oliver North Matter**

To the Members of the NRA Hearing Board:

Introduction

I am the Founder and Chief Executive Officer of Kalorama Partners, LLC ("KP"), a global strategic business consulting firm, specializing in, among other things, corporate governance issues for public and private business organizations, for profit and not-for-profit business organizations, as well as domestic and foreign governmental (and quasi-governmental) bodies. I understand that the NRA has convened—or will be convening—this Hearing Board to consider a letter prepared by Mr. Thomas King, an NRA Board Member, containing allegations against Lt. Colonel Oliver North (Ret.) ("LtCol North"), the immediate past President of the NRA, and seeking LtCol North's expulsion from membership in the NRA.¹

Given my professional involvement in corporate governance matters spanning over fifty years, as well as my respect for the Second Amendment to the U.S. Constitution, I respectfully submit this letter to set forth what I believe are some of the many compelling reasons for the Hearing Board to dismiss Mr. King's letter—and the proceeding it invokes—in its entirety. This letter sets forth my professional opinions regarding the fiduciary obligations of LtCol North, other NRA Officers, and the NRA's Board of Directors, as well as the corporate governance

¹ See T. King, Letter to J. Frazer (NRA Sec'y and GC) (Aug. 9, 2019), annexed as Exhibit A. Although Mr. King's letter is dated August 5, 2019, it apparently was not notarized until August 9, 2019. *Id.*, at p. 9.

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June 1, 2020

obligations imposed upon those charged with managing and overseeing the activities of the NRA. The views expressed in this letter are mine, and were drafted solely by me. I will not be compensated in any way, directly or indirectly, for the views I express below, or the preparation of this letter, and no one has directed me in the views I express below.

Experience and Background²

In 2003, I founded KP and its affiliated law firm.³ Immediately prior to founding the Kalorama Firms, I was privileged to serve as the twenty-sixth Chairman of the U.S. Securities and Exchange Commission ("SEC" or "Commission") (2001-2003). In that capacity, I oversaw the myriad functions performed by the SEC, including the establishment and interpretation of regulatory requirements, disclosure policies, corporate governance, the creation of enforcement practices and oversight of SEC enforcement proceedings, and efforts designed to protect the fairness and orderly conduct of our Nation's securities markets.

During my tenure as SEC Chairman, among other things, I oversaw the SEC's response to the market disruptions resulting from the terrorist attacks of 9/11,⁴ created the SEC's "real time enforcement" program⁵—a policy designed to make the SEC's enforcement initiative

² Annexed as Exhibit B is a detailed curriculum vitae. For current purposes, summarized below are some of my salient experiences as they relate to this matter.

³ Kalorama Legal Services, PLLC ("KLS"). Together, KP and KLS are referred to in this letter as the "Kalorama Firms."

⁴ See, e.g., Remarks of Rep. Kanjorski on H.R. 657, the Emergency Securities Response Act of 2003, 149 Cong. Rec. No. 31, p. H1343 (stating the bill was "a tribute to the leadership of Harvey Pitt when he was chairman of the SEC Commission," in handling the 9/11 crisis, and "no other chairman of the SEC exercised greater powers and controls with greater responsibility") available at <https://www.congress.gov/crec/2003/02/26/CREC-2003-02-26-house.pdf>.

⁵ For a description of the SEC's "real time" enforcement policy, see S. Cutler, "Remarks at the Glasser LegalWorks 20th Annual Federal Securities Institute" (Feb. 15, 2002), available at <https://www.sec.gov/news/speech/spch538.htm>.

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more efficient and effective for the protection of investors—and led the SEC’s unanimous adoption of dozens of rules implementing the Sarbanes-Oxley Act of 2002,⁶ in response to the corporate governance and accounting crises of the 1990s. My service as SEC Chairman was my second tour of duty at the SEC. My first tour of duty, which commenced immediately upon my graduation from law school in 1968, spanned more than a decade (1968-1978), the last three years of which I served as the first internally promoted General Counsel, the SEC’s Chief Legal Officer.

After my first tour of duty at the SEC, for nearly a quarter century (1978-2001), I was a senior corporate partner at (and eventually Co-Chairman of) the international law firm now known as Fried, Frank LLP (“Fried Frank”). My practice at Fried Frank, among other things, included

- Advising public, private, for-profit, and nonprofit business organizations on their corporate governance and fiduciary obligations;
- All aspects of corporate, financial services and securities laws;
- Personal representation of most major capital market participants; and
- Extensive handling, counseling, assisting and determining thousands of corporate disclosure issues.

In addition to my position as founder, CEO and Managing Director of the Kalorama Firms, I am currently:

- The independent fiduciary director of the international hedge funds of Paulson & Co. Inc., and a member of those funds’ Audit Committees;
- A member of the Regulatory and Compliance Advisory Council for Millennium Capital Management, LLC, an international hedge fund manager;
- A senior advisor to Teneo Holdings LLC, a global consulting and strategic planning firm; and

⁶ Pub. L. 107-204, 116 Stat. 745 (Jul. 30, 2002) (“S-Ox”).

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- A member of the Advisory Board of JBS USA Holdings, Inc., the U.S.' largest producer and supplier of beef, pork, chicken and lamb.

I previously have served on the boards of

- root9B Technologies, Inc. (and its Audit Committee) (2011-2016), a public professional services company;
- National Cathedral School (2009-2012) (and, at various times, Board Vice-Chair, Governance Committee Co-Chair, and Audit and Compensation Committee Chair);
- Approva Corp., a private software manufacturer assisting companies with improving internal controls and S-OX compliance (and a member of its Audit and Strategic Planning Committees);
- MFA, Inc. (2005-2016), a not-for-profit §501(c)(3)⁷ corporation that is one of the largest health care providers in metropolitan Washington, D.C. (and Chair of its Audit and Compensation Committees); and
- An independent fiduciary director of CQS (UK) LLP and CQS Investment Management Ltd., managers of an international group of alternative asset management funds.

I have taught full-semester courses—in an adjunct capacity—on corporate governance (Yale Law School); fraud and fiduciary duties under the federal securities laws (Georgetown University Law Center; University of Pennsylvania School of Law), securities market structure (George Washington University Law School), and takeover practice/law (University of Pennsylvania School of Law). I have also lectured on various legal and economic topics at (among other venues) Harvard Law School, Yale Law School, The Wharton School, MIT Sloan School of Management, and Georgetown University McDonough School of Business.

⁷ See 26 U.S.C. §501(c)(3).

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From 2002-2010, I was a regular contributing columnist to the publication known as COMPLIANCE WEEK[®] on subjects relating to corporate governance, fiduciary duties, corporate compliance, and corporate disclosure obligations. I am a frequent contributor to publications on related subjects, including the WALL STREET JOURNAL, as well as a frequent lecturer on various issues related to corporate governance, economics and securities law.⁸

I have also received several professional awards and other formal recognition of relevance here, including:

- Induction into the National Association of Corporate Directors' Corporate Governance Hall of Fame (2011), recognizing professionals who have provided a lasting and positive influence on corporate governance;⁹
- The William O. Douglas Award (2011), conferred by the Association of SEC Alumni annually on an SEC alumnus who has substantially contributed to the development of the federal securities laws and served the financial and SEC community with distinction;¹⁰ and
- Induction into the SEC Enforcement Hall of Fame (2014), in recognition of significant and lasting positive contributions made to the development of securities law enforcement.¹¹

After my second tour of duty at the SEC, in 2003 I formed the Kalorama Firms to assist public, private and not-for-profit business

⁸ A list of articles I have written and speeches that have been published, from 2006 to the present, is annexed as Exhibit C.

⁹ See NACD Website, <https://www.nacdonline.org/insights/magazine/article.cfm?itemnumber=9464> (Sept. 2011).

¹⁰ See ASECA News, "Harvey Pitt Receives William O. Douglas Award at 2011 Annual Dinner" (Feb. 4, 2011), at p. 1, available at <http://www.secalumni.org/assets/Newsletters/july%202011%20newsletter.pdf>.

¹¹ See Securities Docket.com Hall of Fame, <http://www.securitiesdocket.com/enforcement-hall-of-fame/> (2014).

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entities, domestic and foreign governmental bodies, and quasi-governmental bodies seeking to improve their governance, adhere more fully to their fiduciary responsibilities or respond more effectively to the precise types of issues which have been raised by LtCol Oliver North.

Among other things, I have:

- Served as a designated expert in the corporate governance duties of corporate directors;
- Opined at the request of the U.S. government on the fiduciary obligations of corporate directors in the face of allegations of officer misconduct;¹²
- Prepared governance recommendations for, and counseled, foreign governments on establishing fiduciary obligations and governance duties;
- Assisted the World Bank in reassessing its governance structure;
- In the face of alleged corporate misconduct, at the request of independent outside directors and governmental authorities, investigated, assessed and made recommendations regarding existing governance policies and procedures of dozens of corporations; and
- Completed a thorough internal review, and will make extensive recommendations regarding the governance, of the Public Company Accounting Oversight Board ("PCAOB"), a quasi-governmental, not-for-profit, body that governs the accounting profession.¹³

¹² See, e.g., H. Pitt Expert Report, *In re K. Alderman, et al.*, SEC Admin. Pro. File No. 3-15127 (Mar. 1, 2013), available at http://ungersand.a2hosted.com/images/DirResPDFs/HLP_Expert_Report.pdf.

¹³ The PCAOB was created by the Sarbanes-Oxley Act of 2002 ("S-Ox"), Pub. L. 107-204 (Jul. 30, 2002), and is organized as a DC not-for-profit corporation. See S-Ox §101, codified at 15 U.S.C. §7211.

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Corporate Governance and Not-for-Profit Corporations

The concept of corporate governance and the fiduciary duties that are an integral part of that concept have been around since the origin of the business organization.¹⁴ But, modern concepts of corporate governance encompass an “array of techniques to control the improper exercise of discretion and conflicts of interest,”¹⁵ including not only autonomous legal rules, but also non-binding ethical norms.¹⁶ And, since 2002, with the adoption of S-Ox, U.S. federal law has codified many important principles of corporate governance,¹⁷ all in an effort to assure that those charged with the management and oversight of business entities adhere to five of the most significant principles of fiduciary obligations—to wit, the duty to:

¹⁴ See, e.g., N. Price, “What Is the History of Corporate Governance and How Has it Changed,” DILIGENT INSIGHTS (Oct. 3, 2018), available at <https://insights.diligent.com/corporate-governance/what-is-the-history-of-corporate-governance-and-how-has-it-changed>; B. Cheffins, “The History of Corporate Governance,” OXFORD HANDBOOK OF CORPORATE GOVERNANCE (Jan. 2012), available at <https://poseidon01.ssrn.com/delivery.php?ID=251111065111110124002092088069077086027042005049030031109121088102123012023011120113025043060052010029015016110083087000122087011015057037067121079000007125111094112070039021110117088030109122085112001124083127100102123090079027117019107093093103031071&EXT=pdf>.

¹⁵ See, e.g., J. Hill, “Shifting Contours of Directors’ Fiduciary Duties and Norms in Comparative Corporate Governance,” THE COLUMBIA LAW SCHOOL BLUE SKY BLOG (Feb. 5, 2020), available at <https://clsbluesky.law.columbia.edu/2020/02/05/shifting-contours-of-directors-fiduciary-duties-and-norms-in-comparative-corporate-governance/>.

¹⁶ See, e.g., R. Gilson, “From Corporate Law to Corporate Governance,” OXFORD HANDBOOK OF CORPORATE GOVERNANCE (Sept. 15, 2016), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2819128.

¹⁷ See, e.g., C. Glassman, “Sarbanes-Oxley and the Idea of ‘Good’ Governance,” SPEECH TO THE AM. SOC. OF CORP. SECRETARIES (Sept. 27, 2002), at Part II, “The Idea of ‘Good’ Governance,” available at <https://www.sec.gov/news/speech/spch586.htm> (noting that “the common thread” of the Commission’s reforms is that “governance matters”—that is, “‘good’ governance tends to channel corporate decisions in the right direction”); R. Clark, “Corporate Governance Changes in the Wake of the Sarbanes-Oxley Act,” Harvard John M. Olin Discussion Paper Series Paper No. 525 (Sept. 2005), available at http://www.law.harvard.edu/programs/olin_center/papers/pdf/Clark_525.pdf; B. Civiletti, “Confidence, Courage and Leadership in Corporate Governance,” VENABLE INSIGHTS (Dec. 2002), at p. 1, available at <https://www.venable.com/>.

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- Act in the best interests of the organization;
- Act in accordance with the powers conferred by the organization's charter and by-laws;
- Avoid shackling the informed and proper exercise of discretion by those managing and overseeing the organization;
- Avoid conflicts of interest; and
- Preclude those with access to corporate assets from utilizing their position to make improper personal gains, or to confer improper personal gains on designated recipients.¹⁸

The importance of corporate governance cannot be overstated—it ensures that business organizations fulfill their stated purposes, and that the numerous constituencies to which these organizations must be responsive can rely on these entities, confident that those with whom they are dealing are required to deal honestly, fairly and not in their own self-interest.

Fiduciary duties—the obligation to act in the best interests of the corporation and its constituencies—apply to all corporate officials and directors, *individually and collectively*.¹⁹ There are three basic components of the concept of fiduciary duties in the corporate context—the duty of care (acting with the care of a reasonably prudent person similarly situated), the duty of loyalty (acting in good faith in a manner reasonably believed to be in the best interests of the organization), and the duty of obedience (acting within the organization's stated purposes

</media/files/publications/2002/12/the-new-standards-of-corporate-governance-assessin/files/952pdf/fileattachment/952.pdf>.

¹⁸ See, e.g., P. Atkins, M. Gerber, E. Micheletti, R. Saunders & M. Reale, “*Directors’ Fiduciary Duties*,” SKADDEN INSIGHTS (Feb. 19, 2020), available at <https://www.skadden.com/insights/publications/2020/02/directors-fiduciary-duties>.

¹⁹ See, e.g., A. Eckstein & G. Parchomovsky, “*Toward a Horizontal Fiduciary Duty in Corporate Law*,” 104 Cornell L. Rev. 803, 804 (2018), available at <https://poseidon01.ssrn.com/delivery.php?ID=571066117002112070010067111082118090125008047064079009011007085029118004000093026064096057055058008048005069001126002104007086105052000035040121127095002001028110086026000114069104090108114024093026079119122110099088112101089125066015084083021068072&E XT=pdf>.

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and ensuring that the organization's mission is pursued lawfully).²⁰ Assuring adherence to good corporate governance and fiduciary duties is essentially the role of the board of directors (or other governing body).²¹

Governing boards of for-profit and non-profit corporations share many of the same obligations—an oversight role, decision-making power and assuring adherence to their members' and management's fiduciary duties.²² This is especially true for non-profit corporations organized under the laws of N.Y. State, where the NRA is organized, since New York's Not-For-Profit Corporation Law ("NPCL") imposes strict obligations on the officers and directors of NY-registered non-profit corporations.²³ In addition, New York non-profits are also subject—as are all nonprofit entities—to the requirements imposed by the Internal Revenue Service as a condition for their non-taxed status.²⁴

There are, however, significant differences between governance requirements applicable to for-profit and non-profit corporations. Of particular relevance here, non-profit corporations cannot be formed for financial gain and cannot provide profits or excessive benefits for its insiders.²⁵ Non-profits' mission sets forth their purpose, and the basis for

²⁰ See, e.g., Weil, Gotshal & Manges LLP, GUIDE TO NONPROFIT GOVERNANCE (2019), at p. 2, available at <https://www.weil.com/~media/guide-to-nonprofit-governance-2019.pdf> ("*Nonprofit Governance*").

²¹ *Id.*

²² See, e.g., L. Rosenthal, "Nonprofit Corporate Governance: The Board's Role," HARV. L. S. FORUM ON CORP. GOV. (Apr. 15, 2012), available at <https://corpgov.law.harvard.edu/2012/04/15/nonprofit-corporate-governance-the-boards-role/> ("*Board's Role*"); *Nonprofit Governance*, n. 20, *supra*, at p. 2.

²³ Not-for-profit corporations incorporated under New York law are subject to the governance and oversight rules set forth in §§715-a and 715-b of the NPCL, adopted as part of the Non-Profit Revitalization Act of 2013. See NY State Library, "The Non-Profit Revitalization Act (2013) and New York State Libraries and Library Systems," available at <http://www.nysl.nysed.gov/libdev/trustees/coi-wb.htm>.

²⁴ See, e.g., *Nonprofit Governance*, n. 20, *supra*, at pp. 13-16.

²⁵ *Id.*, at p. 1.

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their grant of legal not-for-profit status.²⁶ That mission must drive non-profit corporations' activities, and their boards must govern to carry out their mission in strict conformity with applicable legal and regulatory requirements.²⁷ Non-profits must adhere to, not materially deviate from, their stated missions.²⁸

A critical distinction between for-profits and non-profits is that non-profits have missions not owners or shareholders; thus, while a prime directive for for-profit corporation directors is achieving highest values for owners, non-profit board members' prime directive is mission fulfillment.²⁹ Thus, for-profit shareholders can hold directors and officers accountable, but there is no comparable *private* accountability mechanism for non-profits.³⁰ Instead, along with state Attorneys General and the IRS, the principal role of assuring a non-profit's fidelity to its mission and accountability rests with each board member.³¹

LtCol Oliver North³² and His Fiduciary Obligations

As relevant to this hearing, LtCol North has been a member of NRA's Board for over two decades,³³ duly elected by the NRA's

²⁶ *Id.*

²⁷ *Id.*

²⁸ *See, e.g.,* HANDBOOK OF RESEARCH ON NONPROFIT ECONOMICS AND MANAGEMENT (2nd ed., B. Seaman & D Young, eds.), at 227; *Nonprofit Governance*, *supra* n. 20, at p. 4.

²⁹ *See* "Board's Role," *supra* n. 22.

³⁰ *Nonprofit Governance*, *supra* n. 20, at p. 2.

³¹ *Id.*

³² I do not know LtCol North personally. My analysis of his responsibilities is based on materials of public record I have reviewed, my experiences as a regulator, my service as a for-profit and non-profit director, and my professional activities for the past 50+ years. Materials I have reviewed are cited in this letter, along with additional materials listed in Exhibit D.

³³ *See* T. Mak, NPR.org, <https://www.npr.org/2019/04/27/717808885/oliver-north-says-he-will-not-seek-a-2nd-term-as-nra-president> (noting LtCol North has been an NRA Board Member for over two decades).

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membership.³⁴ As a duly elected Board Member, LtCol North was expressly authorized, and obligated, to

[F]ormulate the policies and govern and have general oversight of the affairs and property of the Association, in accordance with applicable law and [the NRA's] Bylaws.³⁵

Unless the NRA's Bylaws were assumed to have no substance to them—an assumption that no Board Member should, or could, make—these directives *required* LtCol North to be vigilant in protecting both the “affairs and property” of the NRA.

Moreover, even beyond LtCol North's long-standing status as a Board Member, he was also President of the NRA, elected in May 2018, and serving until April 2019.³⁶ In announcing LtCol North's election, Wayne LaPierre, NRA's Executive Vice President and CEO, indicated

This is the most exciting news for our members since Charlton Heston became President of our Association Oliver North is a legendary warrior for American freedom, a gifted communicator and skilled leader. In these times, I can think of no one better suited to serve as our President.³⁷

³⁴ See NRA, Bylaws (Apr. 29, 2017), Art. IV, copy available at https://www.savethe2a.org/wp-content/uploads/2019/10/NRA_Bylaws-1.pdf (“NRA Bylaws”).

Unlike most non-profits, the NRA does not make its current Bylaws publicly available. In my opinion, this is inconsistent with principles of good corporate governance.

³⁵ NRA Bylaws, *supra* n. 34, at Art. IV, Sec. 2 (“Powers and Duties”).

³⁶ See, e.g., N. Choshi, “*Oliver North Is Named N.R.A. President*,” NY Times (May 7, 2018), available at <https://www.nytimes.com/2018/05/07/us/oliver-north-nra-president.html>.

³⁷ See NRA, “*Lt. Colonel Oliver North Poised to Become NRA President*,” NRA Press Rel. (May 7, 2018), available at <https://www.nrablog.com/articles/2018/5/lt-colonel-oliver-north-poised-to-become-nra-president/>.

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As the duly elected President of the NRA, LtCol North was expressly authorized to perform all duties that “usually pertain to [that] office,”³⁸ preside over “all” meetings of the NRA,³⁹ and was authorized to appoint “special committees” of the NRA.⁴⁰

There is no definition, in the NRA’s Bylaws, of the duties that “usually” pertain to the office of President but, given the NRA’s unique structure, with the Executive Vice President (here, Mr. LaPierre) effectively serving as the organization’s CEO,⁴¹ LtCol North’s position was most analogous to that of the Chairman of the Board of a non-profit corporation, whose functions and responsibilities typically involve, among other things:

- Leading the Board and Executive Committee in carrying out their governance functions;
- Ensuring that the Board has approved policies to provide sound and compliant governance and management of the organization;
- Assessing the performance of the Board and its committees;
- Coordinating an annual performance review of the CEO;
- Setting priorities and creating agendas for meetings of the Board and Executive Committee;
- Presiding over meetings of the Board and Executive Committee; and

³⁸ See NRA Bylaws, *supra* n. 34, at Art. V, Sec. 2(a)(4).

³⁹ *Id.*, at Art. V, Sec. 2(a)(1).

⁴⁰ *Id.*, at Art. V, Sec. 2(a)(3).

⁴¹ *Id.*, at Art. V, Sec. 2(b).

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- Serving as an ambassador of the organization and advocating its mission to internal and external stakeholders.⁴²

Under well-established principles of corporate governance, IRS requirements, NY State's NPCL, and the NRA's Bylaws, therefore, LtCol North was required to exercise a strong oversight role, utilize his decision-making powers to further the interests of the NRA, its members and its donors, and to assure adherence by the NRA and its management to their fiduciary duties and the NRA's stated mission.⁴³ In particular, he had an obligation to call the attention of all Board Members to the possibility that the NRA's assets might have been utilized improperly, or for the personal benefit of individual officers of the Association.⁴⁴

LtCol North Was Required to, and Properly Did, Raise Issues Regarding Various NRA Expenditures

As noted, this proceeding apparently was initiated by a letter from NRA Board Member King.⁴⁵ At the outset of his letter, Mr. King challenged the motivations behind LtCol North's requests for Board review of certain NRA expenditures, suggesting that those motivations are a basis for LtCol North's expulsion from the NRA.⁴⁶

But, even if it were assumed, solely for purposes of argument, that LtCol North had some personal—or even an untoward—motivation for seeking thorough and careful Board review of certain NRA expenditures,

⁴² See, e.g., G. Takagi, "Duties of the President and/or Chair of the Board," NEO LAW GROUP NONPROFIT LAW BLOG (Jan. 4, 2017), available at <https://nonprofitlawblog.com/duties-of-the-president-andor-chair-of-the-board/>.

⁴³ See nn. 19-31, *supra*, and accompanying text.

⁴⁴ See nn. 24-25, *supra*, and accompanying text.

⁴⁵ See, *supra*, n. 1, and Ex. A to this Letter.

⁴⁶ *Id.*, at pp. 1-3. By referencing Mr. King's attribution of motives to LtCol North, I do not in any way intend to validate those claims. For current purposes, those claims are irrelevant.

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as long as LtCol North reasonably believed there *might* have been improper conduct, the NRA and its Directors are obligated to consider these issues. The motives of LtCol North in bringing these matters to the Board are irrelevant, both as a matter of corporate governance, as well as statutory law.⁴⁷

As noted, service on the board of a non-profit corporation carries with it important responsibilities and obligations. Among other things, it is frequently the case that a non-profit's serious financial or legal problems can be traced back to the inaction of board members who either were unaware of the relevant facts and/or their legal obligations, or else chose to ignore them.⁴⁸

This places a heavy fiduciary obligation on non-profit Board Members, and those functioning as Board Chairs, to "be attentive to the organization's finances and activities and *actively* oversee the way in which assets are managed."⁴⁹ In particular, Board members have a responsibility to ensure that the organization's assets are spent appropriately, and will incur personal liability if they permit, or do not take effective action to prevent, the improper distribution of corporate assets, and can be held liable for permitting the improper distribution of

⁴⁷ See, e.g., NY A.G. Charities Bureau, "*Whistleblower Policies under the Nonprofit Revitalization Act of 2013*," (Apr. 13, 2015), at p. 5, available at [https://www.charitiesnys.com/pdfs/Charities Whistleblower Guidance.pdf](https://www.charitiesnys.com/pdfs/Charities%20Whistleblower%20Guidance.pdf) (noting that whether a report is made in good faith focuses on whether the person raising them "reasonably believes [them] to constitute illegal conduct, fraud, or a violation of the organization's policy," and not on "the motives of the whistleblower in bringing it to the attention of the organization"). See also, 5 U.S.C. §2302(f)(1)(C) (codifying federal law to the effect that the motivation of persons in LtCol North's position is wholly irrelevant to the fiduciary obligation to consider these allegations).

⁴⁸ See, e.g., L. Manley, Legal Dir., NYC Lawyers Alliance, "*Board Development and Accountability*," (2016), at p. 2, available at <http://www.nyc.gov/html/nonprofit/downloads/pdf/Board%20Development%20and%20Accountability.pdf> ("*NY Nonprofit Board Accountability*").

⁴⁹ *Id.*, at p. 3, citing New York's NPCL §717.

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corporate assets.⁵⁰ As a result, non-profit Boards must regularly review their organization's finances.⁵¹

Here, LtCol North wrote two letters in April 2019 that apparently have prompted the current effort to have him expelled from NRA membership.⁵² In his first letter, co-signed by Richard Childress, then the NRA's 1st Vice President,⁵³ LtCol North and Mr. Childress raised concerns, among other things, about the "extraordinary" legal fees—\$24 million in little more than a year—that the NRA had incurred with one law firm, Brewer Attorneys & Counselors.⁵⁴

On its face, this first letter was not only consistent with LtCol North's and Mr. Childress' fiduciary obligations, it was *required* by those duties, which LtCol North and Mr. Childress owed to the NRA, to the NRA Board and, perhaps most importantly, to the NRA's membership and the individuals and entities that have donated millions and millions of dollars to the NRA with the understanding, as well as the legal assurances, that those funds would be used in a manner consistent with the NRA's stated

⁵⁰ *Id.*, citing *Vacco v. Aramony*, #QDS: 22301656 (N.Y. Sup. Ct. 1998).

⁵¹ *Id.*

⁵² *See* LtCol North, Letter to J. Frazer (NRA GC) & C. Cotton (NRA Audit Comm. Chmn.) (Apr. 18, 2019), annexed as Exhibit E, and LtCol North, Letter to NRA Exec. Comm. (Apr. 25, 2019), annexed as Exhibit F.

It does not appear that any action has been instituted seeking to expel Mr. Childress from NRA membership.

⁵³ *See* Ex. E, *supra* n. 52, at p. 9. Mr. Childress apparently resigned from the NRA Board on August 19th. *See* R. Childress, Letter to C. Meadows, J. Frazier and the NRA Board of Directors (Aug. 19, 2019), available at <https://nxsTRIB-com.go-vip.net/wp-content/uploads/sites/17/2019/08/nra-resignation-letter.pdf>. *And see* Fox 8 News, "Richard Childress Becomes 5th Member to Resign from NRA Board in Recent Weeks," (Aug. 20, 2019), available at <https://myfox8.com/news/richard-childress-becomes-5th-member-to-resign-from-nra-board-in-less-than-a-month/>.

⁵⁴ *See* Ex. E, *supra* n. 52, at p. 1.

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mission.⁵⁵ Indeed, prior to sending this first letter, LtCol North and Mr. Childress apparently had consulted with NRA Board Counsel, who had

[A]dvised [them] to exercise their fiduciary duty to ensure that all the NRA has paid (and allegedly still owe[s]) the Brewer firm is reasonable, appropriate, and subject to proper oversight and accountability.⁵⁶

In addition, LtCol North and Mr. Childress noted in this first letter that they had

asked several times over the past two months for NRA management to retain an outside, independent review of the Brewer [law] firm's invoices . . . [but, thus] far there [had] been no action

taken in response.⁵⁷ Under these circumstances, there is no question that LtCol North had a reasonable basis for seeking an independent review of the extremely large amount of fees paid to the Brewer law firm, and was actually required to do so by New York's NPCL.

Although LtCol North's predicate for his simple, yet appropriate, request—for the designation of an independent fact-finder to look into the Brewer firm's billings—was amply supported by reference to his fiduciary and statutory obligations, this first letter also noted that, in several

⁵⁵ See, e.g., *NY Nonprofit Board Accountability*, *supra* n. 48; *Board's Role*, *supra* n. 22; and *Nonprofit Governance*, *supra* n. 20.

⁵⁶ See Ex. E, *supra* n. 52, at pp. 1, 3. This reference was presumably to Steve Hart, an NRA legal strategist who represented its Board of Directors. He apparently was suspended from the NRA in late April 2019. See, e.g., W. Van Sant & D. Nass, "The NRA Exodus: Who Left the Organization During a Year of Upheaval," THE TRACE (Mar. 2, 2020), available at <https://www.thetrace.org/2020/03/nra-departures-timeline-wayne-lapierre/>.

As part of their efforts, LtCol North and Mr. Childress identified five separate attempt to obtain access to, or review of, the Brewer firm's invoices, all of which were denied. Ex. E, *supra* n. 52, at p. 3.

⁵⁷ *Id.*

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meetings with the same outside counsel that was the subject of LtCol North's independent billing review request (Mr. Brewer), LtCol North and Mr. Childress were informed that the NRA had been guilty of lax "vendor-fee management" in the past,⁵⁸ another compelling reason for deeming the request that NRA management "retain an outside, independent review of the Brewer firm's invoices"⁵⁹ to have been made in good faith, and fully supported by New York's NPCL.

LtCol North's second letter, in the form of a memorandum (and attachments) to NRA's Executive Committee as well as NRA's General and Board Counsel, announced LtCol North's decision—as NRA President—to appoint members to a newly-formed Crisis Management Committee to address and, if necessary, remediate a number of pressing issues, including:

- Critical press articles alleging serious mismanagement at the NRA;⁶⁰
- The filing of a significant public lawsuit against a long-time affiliate of the NRA without prior consultation with members of the NRA Board and key officers;⁶¹
- The public airing—as a result of the aforementioned litigation—of a number of serious allegations regarding potentially improper benefits received by NRA's CEO and his wife in amounts exceeding \$500,000;⁶²

⁵⁸ *Id.*, at p. 1.

This was information about which LtCol North and Mr. Childress, as well as the other members of the NRA's Board, should already have been informed, if NRA's CEO, CFO and other members of management, not to mention Mr. Brewer, had been fulfilling their fiduciary, professional, and statutory responsibilities.

⁵⁹ *Id.*

⁶⁰ Ex. F, *supra* n. 52, at p. 1 (and Attachment 1 thereto).

⁶¹ *Id.*

⁶² *Id.*, at pp. 1-2.

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- The discharge of the NRA's Board Counsel, Steve Hart, by NRA's CEO without prior Board consultation, in apparent response to Board Counsel informing the Audit Committee of these allegations of the receipt of these potentially improper benefits and his counsel that the Board had a fiduciary duty to inquire further into the allegations regarding these potentially improper benefits;⁶³ and
- The NRA CEO's effective opposition to LtCol North's prior request to the NRA Audit Committee seeking a review of the extremely large payments that had been made to the Brewer law firm.⁶⁴

The appointment of a Crisis Management Committee was clearly within LtCol North's authority to "appoint . . . special committees of the [NRA]."⁶⁵ More importantly, it was LtCol North's fiduciary and statutory duty to do so.

Thus, the appearance of critical—and widely publicized—press articles alleging serious mismanagement of the NRA *required* the NRA Board to take immediate action to find out whether these allegations were accurate, and what, if any, steps should be taken to remediate the consequences of those allegations that proved to be true,⁶⁶ especially since many of the major scandals involving nonprofit organizations in recent years have surfaced as a result of media investigations and the

⁶³ *Id.*, at p. 3.

⁶⁴ *Id.*

⁶⁵ See NRA Bylaws, *supra* n. 34, at Art. V, Sec. 2(a)(3).

⁶⁶ See, e.g., N. Levy, "Legal Responsibilities of Members of the Boards of Nonprofit Associations," at p. 2 (Oct. 2013), available at <https://www.asha.org/uploadedFiles/Legal-Responsibilities.pdf> ("Legal Responsibilities of Nonprofit Boards"); Am. Bar Assoc., *Report of the Task Force on Corporate Responsibility*, 59 BUS. LAW. 145 (Nov. 2003), at pp. 154-155, available at <https://www.jstor.org/stable/pdf/40688194.pdf>.

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resulting news stories.⁶⁷ Whether or not these news stories are completely accurate, they invariably result in “increased awareness and accountability,” and therefore must be taken seriously by nonprofit boards of directors.⁶⁸

Similarly, the filing of a significant public lawsuit against a long-time NRA affiliate without prior consultation with members of the NRA Board and key officers *demand*ed the appointment of a special committee to understand how such an important action could take place under the NRA’s current system of corporate governance, and whether revised Bylaws might be necessary to prevent a recurrence of that unvetted action. Under applicable fiduciary and statutory obligations applicable to the NRA, there is a clear requirement that significant actions must first be the subject of NY nonprofit board consultation, and subject to complete disclosure to the board after action is taken.⁶⁹

The discharge of the NRA’s former Board Counsel—believed by LtCol North to have occurred after Mr. Hart advised the Audit Committee of certain potentially illegal expenditures and the Audit Committee’s fiduciary duty to inquire further into those expenditures—was a red flag that absolutely *required* the step LtCol North took in forming a special committee to look into these events.⁷⁰ Indeed, the report by NRA President North that the NRA’s CEO had effectively opposed any review of these matters was another significant red flag that NRA’s Board could not lawfully or ethically ignore.⁷¹

⁶⁷ See, e.g., “How Are Nonprofits Monitored, Regulated and Governed?,” BOARDSOURCE LEGAL AND COMPLIANCE ISSUES (Feb. 26, 2020), available at <https://boardsource.org/resources/legal-compliance-issues-faqs/>.

⁶⁸ *Id.*

⁶⁹ See, e.g., *NY Nonprofit Board Accountability*, *supra* n. 48, at p. 3.

⁷⁰ See generally, T. Vanderneck, “7 Red Flags Board Members Should Watch For,” NONPROFIT PRO (Nov. 2, 2016), available at <https://www.nonprofitpro.com/article/red-flags-board-members-watch/>.

⁷¹ *Id.* See also, K. Barr, “How Board Members Can Learn to Spot Red Flags,” (Apr. 20, 2018), available at <https://nonprofitquarterly.org/how-board-members-can-learn-to->

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The Response to LtCol North's Request Was Improper, Inconsistent with Good Governance, in Contravention of the NRA's Own Policies, and Likely Unlawful

The response to LtCol North's communications reflects a serious—and potentially illegal—absence of meaningful and mandated NRA corporate governance. His repeated requests for nothing more complicated than a factual understanding of these issues, and an independent determination whether there was any validity to the concerns and allegations that had been raised, was apparently met with deafening silence, apart from Mr. King's letter seeking the institution of these proceedings.⁷²

The failure of the NRA—as an organization—to compel its CEO to recuse himself from the NRA's consideration of these allegations is wholly inconsistent with the NRA's existing Conflict of Interest Policy,⁷³ and the requirements of New York's NPCL.⁷⁴ More distressing, however, is the absence of any institutional effort by the NRA Board to inform itself whether there might have been any validity to the highly publicized allegations of misconduct. In this regard, there is a fundamental distinction that must be drawn between assuming that the allegations were accurate and assuming that the allegations were serious enough to warrant an informed review of these contentions.

[spot-red-flags/](#); J. Jowdy, "5 Red Flags Every Nonprofit Board Member Should Watch For," NONPROFIT PRO (May 10, 2017), available at <https://www.nonprofitpro.com/post/5-red-flags-every-nonprofit-board-member-watch/>.

⁷² I am unaware of any responses to the numerous communications seeking information, Audit Committee involvement or explanations, other than the institution of this effort to expel Mr. North from NRA Membership.

⁷³ See NRA, "Conflict of Interest and Related Party Transaction Policy," available at <https://www.savethe2a.org/wp-content/uploads/2019/10/Conflict-of-Financial-Interest-Policy-FINAL-1-9-2016-1.pdf>. This policy should be posted on the NRA's website, but is only available on the website of the organization known as Save the Second, <https://www.savethe2a.org/>. A copy of the NRA's Conflict Policy is annexed as Exhibit G.

⁷⁴ See, e.g., *NY Nonprofit Board Accountability*, *supra* n. 48.

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Given Mr. LaPierre's long service to the NRA, there was no requirement that the members of the NRA Board had to believe the allegations of his mismanagement and self-benefitting transactions were accurate. Indeed, in circumstances such as these, it is frequently best if Board members reserve judgment until all the facts are independently gathered and known. But, Mr. LaPierre's denial of these allegations could not—and does not—even begin to satisfy the fiduciary and statutory obligations of each and every member of the NRA Board.⁷⁵

Indeed, the institution of this hearing is itself an indication of the NRA's failure to fulfill—and a likely violation of—its corporate governance and statutory responsibilities. This is so because members of both the NRA as a whole, as well as its Board and current officers in particular, could be expected to view the actions being taken against LtCol North, as well as the dismissal of so many senior members of the NRA who raised questions about the NRA's adherence to its mission, as a warning to them to resist speaking out about perceived abuses and defalcations on the part of those who currently govern the NRA.⁷⁶

Under New York's NPCL, as amended, as well as S-Ox,⁷⁷ the NRA is legally obligated to refrain from taking or permitting reprisals against any individuals who raise potential claims of misconduct,⁷⁸ and it is illegal for the NRA to take formal action to discourage future whistleblowers from coming forward.⁷⁹ As a matter of good governance, the NRA should want

⁷⁵ See nn. 14-31, *supra*, and accompanying text. Officers accused of misconduct rarely admit the accusations, and invariably have self-serving reasons for denying them.

⁷⁶ See, e.g., U.S. Dept. of Labor, "*What is Retaliation?*," available at https://www.whistleblowers.gov/know_your_rights.

⁷⁷ See S-Ox §1107, codified at 18 U.S.C. §3571, which applies to "any person," and not just to public companies. Am. Bar Assn., Labor & Empl. Law, Subcomm. on S-Ox, Midwinter Meeting Report (2014), at p. 23, available at <https://s3.amazonaws.com/zuckermandev/wp-content/uploads/2014-Annual-Update-on-the-Whistleblower-Provisions-of-the-Sarbanes-Oxley-Act-of-2002.pdf>.

⁷⁸ See *Nonprofit Governance*, *supra* n. 20, at p. 9

⁷⁹ *Id.*

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to avoid those types of activities that might discourage future whistleblowers, even if those actions were not also prohibited by law—NRA's whistleblower policy must

[E]ncourage directors, employees and volunteers to come forward with credible information regarding illegal practices or violations of organizational policies, law, regulations and/or ethical standards⁸⁰

Conclusion

The efforts by LtCol North discussed above—and that are the purported subject of this hearing—were undertaken in conformity with LtCol North's fiduciary, legal and ethical responsibilities. They were an effort to ensure that the NRA, an organization to which LtCol North has been devoted for over two decades, adheres to its fiduciary, legal and moral responsibilities. Whether or not the concerns that LtCol North communicated to the NRA Board will be found by an independent forum to be supported by sufficient factual and legal evidence, these issues were of paramount concern to the well-being of the NRA, raise important policy issues on which the *collective* judgment of the NRA should be focused, and they deserved to be treated dispassionately, independently, and with appropriate effort. They most certainly did not and do not warrant the institution of this proceeding, or the retaliation that has been visited on NRA former Board members and officers who have sought only a fair consideration of the issues raised.

Respectfully submitted,



Harvey L. Pitt

⁸⁰ *Id.* The NRA's Whistleblower Policy is not available online, but should be. I have reviewed a copy, annexed as Exhibit H, and noted that, by its terms, specifically applies solely to NRA employees, but not NRA's directors and officers as is legally required.

Exhibit A

August 5, 2019

**John Frazer
Secretary and General Counsel
National Rifle Association of America
11250 Waples Mill Rd.
Fairfax, VA 22030
(703) 267-1254
john.frazer@nrahq.org**

Re: Referral for Ethics Committee – Request to Expel LtCol Oliver North from NRA

Dear Mr. Frazer:

Over the past several months, there have been numerous unfounded claims and false allegations made about the NRA and its CEO & Executive Vice President (EVP), Wayne LaPierre. Many of these claims stem from an apparent extortion demand delivered to Mr. LaPierre by LtCol Oliver North during the afternoon of Wednesday, April 24, 2019. News of that demand deeply affects our Association, our board of directors, and the more than 5 million members we serve.

Before we address the extortion demand and ensuing damage it is causing, we must appreciate that the demand itself was, in many ways, the culmination of a series of ethical breaches committed by LtCol North, his employer, Ackerman McQueen (“Ackerman”), and others. I believe these actions individually and cumulatively necessitate LtCol North’s expulsion as a member of the NRA.

Put directly, I believe LtCol North’s actions over the past several months were undertaken to protect his own financial and personal interests and to insulate his employer, Ackerman, from review and scrutiny of its billing practices as a vendor to the NRA. These actions subject the NRA to legal, regulatory, financial and reputational risks – and can now be seen for what they were: part of a conspiracy that is unlike any other in the history of our organization.

Motivating Factor: Greed

As has been frequently discussed with the board of directors, in early 2018, our leadership undertook an analysis of our compliance with the regulations and rules that guide us. This effort, which was begun to ensure that our Association fully complied with New York nonprofit law, took on added importance when a group of “whistleblowers” expressed their concern that some NRA vendors were not properly documenting billing records and possibly failing to provide the services for which they bill our Association.

Undertaken at Mr. LaPierre’s direction, compliance analysis involved requesting books and records from our most significant vendors. Although many complained, we have been

informed that every vendor complied with the NRA's request with the exception of one: Ackerman.

As we know, after months spent attempting to convince Ackerman to comply with its contractual obligations, the NRA was forced to take legal action against the agency on April 12, 2019.

Against that backdrop, we recently learned that LtCol North entered into a multi-year, multimillion-dollar "employment agreement" with Ackerman. I have been told that although the NRA requested his contract with the agency for over *six months*, LtCol North stonewalled the NRA and would not turn it over. Although LtCol North entered into this agreement on May 15, 2018, he did not provide the NRA a written copy of the contract until the middle of April of this year.

I understand it was only then that Mr. LaPierre became aware of the provisions of the contract – which made LtCol North an actual *employee* of Ackerman, not a third-party contractor as he had originally represented.¹ This means LtCol North has fiduciary duties to Ackerman that supersede his duties to the NRA. The arrangement also gave Ackerman enormous leverage and influence over the NRA; one of its employees was now president of the organization.

Although I have not seen LtCol North's employment agreement, my understanding is that he is compensated directly by Ackerman – money that was ultimately reimbursed by the NRA. Such an arrangement is not only a clear conflict of interest, but is unprecedented. The board president has always been a volunteer position. Many others have served in this role at great financial and personal sacrifice.

I understand from Mr. LaPierre (confirmed in a number of documents) that LtCol North, starting last fall, began taking actions to derail the investigation of Ackerman. This investigation relates to claims made by virtually all the CPAs in our accounting offices that the agency was taking advantage of the NRA by systematic over-charging. Mr. North repeatedly took actions to interfere with the NRA's hiring and retention of the Brewer law firm, which is the firm that we all know has been laboring with others to ensure that our Association is in compliance with its obligations as a New York not for profit. LtCol North at first attempted to frustrate our relationship with the Brewer firm by alleging it was not retained in accordance with NRA policy. That was proven false by the Office of the General Counsel.

Undeterred, LtCol North then called for an examination of the Brewer firm's legal bills. This request was not only unwarranted but unprecedented. The day-to-day activities of this law firm (and other significant vendors, for that matter) are directed by the Office of the CEO & EVP. Furthermore, the Brewer firm's bills are reviewed and approved by the Office of the General Counsel, the CFO, and other senior executives of the NRA.

¹ NRA General Counsel John Frazer saw the contract in Ackerman's counsel's office in February. Importantly, LtCol North initially failed to declare his conflict in his annual NRA Board disclosure form, as is required under NRA Bylaws.

On multiple occasions, Mr. LaPierre requested that LtCol North stop interfering with the activities administered and directed by the Office of the CEO and EVP. LtCol North refused – determined to interfere with the activities of the NRA senior leadership team, frustrate the investigation being pursued by the Brewer firm, and create obstacles to protect the employer with whom he has a multimillion-dollar contract. There can be no question this conduct violates the duties we have as board members and fiduciaries of this organization.

It is obvious that Mr. North was motivated in his actions by a desire to protect his employer and ensure he would continue to reap millions of dollars of benefits.

Incredibly, in a letter to then NRA Audit Committee Chairman Charles Cotton and NRA General Counsel and Secretary John Frazer, dated April 11, 2019, LtCol North admits that he was not working with Ackerman to produce the series, “American Heroes,” the television program for which the NRA agreed to fund LtCol North’s affiliation with Ackerman.²

A Premeditated and Illegal Scheme – Pursued by LtCol North and Others

Although it now appears that the conspiracy to blackmail Mr. LaPierre (and the NRA) began well before April 2019, it proceeded in earnest when Ackerman Chief Financial Officer William Winkler voluntarily sent correspondence to certain NRA personnel “requesting details” for various expenditures, under the guise of attempting to comply with a books and records request that had been initiated by the NRA in August 2018.

Mr. Winkler copied Steve Hart on his communication. Mr. Hart was previously counsel to the NRA for, inter alia, board matters. Not surprisingly, Mr. Hart forwarded to LtCol North this communication and related documents – the same documents that eventually made their way into the public domain.

Although he acknowledged that Ackerman had for years provided accounting and payables support in connection with certain matters (when confidentiality and security was desired), Mr. Winkler’s communications disingenuously implied that Ackerman believed that the NRA executives from whom he was requesting documents somehow acted improperly. It is worth noting that it was Mr. Winkler, as CFO at Ackerman, who oversaw the administration of the accounting accommodations – and whose office sought reimbursement for many of the expenditures from the NRA.

I understand that this practice was agreed upon by all parties involved, including the treasurer of the NRA. Importantly, there is no claim by Ackerman that any of the expenses in question were improper.

LtCol North’s Extortion Demand

In the days leading up to the NRA Board Meeting in Indianapolis, the scheme to remove Mr. LaPierre by blackmailing him with an ultimatum came into full view.

² See letter from LtCol North to Charles Cotton and John Frazer, dated April 11, 2019.

That ultimatum – aptly described by Mr. LaPierre as an extortion demand – was apparently a mandate to Mr. LaPierre to resign from his position as CEO and EVP of the NRA and support LtCol North in his bid to continue as president of the NRA – or else.³ Mr. LaPierre reportedly was later informed he also had to meet a third condition: arrange for the NRA to drop its lawsuit against Ackerman.

It is reported that LtCol North informed Mr. LaPierre's long-time colleague that unless Mr. LaPierre acceded to these demands, he would become the victim of a public relations campaign meant to embarrass him and our Association through the revelation of negative information. That threat was reportedly made directly by LtCol North, who assured Mr. LaPierre (through senior advisors) that if he acted upon the ultimatum *immediately*, these embarrassing allegations would not surface.

LtCol North suggested that he could “make it all go away” by speaking with Ackerman CEO Angus McQueen, the purported architect of the then imminent smear campaign. In a shocking revelation that likely merits investigation by criminal justice authorities, LtCol North reportedly sought to induce Mr. LaPierre to succumb to his demands by claiming he could “negotiate” an “excellent retirement” for Mr. LaPierre. I interpret this to mean that LtCol North was willing to provide direct compensation to Mr. LaPierre (with NRA funds) if he would support LtCol North's plan to extend his presidency, which would insure no disruption to his incredibly lucrative employment with Ackerman.⁴

As we discussed at length in the NRA Board of Directors meeting on April 29, 2019, Mr. LaPierre rejected LtCol North's offer. Clearly, he did so in the best interest of the Association. At the same time, he, like many other board members, hoped this sordid affair might fade and we would emerge a stronger, more unified board of directors.

Unfortunately, LtCol North, his employer and other co-conspirators have not allowed that to happen.

Within days after LtCol North delivered his threat, the reputational attack he promised had become a dark reality. There has been a steady drumbeat of negative media reports fueled by misleading and scandalously false information about Mr. LaPierre and the Association.⁵ Confidential documents have been leaked and an untruthful narrative has emerged.⁶

As reported in *The New York Times* on May 13, 2019, “...Mr. North's threat effectively came to fruition in the recent leaks...”⁷ Reporting of these unfounded allegations embolden our adversaries, mislead our millions of loyal members, and distract us from our core mission of defending the Second Amendment.

³ See letter from Wayne LaPierre, dated April 25, 2019.

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Of course, the actions of LtCol North require that he be expelled as a member of the NRA.

Pursuant to Article III, Sec. 11 of the NRA Bylaws, I am submitting this formal complaint against LtCol North and his conduct should be subject to action. Based on the facts as they have been presented to the board of directors, I request that the Committee recommend that LtCol North's membership with the NRA be revoked, effective immediately.⁸

As we know, LtCol North, without warning, left our meetings in Indianapolis under the guise of not being invited to continue his tenure as president of the NRA. However, Nominating Committee Chair Jay Printz reported during the board proceedings that he never spoke with LtCol North about his nomination for president, nor gave any indication that the Nominating Committee had predetermined not to consider LtCol North for such a role. Regardless, it remains unclear as to why LtCol North abruptly left town and did not fulfill his obligation to participate in the meeting in question. I suspect it was to avoid examination of his extortionate actions.

According to the NRA Bylaws, Article III, Sec. 11(b): "Any individual or organization member may be disciplined, suspended, or expelled for good cause, including but not limited to, any conduct as a member that is contrary to or in violation of the Bylaws of the Association; for having obtained membership in the Association by any false or misleading statement; or, without limitation, conduct disruptive of the orderly operation of the Association in pursuit of its goals; violating one's obligation of loyalty to the Association and its objectives; or willfully making false statements or misrepresentations about the Association or its representatives."

Even as he was writing the board of directors immediately following Mr. LaPierre's letter, dated April 25, 2019, LtCol North did not refute Mr. LaPierre's claim regarding the demands made by LtCol North and his employer.⁹ He also did not deny the allegations made against him in written statements presented on his behalf by Richard Childress at the NRA Members Meeting and the NRA Board of Directors Meeting, dated April 27 and 29, respectively.¹⁰ In fact, as I recall, during the NRA board proceedings, Mr. Childress curiously commented that, to the extent LtCol North placed an extortion demand upon Mr. LaPierre, he might have done so "to protect the Association."

In retrospect, LtCol North's actions violated his obligation of loyalty to the Association for almost all of his term, while jeopardizing the reputation of the NRA and our mission to support Second Amendment freedoms. Although LtCol North has yet to answer for his actions, I submit the following timeline of key events for your consideration.

Timeline of Key Events

- On April 22, 2019, Ackerman CFO William Winkler sent communications to former outside NRA board counsel Steve Hart advising of requests to NRA executives for

⁸ See NRA Bylaws, Section 11: "Involuntary Termination of Membership and Disciplinary Proceedings."

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documents and information relating to payment arrangements *previously endorsed by Ackerman.*

- Mr. Hart subsequently forwards those communications to LtCol North.
- On April 24, 2019, Dan Boren sends a text message to Ms. Millie Hallow that seeks to advise Mr. LaPierre of a pending public relations attack on him by Ackerman unless he immediately resigns.
- According to a letter Mr. LaPierre sent to the board on April 25, 2019, LtCol North placed a telephone call to Ms. Hallow on April 24. We understand Ms. Hallow returned the call and took detailed notes.
- According to Mr. LaPierre's letter, LtCol North stated that the purpose of the call was to relay the contents of a letter drafted by Ackerman. LtCol North reportedly stated that he was advised by Mr. Boren – a member of the Board and an employee of Ackerman's client, the Chickasaw Nation – that unless Mr. LaPierre immediately resigned as CEO and EVP of the Association, Ackerman would transmit a "letter" damaging to the Association, Mr. LaPierre, and others.
- Col. North reportedly stated that if Mr. LaPierre were to resign as CEO and EVP and support LtCol North's continued tenure as president, he would ensure that the reputational attack did not occur and he would "negotiate" an "excellent retirement" for Mr. LaPierre.
- I understand there are witnesses, including NRA President Carolyn Meadows, to the ultimatum LtCol North placed upon Mr. LaPierre.
- On April 25, LtCol North sent an email to NRA General Counsel John Frazer with a "confidential" memorandum for the NRA Executive Committee.¹¹ It stated that LtCol North had formed a new board committee on Crisis Management, although the matters he wished that committee would consider were clearly contrived as part of a public relations stunt. In addition, those "matters to reportedly be considered by the committee" fall under the jurisdiction of *existing committees*. Not surprisingly, this memo was later shared with the full board and the public.
- The memorandum attached the letters sent from Ackerman on April 22, 2019, to certain NRA executives.
- On April 25, Mr. LaPierre sent his letter to members of the board, in which he detailed the alleged extortion attempt that occurred the day prior. Mr. LaPierre stated that he "refused the offer" by LtCol North and that it was "regrettable that threats now emanate from our fiduciaries and friends."

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- On April 25, LtCol North sent a communication to the board in which he commented on written communications from Mr. LaPierre – but LtCol North failed to address allegations that he had placed an ultimatum upon Mr. LaPierre.
- On April 29, Mr. LaPierre was unanimously reelected as CEO and EVP. Ms. Meadows was selected to be the next president of the NRA, replacing LtCol North.
- During the Board meeting, Mr. Childress read a second letter from LtCol North. Again, LtCol North did not deny the allegation that he attempted to blackmail Mr. LaPierre. Specifically, LtCol North did not address the reputational attack he promised would come unless Mr. LaPierre complied with the demands of his employer.¹²
- Right on cue, three days later, on May 2, *The Wall Street Journal* published an article, “NRA Chief Wayne LaPierre Questioned on Travel Expenses.” The article detailed the contents of LtCol North’s “crisis communications” memo and letters and documentation regarding NRA executives’ travel expenses. The article did not identify whom had leaked the confidential memorandum to the news media.
- On May 10, additional documents were leaked, including correspondence from LtCol North regarding legal fees paid to the NRA’s outside counsel, a matter of discussion at our April 29, board meeting. It was only hours later that the *Wall Street Journal* published the article, “Leaked Letters Reveal Details of NRA Chief’s Alleged Spending,” and news of unfounded allegations involving the NRA went viral.
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- On June 6, 2019, LtCol North requested that the NRA indemnify him for legal fees incurred in responding to subpoenas in connection with lawsuits filed by the NRA against Ackerman – and for requests for information from congressional representatives.¹⁴
- On June 12, 2019, LtCol North attorney Brendan Sullivan advised that LtCol North declines the NRA’s request to resign from the NRA Board of Directors and Executive Council.¹⁵

¹² This letter was read by Mr. Childress during the Executive Session of the Board Meeting on April 29, 2019. However, a copy of the letter was not distributed to the Board.

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- On June 19, 2019, the NRA filed a New York lawsuit against LtCol North in connection with his request for indemnification and advancement in connection with a judicial subpoena and a congressional inquiry.¹⁶

Expulsion to Address Conduct Unbecoming of a Member – and Protect the Association

It is incumbent upon all of us as board members to fully understand claims and allegations that impact our fellow members, the NRA, and the values for which we stand. It is equally important for us to protect the legal, regulatory and reputational interests of the Association.

There should be no question that we will not tolerate conduct such as LtCol North's. Further, we must work in partnership – and refrain from being associated, in any way, with actions that are detrimental to the Association. Here is what we know about LtCol North's conduct.

1. For months, LtCol North refused to submit a written copy of his employment agreement with Ackerman. He only provided a copy in the days leading up to the NRA Annual Meeting in Indianapolis. My understanding is that LtCol North was given conditional approval to pursue an engagement with Ackerman by the NRA executive leadership – but such approval was based on the premise that he would be a third-party contractor, not a full-time employee with fiduciary duties to Ackerman.¹⁷
2. LtCol North admits he failed to meet his contractual obligations in connection with his employment agreement. He produced only a fraction of the “American Heroes” episodes for which he was compensated in his first 12 months, even though neither he nor his employer provided financial reimbursement to the NRA. Nor did he facilitate a report from Ackerman about the production costs it is charging for the failing series.
3. In an apparent effort to protect his personal interests – and the interests of his employer – LtCol North took active measures to frustrate the NRA's effort to undertake a Compliance Review process directed toward Ackerman.
4. LtCol North participated in a scheme to publicly distribute false and misleading information about Mr. LaPierre and the NRA. It is my understanding that the NRA has given Ackerman the opportunity to sign declarations confirming that agency representatives did not participate in the campaign to “leak” confidential information – but the agency's representatives refused to provide the NRA with the assurance it seeks.
5. To force Mr. LaPierre from his position as CEO and EVP of the NRA, LtCol North threatened Mr. LaPierre with an extortion demand. To this day, LtCol North has not disputed that he placed such a demand upon Mr. LaPierre.

¹⁶ See lawsuit, dated June 19, 2019.

¹⁷ See NRA lawsuit against Ackerman, dated May 22, 2019.


6. When Mr. LaPierre did not accede to the extortion demand, LtCol North made good on his threat. He and others conspired to affect a scorched earth campaign aimed at Mr. LaPierre. The campaign has caused significant legal, regulatory, business and reputational harm for the NRA.
7. LtCol North's actions continue to harm Mr. LaPierre and the NRA. Our Association has been the subject of numerous inaccurate and damaging media reports – and has been advised of a congressional inquiry relating to LtCol North's false allegations against us.¹⁸
8. Given an opportunity to resign either from Ackerman or the NRA Board of Directors in the face of his clear and irreconcilable conflicts, LtCol North again put his own interests above that of the Association – refusing to meet his fiduciary obligations to the NRA or give up a lucrative contract with a terminated vendor, Ackerman.
9. LtCol North's actions have damaged the NRA and the interests of our members. On behalf of the Association, they have been forced to incur significant legal expenses, fund LtCol North's pursuit of a failing video series, and shoulder the burden of reputational damage that has distracted us from our core mission: protecting the Second Amendment.

There is an established record that LtCol North has engaged in “conduct disruptive of the orderly operation of the Association in pursuit of its goals; violating one's obligation of loyalty to the Association and its objectives...” It is clear that LtCol North's entire term as president is now an embarrassment to the Association – as his position was obtained by fraud and in violation of our Bylaws.

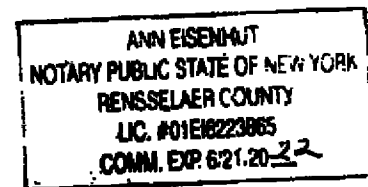
For these reasons, I write to request that LtCol North be expelled from the NRA. We must act immediately upon this situation. Doing so honors the principles upon which we were elected, helps ensure the protection of the NRA's confidential information, and appropriately positions us with our key stakeholders – members, donors, enforcement agencies, and others.

Please confirm receipt of this communication at your earliest convenience and advise as to when this matter will be referred to the NRA Board of Directors Ethics Committee. I appreciate your prompt attention to these matters.

Sincerely,



Board Member, National Rifle Association of America



Ann Eisenhut
8/9/2019

¹⁸ See letter from Senators Wyden, Whitehouse and Menendez, U.S. Senate Committee on Finance, dated May 3, 2019.

informed that every vendor complied with the NRA's request with the exception of one: Ackerman.

As we know, after months spent attempting to convince Ackerman to comply with its contractual obligations, the NRA was forced to take legal action against the agency on April 12, 2019.

Against that backdrop, we recently learned that LtCol North entered into a multi-year, multimillion-dollar "employment agreement" with Ackerman. I have been told that although the NRA requested his contract with the agency for over *six months*, LtCol North stonewalled the NRA and would not turn it over. Although LtCol North entered into this agreement on May 15, 2018, he did not provide the NRA a written copy of the contract until the middle of April of this year.

I understand it was only then that Mr. LaPierre became aware of the provisions of the contract – which made LtCol North an actual *employee* of Ackerman, not a third-party contractor as he had originally represented.¹ This means LtCol North has fiduciary duties to Ackerman that supersede his duties to the NRA. The arrangement also gave Ackerman enormous leverage and influence over the NRA; one of its employees was now president of the organization.

Although I have not seen LtCol North's employment agreement, my understanding is that he is compensated directly by Ackerman – money that was ultimately reimbursed by the NRA. Such an arrangement is not only a clear conflict of interest, but is unprecedented. The board president has always been a volunteer position. Many others have served in this role at great financial and personal sacrifice.

I understand from Mr. LaPierre (confirmed in a number of documents) that LtCol North, starting last fall, began taking actions to derail the investigation of Ackerman. This investigation relates to claims made by virtually all the CPAs in our accounting offices that the agency was taking advantage of the NRA by systematic over-charging. Mr. North repeatedly took actions to interfere with the NRA's hiring and retention of the Brewer law firm, which is the firm that we all know has been laboring with others to ensure that our Association is in compliance with its obligations as a New York not for profit. LtCol North at first attempted to frustrate our relationship with the Brewer firm by alleging it was not retained in accordance with NRA policy. That was proven false by the Office of the General Counsel.

Undeterred, LtCol North then called for an examination of the Brewer firm's legal bills. This request was not only unwarranted but unprecedented. The day-to-day activities of this law firm (and other significant vendors, for that matter) are directed by the Office of the CEO & EVP. Furthermore, the Brewer firm's bills are reviewed and approved by the Office of the General Counsel, the CFO, and other senior executives of the NRA.

¹ NRA General Counsel John Frazer saw the contract in Ackerman's counsel's office in February. Importantly, LtCol North initially failed to declare his conflict in his annual NRA Board disclosure form, as is required under NRA Bylaws.

On multiple occasions, Mr. LaPierre requested that LtCol North stop interfering with the activities administered and directed by the Office of the CEO and EVP. LtCol North refused – determined to interfere with the activities of the NRA senior leadership team, frustrate the investigation being pursued by the Brewer firm, and create obstacles to protect the employer with whom he has a multimillion-dollar contract. There can be no question this conduct violates the duties we have as board members and fiduciaries of this organization.

It is obvious that Mr. North was motivated in his actions by a desire to protect his employer and ensure he would continue to reap millions of dollars of benefits.

Incredibly, in a letter to then NRA Audit Committee Chairman Charles Cotton and NRA General Counsel and Secretary John Frazer, dated April 11, 2019, LtCol North admits that he was not working with Ackerman to produce the series, “American Heroes,” the television program for which the NRA agreed to fund LtCol North’s affiliation with Ackerman.²

A Premeditated and Illegal Scheme – Pursued by LtCol North and Others

Although it now appears that the conspiracy to blackmail Mr. LaPierre (and the NRA) began well before April 2019, it proceeded in earnest when Ackerman Chief Financial Officer William Winkler voluntarily sent correspondence to certain NRA personnel “requesting details” for various expenditures, under the guise of attempting to comply with a books and records request that had been initiated by the NRA in August 2018.

Mr. Winkler copied Steve Hart on his communication. Mr. Hart was previously counsel to the NRA for, inter alia, board matters. Not surprisingly, Mr. Hart forwarded to LtCol North this communication and related documents – the same documents that eventually made their way into the public domain.

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In the days leading up to the NRA Board Meeting in Indianapolis, the scheme to remove Mr. LaPierre by blackmailing him with an ultimatum came into full view.

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That ultimatum – aptly described by Mr. LaPierre as an extortion demand – was apparently a mandate to Mr. LaPierre to resign from his position as CEO and EVP of the NRA and support LtCol North in his bid to continue as president of the NRA – or else.³ Mr. LaPierre reportedly was later informed he also had to meet a third condition: arrange for the NRA to drop its lawsuit against Ackerman.

It is reported that LtCol North informed Mr. LaPierre's long-time colleague that unless Mr. LaPierre acceded to these demands, he would become the victim of a public relations campaign meant to embarrass him and our Association through the revelation of negative information. That threat was reportedly made directly by LtCol North, who assured Mr. LaPierre (through senior advisors) that if he acted upon the ultimatum *immediately*, these embarrassing allegations would not surface.

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Of course, the actions of LtCol North require that he be expelled as a member of the NRA.

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Expulsion to Address Conduct Unbecoming of a Member – and Protect the Association

It is incumbent upon all of us as board members to fully understand claims and allegations that impact our fellow members, the NRA, and the values for which we stand. It is equally important for us to protect the legal, regulatory and reputational interests of the Association.

There should be no question that we will not tolerate conduct such as LtCol North's. Further, we must work in partnership – and refrain from being associated, in any way, with actions that are detrimental to the Association. Here is what we know about LtCol North's conduct.

1. For months, LtCol North refused to submit a written copy of his employment agreement with Ackerman. He only provided a copy in the days leading up to the NRA Annual Meeting in Indianapolis. My understanding is that LtCol North was given conditional approval to pursue an engagement with Ackerman by the NRA executive leadership – but such approval was based on the premise that he would be a third-party contractor, not a full-time employee with fiduciary duties to Ackerman.¹⁷
2. LtCol North admits he failed to meet his contractual obligations in connection with his employment agreement. He produced only a fraction of the “American Heroes” episodes for which he was compensated in his first 12 months, even though neither he nor his employer provided financial reimbursement to the NRA. Nor did he facilitate a report from Ackerman about the production costs it is charging for the failing series.
3. In an apparent effort to protect his personal interests – and the interests of his employer – LtCol North took active measures to frustrate the NRA's effort to undertake a Compliance Review process directed toward Ackerman.
4. LtCol North participated in a scheme to publicly distribute false and misleading information about Mr. LaPierre and the NRA. It is my understanding that the NRA has given Ackerman the opportunity to sign declarations confirming that agency representatives did not participate in the campaign to “leak” confidential information – but the agency's representatives refused to provide the NRA with the assurance it seeks.
5. To force Mr. LaPierre from his position as CEO and EVP of the NRA, LtCol North threatened Mr. LaPierre with an extortion demand. To this day, LtCol North has not disputed that he placed such a demand upon Mr. LaPierre.

¹⁶ See lawsuit, dated June 19, 2019.

¹⁷ See NRA lawsuit against Ackerman, dated May 22, 2019.


6. When Mr. LaPierre did not accede to the extortion demand, LtCol North made good on his threat. He and others conspired to affect a scorched earth campaign aimed at Mr. LaPierre. The campaign has caused significant legal, regulatory, business and reputational harm for the NRA.
7. LtCol North's actions continue to harm Mr. LaPierre and the NRA. Our Association has been the subject of numerous inaccurate and damaging media reports – and has been advised of a congressional inquiry relating to LtCol North's false allegations against us.¹⁸
8. Given an opportunity to resign either from Ackerman or the NRA Board of Directors in the face of his clear and irreconcilable conflicts, LtCol North again put his own interests above that of the Association – refusing to meet his fiduciary obligations to the NRA or give up a lucrative contract with a terminated vendor, Ackerman.
9. LtCol North's actions have damaged the NRA and the interests of our members. On behalf of the Association, they have been forced to incur significant legal expenses, fund LtCol North's pursuit of a failing video series, and shoulder the burden of reputational damage that has distracted us from our core mission: protecting the Second Amendment.

There is an established record that LtCol North has engaged in “conduct disruptive of the orderly operation of the Association in pursuit of its goals; violating one's obligation of loyalty to the Association and its objectives...” It is clear that LtCol North's entire term as president is now an embarrassment to the Association – as his position was obtained by fraud and in violation of our Bylaws.

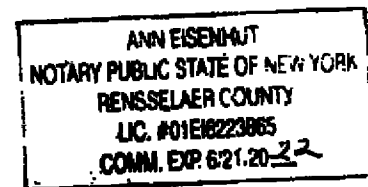
For these reasons, I write to request that LtCol North be expelled from the NRA. We must act immediately upon this situation. Doing so honors the principles upon which we were elected, helps ensure the protection of the NRA's confidential information, and appropriately positions us with our key stakeholders – members, donors, enforcement agencies, and others.

Please confirm receipt of this communication at your earliest convenience and advise as to when this matter will be referred to the NRA Board of Directors Ethics Committee. I appreciate your prompt attention to these matters.

Sincerely,



Board Member, National Rifle Association of America



Ann Eisenhut
8/9/2019

¹⁸ See letter from Senators Wyden, Whitehouse and Menendez, U.S. Senate Committee on Finance, dated May 3, 2019.

Exhibit B



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Harvey L. Pitt
Chief Executive Officer

Harvey L. Pitt is the Chief Executive Officer of the global strategic business consulting firm, Kalorama Partners, LLC, and its law firm affiliate, Kalorama Legal Services, PLLC. Prior to founding the Kalorama firms, Mr. Pitt served as the twenty-sixth Chairman of the United States Securities and Exchange Commission. In that role, from 2001 until 2003, Mr. Pitt was responsible, among other things, for overseeing the SEC's response to the market disruptions resulting from the terrorist attacks of 9/11, for creating the SEC's real time enforcement program, and for leading the Commission's adoption of dozens of rules in response to the corporate and accounting crises generated by the excesses of the 1990s.

For nearly a quarter century before serving as SEC Chairman, Mr. Pitt was a senior corporate partner in the international law firm, Fried, Frank LLP. He was a founding trustee and first President of the SEC Historical Society, and participates in numerous bar and continuing legal education activities to further public consideration of significant economic, financial, corporate and investor protection issues. Mr. Pitt has been an Adjunct Law Professor at Georgetown University Law Center (1975-84), George Washington University Law School (1974-82), University of Pennsylvania School of Law (1983-84), and Yale Law School (2007).

Former Chairman Pitt served previously with the SEC, from 1968 until 1978, including three years as SEC General Counsel (1975-78). He received a J.D. degree from St. John's University School of Law (1968), and a B.A. from City University of New York (Brooklyn College) (1965). He received an honorary LL.D. degree from St. John's University in 2002, and the Brooklyn College President's Medal of Distinction in 2003. In 2011, he received the William O. Douglas Award for lifetime contributions to the field of securities law. In 2011, Mr. Pitt was inducted into the NACD Directorship 100 Corporate Governance Hall of Fame. In 2014, he was inducted into the Securities Enforcement Hall of Fame.

Mr. Pitt serves as the independent fiduciary director of the international hedge funds of Paulson & Co. Inc., and is a member of their Audit Committees. He is a member of the Regulatory and Compliance Advisory Council for Millennium Capital Management, LLC. In addition, he is a senior corporate governance advisor to Teneo Holdings LLC, a global business consulting firm. In 2017, Mr. Pitt was appointed to the Advisory Board of JBS USA Holdings, Inc.

Mr. Pitt previously served, for three years, on the National Cathedral School Board of Trustees, where he was, at various times, Board Vice-Chair, Co-Chair of the Board's Governance Committee and Chair of its Audit and Compensation Committees. Mr. Pitt previously served as a Director and member of the Audit Committee of root 9B Technologies Inc., a public cybersecurity and business solutions company. He also served as a fiduciary director of CQS (UK) LLP and CQS Investment Management Limited, an international alternative investment fund manager. He previously served as a Director of Approva Corporation, a software firm that assisted Sarbanes-Oxley compliance efforts by public companies. He previously served as a Director and Chair of the Audit and Compensation Committees of GWU Medical Faculty Associates, Inc., a §501(c)(3) corporation providing medical care to the Washington, D.C. metropolitan area.

Exhibit C

List of Published Materials (since 2000)

I. Published Speeches/Lectures (ascending)¹

1. Speech by SEC Chairman: Remarks Before the AICPA Governing Council, U.S. Securities & Exchange Commission, Miami Beach, FL, (Oct. 22, 2001) (SEC's relationship with the accounting profession on a going forward basis), available at <http://www.sec.gov/news/speech/spch516.htm>.
2. Speech by SEC Chairman: Remarks at the PLI 33rd Annual Institute on Securities Regulation, , U.S. Securities & Exchange Commission, New York, NY (Nov. 8, 2001) (aspects of the SEC's agenda to occupy the Commission over the coming months and years, with a focus on ways the SEC could be improved), available at <http://www.sec.gov/news/speech/spch520.htm>.
3. Speech by SEC Chairman: Remarks at the Securities Industry Association Annual Meeting, U.S. Securities & Exchange Commission, Boca Raton, FL (Nov. 9, 2001) (state of the securities market in the aftermath of 9/11 and other challenges facing the securities markets), available at <http://www.sec.gov/news/speech/spch521.htm>.
4. Speech by SEC Chairman: Remarks at the SEC Historical Society Major Issues Conference, U.S. Securities & Exchange Commission, Washington, DC (Nov. 14, 2001) (highlighting marketplace developments, at home and abroad, that require us to rethink our approach to regulation), available at <http://www.sec.gov/news/speech/spch523.htm>.
5. Speech by SEC Chairman: Fall Meeting of the ABA's Committee on Federal Regulation of Securities, U.S. Securities & Exchange Commission, Washington, DC (Nov. 16, 2001) (personal journey from private bar back into government, and major initiatives that SEC is or will be undertaking), available at <http://www.sec.gov/news/speech/spch524.htm>.
6. Speech by SEC Chairman: Consumer Federation of America Financial

¹ All of Former Chairman Pitt's speeches during his tenure as the 26th Chairman of the U.S. Securities and Exchange Commission are publicly available on the Commission's website, and those website addresses have been provided.

- Services Conference, U.S. Securities & Exchange Commission, Washington, DC (Nov. 29, 2001) (challenges and opportunities SEC must meet to ensure that U.S. markets are transparent and can facilitate capital raising, with a focus on improving financial disclosure and the SEC's program of real time enforcement), available at <http://www.sec.gov/news/speech/spch525.htm>.
7. Public Statement by SEC Chairman: Regulation of the Accounting Profession, U.S. Securities & Exchange Commission, Washington, DC (Jan. 17, 2002) (Enron and lessons we can learn about how to prevent failures like this from recurring), available at <http://www.sec.gov/news/speech/spch535.htm>.
 8. Speech by SEC Chairman: Remarks at the 29th Annual Securities Regulation Institute, U.S. Securities & Exchange Commission, Coronado, CA (Jan. 23, 2002) (in the aftermath of Enron, how we must improve our existing disclosure and financial reporting system, and what the SEC is proposing), available at <http://www.sec.gov/news/speech/spch536.htm>.
 9. Speech by SEC Chairman: Remarks at the Winter Bench and Bar Conference of the Federal Bar Council, U.S. Securities & Exchange Commission, Puerto Rico (Feb. 19, 2002) (perspectives on lessons to be learned from the Enron debacle), available at <http://www.sec.gov/news/speech/spch539.htm>.
 10. Speech by SEC Chairman: Remarks at the SEC Speaks Conference, U.S. Securities & Exchange Commission, Washington, DC (Feb. 22, 2002) (crises of Enron and 9/11 require us to reassess how our system functions and likewise how we function within our system; for lawyers and accountants there are professional and ethical issues to consider), available at <http://www.sec.gov/news/speech/spch540.htm>.
 11. Speech by SEC Chairman: Remarks at SIA Compliance and Legal Division Seminar, U.S. Securities & Exchange Commission, Palm Desert, CA (Mar. 11, 2002) (what we can learn from the disasters of 9/11 and Enron), available at <http://www.sec.gov/news/speech/spch544.htm>.
 12. Speech by SEC Chairman: Remarks at the Inaugural Lecture of the JD/MBA Lecture Series, U.S. Securities & Exchange Commission, Kellogg Graduate School of Management, Northwestern Law School, Chicago, Illinois (Apr. 4, 2002) (the need for people of integrity in accounting, law and business is stronger than ever; in the aftermath of Enron need to

- assess our corporate governance system), available at <http://www.sec.gov/news/speech/spch547.htm>.
13. Speech by SEC Chairman: Remarks Before the Annual Meeting of the Bond Market Association, U.S. Securities & Exchange Commission, New York, NY (Apr. 25, 2002) (transparency, T+1 initiative, special purpose entities and Securities Act Reform initiatives), available at <http://www.sec.gov/news/speech/spch553.htm>.
 14. Speech by SEC Chairman: Investor Summit Opening, U.S. Securities & Exchange Commission, Washington, DC (May 10, 2002) (SEC mandates, introduction of panelists, Summit rules), available at <http://www.sec.gov/news/speech/spch560.htm>.
 15. Speech by SEC Chairman: Remarks before the Investment Company Institute, 2002 General Membership Meeting, U.S. Securities & Exchange Commission, Washington, DC (May 24, 2002) (challenges we face regarding US capital markets, SEC's role and the solutions it envisions, SEC initiatives in the mutual fund industry), available at <http://www.sec.gov/news/speech/spch562.htm>.
 16. Speech by SEC Chairman: Commencement Address, St. John's University School of Law, U.S. Securities & Exchange Commission, Queens, NY (June 2, 2002) (personal observations about the legal profession), available at <http://www.sec.gov/news/speech/spch564.htm>.
 17. Speech by SEC Chairman: Remarks Before the New York Financial Writers Association, U.S. Securities & Exchange Commission, New York, NY (June 13, 2002) (important relationship between the SEC and the financial press, especially during troubled times), available at <http://www.sec.gov/news/speech/spch567.htm>.
 18. Speech by SEC Chairman: Proposed Rules to Create a Framework for a Public Accountability Board, U.S. Securities & Exchange Commission, Washington, DC (June 20, 2002) (discussion of SEC's proposal for a comprehensive system of rigorous private-sector regulation of the accounting profession), available at <http://www.sec.gov/news/speech/spch569.htm>.
 19. Speech by SEC Chairman: Remarks before the Economic Club of New York, U.S. Securities & Exchange Commission, New York, NY (June 26,

- 2002) (SEC's proposed framework for oversight of accounting profession, CEO and CFO certification, improvements at the FASB (e.g. independence, timeliness in addressing issues), retooling disclosure requirements, and far-reaching corporate governance changes), available at <http://www.sec.gov/news/speech/spch573.htm>.
20. Statement by SEC Chairman: On Fannie Mae/Freddie Mac, U.S. Securities & Exchange Commission, Washington, DC (Jul. 12, 2002) (Fannie Mae and Freddie Mac subjecting themselves to SEC disclosure requirements; partnership between government and private sector), available at <http://www.sec.gov/news/speech/spch574.htm>.
21. Speech by SEC Chairman: On the Passage of S. 2673, Public Company Accounting Reform and Investor Protection Act of 2002, U.S. Securities & Exchange Commission, Washington, DC (Jul. 15, 2002) (moving one step closer towards meaningful and effective oversight of accounting regulation in America), available at <http://www.sec.gov/news/speech/spch575.htm>.
22. Speech by SEC Chairman: Remarks Before the National Press Club, U.S. Securities & Exchange Commission, Washington, DC (Jul. 19, 2002) (SEC's achievements in 2001-2002 post-Enron, WorldCom and 9/11 disasters), available at <http://www.sec.gov/news/speech/spch577.htm>.
23. Statement by SEC Chairman: Proposal of Regulation AC, U.S. Securities & Exchange Commission, Open Meeting, Washington, DC (Jul. 24, 2002) (discussion of recommendation by the Division of Market Regulation that SEC propose a rule to require analysts to certify that research reports they issue represent their actual views and to provide disclosures as to whether they have received compensation for the opinions expressed in those reports), available at <http://www.sec.gov/news/speech/spch578.htm>.
24. Speech by SEC Chairman: Remarks Before the Annual Meeting of the American Bar Association's Business Law Section, U.S. Securities & Exchange Commission, Washington, DC (Aug. 12, 2002) (personal lessons learned in returning to the public sector, aspects of S-Ox that have special significance to lawyers), available at <http://www.sec.gov/news/speech/spch579.htm>.
25. Speech by SEC Chairman: Remarks at the September Symposium On

- Corporate Governance and Accounting Reform, U.S. Securities & Exchange Commission, Women in Housing and Finance, Washington, DC (Sept. 20, 2002) (SEC's major tasks under S-Ox, e.g. creating regulatory regime for accounting profession, disclosure and governance reforms), available at <http://www.sec.gov/news/speech/spch584.htm>.
26. Speech by SEC Chairman: Remarks Before the Council of Institutional Investors' (CII) Fall Conference, U.S. Securities & Exchange Commission, New York, NY (Sept. 23, 2002) (various challenges we all face at this time, the SEC's important role and the solutions it envisions, and the critical role CII plays in SEC's efforts to restore investor confidence and improve functioning of the capital markets), available at <http://www.sec.gov/news/speech/spch582.htm>.
27. Speech by SEC Chairman: Remarks before the U.S. Department of Justice Corporate Fraud Conference, U.S. Securities & Exchange Commission, Washington, DC (Sept. 26, 2002) (elements of an effective partnership between the SEC and the DOJ), available at <http://www.sec.gov/news/speech/spch585.htm>.
28. Speech by SEC Chairman: Remarks at the Financial Times' Conference on Regulation & Integration of the International Capital Markets, U.S. Securities & Exchange Commission, London, UK (Oct. 8, 2002) (discussion of S-Ox and its implementation for all companies—foreign and domestic, emphasis of the need for cooperation among global regulators), available at <http://www.sec.gov/news/speech/spch588.htm>.
29. Speech by SEC Chairman: A Single Capital Market in Europe: Challenges for Global Companies, Conference of the Institute of Chartered Accountants of England and Wales, Brussels, Belgium, U.S. Securities & Exchange Commission (Oct. 10, 2002) (discussion of S-Ox and its implementation for all companies—foreign and domestic, emphasis of the need for cooperation among global regulators), available at <http://www.sec.gov/news/speech/spch589.htm>.
30. Speech by SEC Chairman: Remarks at the Commission Open Meeting, Securities & Exchange Commission, Washington, DC (Oct. 16, 2002) (introductory remarks to the SEC's proposal of significant new rules pursuant to S-Ox), available at <http://www.sec.gov/news/speech/spch590.htm>.
31. Speech by SEC Chairman: Remarks at the Directors' Education Institute,

- Duke University, Securities & Exchange Commission, Durham, NC (Oct. 22, 2002) (personal thoughts on the role of corporate directors, discussion of S-Ox and other SEC reforms), available at <http://www.sec.gov/news/speech/spch594.htm>.
32. Speech by SEC Chairman: Remarks at the Securities Industry Association Annual Meeting, U.S. Securities & Exchange Commission, Boca Raton, FL (Nov. 8, 2002) (discussion of professional standards necessary for private sector to ensure investor confidence, recap of achievements during Chairmanship), available at <http://www.sec.gov/news/speech/spch603.htm>.
33. Speech by SEC Chairman: Noah Krieger Memorial Lecture, U.S. Securities & Exchange Commission, Brown University, (Nov. 18, 2002) (importance of public service) available at <http://www.sec.gov/news/speech/spch111802hlp.htm>.
34. Speech by SEC Chairman: Remarks at the Commission Open Meeting, U.S. Securities & Exchange Commission, Washington, DC (Dec. 11, 2002) (relief for internet investment advisers, repeal of the trade-through disclosure rule, enhanced portfolio disclosure), available at <http://www.sec.gov/news/speech/spch121102hlp.htm>.
35. Speech by SEC Chairman: Remarks at the Commission Open Meeting, U.S. Securities & Exchange Commission, Washington, DC (Dec. 18, 2002) (introduction to the consideration of two recommendations from the Division of Corporation Finance to make the SEC's processes more efficient, including exemptions from the registration requirements for standardized options and electronic filing of insider ownership reports), available at <http://www.sec.gov/news/speech/spch121802hlp.htm>.
36. Speech by SEC Chairman: Remarks at Mutual Fund Directors Forum, U.S. Securities & Exchange Commission, Washington, DC (Jan. 8, 2003) (personal observations on how to address challenges facing the mutual fund industry from the perspective of independent directors and from the SEC's perspective), available at <http://www.sec.gov/news/speech/spch010803hlp.htm>.

37. Speech by SEC Chairman: Remarks at the Commission Open Meeting, U.S. Securities & Exchange Commission, Washington, DC (Jan. 8, 2003) (investment company transactions with portfolio and subadviser affiliates, standards relating to listed company audit committees), available at <http://www.sec.gov/news/speech/spch010803bhlp.htm>.
38. Speech by SEC Chairman: Remarks at Commission Open Meeting, U.S. Securities & Exchange Commission, Washington, DC (Jan. 15, 2003) (introduction to three recommendations before the SEC from the Division of Corporation Finance, including Regulation G, Regulation BTR and two new types of disclosures in annual reports to implement Sections 406 and 407 of the Sarbanes-Oxley Act of 2002 (S-Ox), available at <http://www.sec.gov/news/speech/spch011503hlp.htm>.
39. Speech by SEC Chairman: Remarks at the Commission Open Meeting, U.S. Securities & Exchange Commission, Washington, DC (Jan. 22, 2003) (introduction for considering the adoption of four final rules related to the Sarbanes-Oxley, including: Form N-CSR and rules enhancing the independence of auditors of public companies, requiring public companies to provide a discussion of off-balance sheet arrangements in their MD&A and specifying information auditors must retain subsequent to the completion of an audit), available at <http://www.sec.gov/news/speech/spch012203hlp.htm>.
40. Speech by SEC Chairman: Remarks at the Commission Open Meeting, U.S. Securities & Exchange Commission, Washington, DC (Jan. 23, 2003) (introduction to the discussion of various recommendations, including a recommendation from the General Counsel to adopt rules setting forth minimum standards of professional conduct for attorneys who represent public companies before the Commission, and pair of recommendations from the Division of Investment Management regarding proxy voting by investment companies and investment advisers), available at <http://www.sec.gov/news/speech/spch012303hlp.htm>. Speech by SEC Chairman: Alan B. Levenson Keynote Address, U.S. Securities & Exchange Commission, Securities Regulation Institute, Coronado, CA (Jan. 29, 2003) (overview of what the SEC has been up to, SEC's attorney conduct rules, and observations about public service.), available at <http://www.sec.gov/news/speech/spch012903hlp.htm>.

41. Speech by SEC Chairman: Remarks at the Commission Open Meeting,
U.S. Securities & Exchange Commission, Washington, DC (Feb. 4, 2003)
(custody of investment company assets with U.S. securities depositories
and compliance programs of investment companies and investment
advisers), available
at
<http://www.sec.gov/news/speech/spch020403hlp.htm>.
42. Speech by SEC Chairman: Remarks at the Commission Open Meeting,
U.S. Securities & Exchange Commission, Washington, DC (Feb. 6, 2003)
(introducing recommendations from the Division of Market Regulation to
adopt final rules implementing the dealer provisions of the Gramm-Leach-
Bliley Act and to adopt Regulation AC), available at
<http://www.sec.gov/news/speech/spch020603hlp.htm>.
43. Speech by Former SEC Chairman: Orange County Public Company Forum
(Feb. 26, 2004) (importance of governance and transparency), available
at <http://www.kaloramapartners.com/SpeechDetails.aspx?SpeechId=25>.
44. Speech by Former SEC Chairman: Keynote Address, SEC Historical
Society Annual Meeting, New York, NY (June 9, 2005) (impressions and
personal recollections of the events of 9/11), available at
<http://www.kaloramapartners.com/SpeechDetails.aspx?SpeechId=33>.

II. Published Articles (ascending)²

1. Public Statement by SEC Chairman Harvey Pitt: How to Prevent Future Enrons, "Op-Ed" for WALL STREET JOURNAL (Dec. 11, 2001) (suggestions for modernizing the disclosure system to make it more meaningful and intelligible to average investors), available at <http://www.sec.gov/news/speech/spch530.htm>.
2. Harvey Pitt, Auditing Reform Can't Wait for Congress to Act, WALL STREET JOURNAL, Pg. A18 (Oct. 7, 2003) (discussion of SEC's proposal to create a new system of strong and independent private-sector regulation, through a Public Accountability Board) [not publicly available—WSJ subscription required].
3. Harvey Pitt, A Fresh Look at Executive Compensation, COMPLIANCE WEEK (Oct. 7, 2003) (considerations for directors and officers to keep in mind when reviewing compensation policies and procedures) [not publicly available—Compliance Week subscription required].
4. Harvey Pitt, Dealing with Employee Complaints, COMPLIANCE WEEK (Oct. 21, 2003) (suggested approaches for responding to complaints of potential wrongdoing), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=1>.
5. Harvey Pitt, The Coming Storm: Mandatory Expensing of Stock Options, COMPLIANCE WEEK (Dec. 16, 2003) (expensing stock option plans and what boards and managements need to review in their stock option grant policies and procedures), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=4>.
6. Harvey Pitt, Facing Our Corporate Governance Mistakes, CORPORATE BOARD (Jan. 1, 2004) (corporate governance dos and don'ts), available at <http://www.kaloramapartners.com/SpeechDetails.aspx?SpeechId=16>.
7. Harvey Pitt, New Year's Resolutions For Independent Directors,

² If an article is publicly available, websites have been provided. Certain publications such as Compliance Week, Wall Street Journal and FT.com require a password to retrieve Former Chairman Pitt's article, and are therefore not publicly available, as indicated.

- COMPLIANCE WEEK (Jan. 27, 2004) (suggestions for independent directors on how to fulfill their duties and limit their liability in the wake of accounting scandals, S-Ox and an era of increased regulation and enforcement), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=5>.
8. Harvey Pitt, Certifying Internal Controls—A Trap for the Unwary?, COMPLIANCE WEEK (Feb. 24, 2004) (S-Ox § 404 and how it requires companies to approach internal and external audit functions), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=13>.
 9. Harvey Pitt, Directorial Activism In The Face Of Alleged Or Actual Officer Misbehavior, COMPLIANCE WEEK (Mar. 30, 2004) (the need for outside directors to adopt a program to deal with issues of potential corporate wrongdoing), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=11>.
 10. Harvey Pitt, The Critical Importance, and Changing Face, of Corporate Transparency, COMPLIANCE WEEK (Apr. 27, 2004) (governance approaches public companies should consider implementing), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=9>.
 11. Harvey Pitt, Risky Business: Assessing And Managing Risk, COMPLIANCE WEEK (June 2, 2004) (steps directors can take to ensure a continuous and effective process for identifying, assessing and managing risk), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=10>.
 12. Harvey Pitt, Practical Guidance On Being Worth One's "Salt", COMPLIANCE WEEK (Jul. 7, 2004) (practical guidance on how to assure that your company's executives are worth their compensation), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=14>.
 13. Harvey Pitt, The Changing Landscape Of Internal Corporate Investigations, COMPLIANCE WEEK (Jul. 27, 2004) (recent SEC enforcement cases highlight the high-bar required for internal investigations), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=15>.
 14. Harvey Pitt, Enhanced D&O Responsibilities For Compliance, Ethics, COMPLIANCE WEEK (Aug. 24, 2004) (discussing new and refined 'tone at the top' obligations that corporate directors and officers will want to

- consider in advance of S-Ox's implementation), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=18>.
15. Harvey Pitt and Suzanne Dans, The Brave New World of Sarbanes-Oxley, [CRITICALEYE.NET](http://www.criticaleye.net) (Sept.--Nov. 2004).
 16. Harvey Pitt, Instilling A Corporate Culture Of Integrity, Ethics And Compliance—Setting The Tone At The Top, COMPLIANCE WEEK (Sept. 28, 2004) (practical suggestions corporate leaders can consider to establish a “culture of discipline” and integrity), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=16>.
 17. Harvey Pitt, How To Be An Effective Director As Standards Change, COMPLIANCE WEEK (Oct. 26, 2004) (practical suggestions to assist directors in understanding how they can be effective and in finding the correct balance between the unacceptable extremes of complete abdication to management and an adversarial relationship), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=17>.
 18. Harvey Pitt, The Mythical Pendulum Isn't Swinging Back the Other Way, COMPLIANCE WEEK (Nov. 23, 2004) (reasons why it's in corporations' self-interest to look beyond specific legislative and regulatory mandates and think about effecting real governance and transparency reforms) [not publicly available—Compliance Week subscription required].
 19. Harvey Pitt, Helping Independent Directors Be Constructively Proactive, COMPLIANCE WEEK (Dec. 21, 2004) (ways in which directors can be constructively proactive), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=19>.
 20. Harvey Pitt, Whither Directors' Personal Liability? COMPLIANCE WEEK (Jan. 25, 2005) (prudent steps directors should consider before declining to serve on a public company board, or deciding to resign from a public company board on which they presently sit), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=22>.
 21. Harvey Pitt, Conflict Of Interest Lessons From Financial Services, COMPLIANCE WEEK (Feb. 22, 2005) (steps for management and compliance officers to effectively patrol against conflicts of interest), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=21>.

22. Harvey Pitt, The Changing Standards by Which Directors Will be Judged, ST. JOHN'S LAW REVIEW (Mar. 23, 2005) (discussing the changing liability landscape for corporate directors), available at <http://testwww.stjohns.edu/media/3/2d852f38d5b64d77862bd5052622fb30.pdf>.
23. Harvey Pitt, The Emergence of Independent Chairmen, Lead Directors, COMPLIANCE WEEK (Mar. 29, 2005) (practical suggestions for how independent directors can enhance corporate performance, without usurping the roles necessarily entrusted to management) [not publicly available—Compliance Week subscription required].
24. Harvey Pitt, Two-Way Street: How Executives Should Work With The Board, COMPLIANCE WEEK (Apr. 26, 2005) (suggestions for how directors can establish a good working relationship with the executive officers of the company) [not publicly available—Compliance Week subscription required].
25. Harvey Pitt, Anticipating The Concerns of Your Institutional Investors, COMPLIANCE WEEK (May 31, 2005) (approaches corporate managers should consider as they think about their relationships with institutional investors) [not publicly available—Compliance Week subscription required].
26. Harvey Pitt, The Gathering Storm In Retirement Funds, COMPLIANCE WEEK (June 28, 2005) (suggestions for areas that trustees should consider evaluating on a periodic basis in order to ferret out—and then address— problems or issues that may be lurking in their retirement funds) [not publicly available—Compliance Week subscription required].
27. Harvey Pitt, Summertime Compliance: Responding to Changes in Climate and Enforcement, COMPLIANCE WEEK (July 26, 2005) [not publicly available—Compliance Week subscription required].
28. Harvey Pitt, Caveat Emptor: Merger Considerations for Public Cos., COMPLIANCE WEEK (Aug. 30, 2005) (list of alphabet soup of regulatory concerns that boards will have to grapple with in considering whether to acquire/merge with another company) [not publicly available—Compliance Week subscription required].

29. Harvey Pitt, Lessons from the Not-Always-So-Wonderful World of Disney, COMPLIANCE WEEK (Sept. 27, 2005) (using Disney case in providing reasons why a course of action that is short-sighted is destined to produce bad results) [not publicly available—Compliance Week subscription required].
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37. Harvey Pitt, Make SOX Fit, WALL STREET JOURNAL, pg. A12 (Apr. 13, 2006) (addressing need for imbuing S-OX with fewer burdens, while providing the same measure of protection to investors that its framers intended) [not publicly available—WSJ subscription required].
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52. Harvey Pitt, SOX 404 Redux: It's Groundhog Day, COMPLIANCE WEEK (Feb. 27, 2007) (steps that managements should consider in order to successfully implement new S-Ox 404 procedures), available at <http://www.kaloramapartners.com/ArticleDetails.aspx?Id=38>.
53. Harvey Pitt, Rethinking U.S. Regulation: Can America Restore its Leadership in Global Capital Markets, THE CHIEF EXECUTIVE (Mar. 1, 2007) (steps for rethinking our regulatory approach, created over 70 years ago, which stifles innovation, creativity and risk-taking) [not publicly available—Lexis/Nexis subscription required].
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64. Harvey Pitt, Transparency Key to Securities Markets' Comeback (Oct. 28, 2008) (fair value accounting and suggested steps for companies to ensure maximum transparency in its pricing policies and procedures for assets that are subject to it) [not publicly available—Compliance Week subscription required].
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- COMPLIANCE WEEK (Feb. 24, 2009) (determining whether and how to disclose a CEO's absence to the investing public) [not publicly available—Compliance Week subscription required].
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75. Harvey Pitt, Learning From History on Financial Reform, WALL STREET JOURNAL, pg. A19 (May 17, 2010) (points on financial reform implications, what we still need and don't have, and the need to consider history in implementing reform in order to avoid occurrence of past mistakes), available at <http://online.wsj.com/article/SB10001424052748703460404575244810777765420.html>.
76. Harvey Pitt, Learning From the Goldman Sachs Debacle, COMPLIANCE WEEK (June 29, 2010) (lessons that can be learned from Goldman Sachs' mistakes) [not publicly available—Compliance Week subscription required].
77. Harvey Pitt, The Truth About Financial Reform: It's A Big Fat Failure, DAILY BEAST (Jul. 14, 2010) (problems with the Dodd-Frank reform bill), available at <http://www.businessinsider.com/ugly-truth-about-financial-regulatory-reform-2010-7>.
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81. Harvey Pitt, Closing Remarks, Insider Trading Debate, THE ECONOMIST (May 10, 2012), available at <http://www.economist.com/debate/days/view/836>
82. Harvey Pitt, Shaping Up a Divided SEC, WALL STREET JOURNAL (Nov. 27, 2012), available at http://professional.wsj.com/article/SB10001424127887324469304578144972920939666.html?mod=wsj_share_tweet&mg=reno64-wsj
83. Harvey Pitt & Teresa M. Goody, Regulators' Adverse Impact on Financial Market Volatility, Teneo Vision 2014 (on file)
84. Harvey Pitt & Teresa M. Goody, Corporate Internal Investigations: When, Why, By Whom And How?, Teneo Insights (June 2013)³, HTML version available at <http://www.teneoholdings.com/ourinsights/corporate-internal-investigations-when-why-by-whom-and-how>; PDF version available at <http://www.teneoholdings.com/wp-content/uploads/2013/06/corporate.pdf>.
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86. Daneil M. Gallagher & Harvey L. Pitt, When Ruler-Makers Don't Follow the Rules, Washington Times (June 9, 2014), available at <http://www.washingtontimes.com/news/2014/jun/9/gallagher-pitt-when-ruler-makers-dont-follow-the-r>

³ Date is not indicated on the publication, but the hyperlink for the PDF version suggests a June 2013 publication date.

Exhibit D

**Documents Reviewed by Harvey L. Pitt in Connection with the
Preparation of His Letter to the NRA**

In addition to the documents and materials cited in the body and footnotes of my Letter, dated June 1, 2020 to the NRA Hearing Committee, I reviewed the following additional documents:

- 2018 NRA Filed IRS Form 990, signed by C. Spray, NRA Treasurer (Nov. 14, 2019), available at <https://projects.propublica.org/nonprofits/organizations/530116130/201722619349300507/IRS990>
- Report of the 2019 NRA Committee on Elections (Apr. 27, 2019), available at <https://www.savethe2a.org/wp-content/uploads/2019/10/2019-Committee-on-Elections-1.pdf>
- NRA April 2019 Bylaw Amendment that revised Board eligibility, available at <https://www.savethe2a.org/wp-content/uploads/2019/10/2019-05-03-bylaws-proposed-amandment-re-eligibility-as-adopted-by-BoD-1.pdf>
- J. Frazer, Secretary, Report on Business Transaction involving NRA Board Members, officers or employees in excess of \$2,000 (Apr. 27, 2019), available at <https://www.savethe2a.org/wp-content/uploads/2019/10/Report-of-the-Secretary-Annual-Meeting-of-Members-2019.pdf>
- NRA Complaint, *NRA v. Oliver North*, Index No. 653577 (June 19, 2019), available at <https://www.savethe2a.org/wp-content/uploads/2019/10/Lawsuit-NRA v Oliver North-1.pdf>
- North Answer and Counterclaim, *NRA v. Oliver North* (Jul. 11, 2019), available at <https://www.savethe2a.org/wp-content/uploads/2019/10/Lawsuit NRA-v-North Answer-Counterclaim.pdf>
- Ackerman McQueen Answer and Counterclaim, Case No. CL19001757 (Cir. Ct. for Alexandria, May 23, 2019), available at <https://www.savethe2a.org/wp-content/uploads/2019/10/Lawsuit Ackerman-Counterclaim.pdf>
- List of NRA Suspensions/Resignations (2019), available at <https://www.savethe2a.org/why-reform/>

- List of NRA Board Resignations since April, 2019, available at <https://www.savethe2a.org/why-reform/>
- List of Online Articles relating to NRA Governance, available at <https://www.savethe2a.org/why-reform/>

Exhibit E

NATIONAL RIFLE ASSOCIATION OF AMERICA

OFFICE OF THE PRESIDENT

11250 WOODS 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, \$5 million of which apparently has been reimbursed in connection with the Lockton settlement.

Because of the extraordinary size of the Brewer firm's invoices, our NRA Board Counsel advised us to exercise our fiduciary duty to ensure all the NRA has paid (and allegedly still owe) the Brewer firm is reasonable, appropriate, and subject to proper oversight and accountability. 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.

In order to fulfill our fiduciary responsibilities to management, our fellow NRA board members, our donors, the public—and to comply with New York not-for-profit law—our Board Counsel has urged us to formally request the engagement of a well-respected ethics lawyer who would perform the long-sought outside independent examination.

Further, in separate meetings we had with Mr. Brewer on 15 and 20 March 2019, he informed us that the NRA has been "lax" about "vendor-fee management" in the past. We are deeply concerned this "lax management" situation is extant with respect to the Brewer firm's past and now accelerating legal fees.

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

(703) 267-1040

(703) 267-3936 fax

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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
TOTAL:	\$ 19,260,452.28

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 & 1st Q 2019

<u>2018</u>		<u>Comments</u>
Invoiced Services – Paid	\$ 15,523,390	Paid
Lockton Settlement – Rcvd	(4,500,000)	Reimbursement Rcvd
2018 Total net of reimbursements	\$ 11,023,390	
<u>2019</u>		
Invoiced Services – Paid	\$ 5,609,388	Paid
Invoiced Services – Owed	3,191,512	Accrued (owed)
Lockton Reimbsmt – Rcvd	(651,746)	Reimbursement Rcvd
Lockton Reimbsmt – Owed	(617,785)	Owed but not Rcvd
2019 Total net of reimbursements	\$ 7,531,370	
<u>Total Gross</u>	\$ 24,324,290	Paid or owed to Brewer
<u>Total Net</u>	\$ 18,554,759	After reimbursement

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 that it was our fiduciary duty to do so, 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, 1st VP Richard Childress and 2nd 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, 1st VP Richard Childress and 2nd 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 "in connection with litigation and strategic needs [?] arising from the termination, or potential termination, of key corporate relationships by contract counterparties in response to political pressure." 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:

"The Brewer firm's billing rates and monthly retainer, while **high**, are not unheard of in the context of high-stakes corporate litigation. **It may well be in the Association's interest to obtain a full accounting of the Brewer firm's time charges to date.**" (Emphasis added.)

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 in its memo that it may be in our interest to do so. Why would we not do so?

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.

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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. 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.

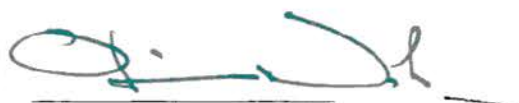
We want to be clear that we raise concerns about the Brewer firm’s multi-million-dollar fees for only one reason: it is our fiduciary duty to make sure the NRA responsibly uses the funds it raises from members and the public. We fully support the compliance work the Brewer firm has performed for the 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 net after reimbursements from Lockton. 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.

A handwritten signature in blue ink, appearing to be "J. J. J.", is written over a horizontal line. The signature is stylized and cursive.

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
TOTAL:	\$ 19,260,452.28

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 & 1st Q 2019

<u>2018</u>		<u>Comments</u>
Invoiced Services – Paid	\$ 15,523,390	Paid
Lockton Settlement – Rcvd	(4,500,000)	Reimbursement Rcvd
2018 Total net of reimbursements	\$ 11,023,390	
<u>2019</u>		
Invoiced Services – Paid	\$ 5,609,388	Paid
Invoiced Services – Owed	3,191,512	Accrued (owed)
Lockton Reimbsmt – Rcvd	(651,746)	Reimbursement Rcvd
Lockton Reimbsmt – Owed	(617,785)	Owed but not Rcvd
2019 Total net of reimbursements	\$ 7,531,370	
<u>Total Gross</u>	\$ 24,324,290	Paid or owed to Brewer
<u>Total Net</u>	\$ 18,554,759	After reimbursement

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 that it was our fiduciary duty to do so, 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, 1st VP Richard Childress and 2nd 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, 1st VP Richard Childress and 2nd 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 "in connection with litigation and strategic needs [?] arising from the termination, or potential termination, of key corporate relationships by contract counterparties in response to political pressure." 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:

"The Brewer firm's billing rates and monthly retainer, while **high**, are not unheard of in the context of high-stakes corporate litigation. **It may well be in the Association's interest to obtain a full accounting of the Brewer firm's time charges to date.**" (Emphasis added.)

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.

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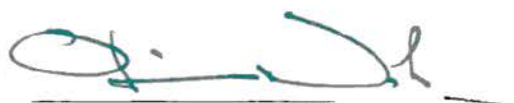
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Exhibit F

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.**

~~International Brotherhood of Teamsters~~

~~Secretary of Labor~~

~~1000 West 11th Street~~

~~San Francisco, California 94104~~



~~Charles L. Heston~~
~~President~~

~~CONFIDENTIAL~~

To: Executive Committee of the ~~NRA~~

From: Oliver North, NRA President

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

Date: April 15, 2019

Re: Formation of a Crisis Management Committee

~~THE NRA IS IN A CRISIS~~

The NRA faces a crisis that could affect its ability to operate as a nonprofit organization.

1. On 17 April 2019, the *New Yorker* magazine published a devastating article raising serious allegations about mismanagement, which, if true, threaten the existence of the NRA's nonprofit status. 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 EMP/CEO. For example, one letter from Ackerman McQueen suggested that Mr. LaPierre received \$270,000 worth of

(703) 257-1000

(703) 257-3000 fax

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

41. On 22 April 2019, shortly after Ackerman McQueen sent the letters referenced above to Mr. LaFosse and NRA Board Counsel Steve Hant, Mr. LaFosse fired Mr. Hant. Mr. LaFosse fired Mr. Hant without consulting with the Board, and promptly after Mr. Hant sent the Ackerman McQueen letters to the NRA Audit Committee with the message that the Board has a primary duty to inquire further into the letters.

52. For two months, based on the advice of NRA Board Counsel, LaFosse has been urging Mr. LaFosse to conduct an independent, outside review of the substantial concerns that the NRA has been making to Bureau Attorneys & Counsellors. As a nonprofit organization, the NRA has a duty to the good stewards of its funds, and I have been informed that the NRA has made payments to Bureau 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. LaFosse has consistently opposed such a review. See Attachment 4.

CRISIS MANAGEMENT COMMITTEE

As President of the Association, I have a following duty to respond to this crisis. Pursuant to NRA Bylaw Article VII, Section 3, 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 fulfill 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 coordinate 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 directions 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 arbitrator 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, 1st VP Childress letter to Audit Committee

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



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.”

In 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.

In 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 vender 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 fund-raising. 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 venders 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 venders, 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,

A handwritten signature in black ink, appearing to read 'Winkler', written over a horizontal line.

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
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	020143130731171117808009461346389+001818000
240.35 REF# 00000000000 RESTAURANT	020143130731171117908009461230856+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, \$5 million of which apparently has been reimbursed in connection with the Lockton settlement.

Because of the extraordinary size of the Brewer firm's invoices, our NRA Board Counsel advised us to exercise our fiduciary duty to ensure all the NRA has paid (and allegedly still owe) the Brewer firm is reasonable, appropriate, and subject to proper oversight and accountability. 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.

In order to fulfill our fiduciary responsibilities to management, our fellow NRA board members, our donors, the public—and to comply with New York not-for-profit law—our Board Counsel has urged us to formally request the engagement of a well-respected ethics lawyer who would perform the long-sought outside independent examination.

Further, in separate meetings we had with Mr. Brewer on 15 and 20 March 2019, he informed us that the NRA has been “lax” about “vendor-fee management” in the past. We are deeply concerned this “lax management” situation is extant with respect to the Brewer firm's past and now accelerating legal fees.

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

(703) 267-1040

(703) 267-3936 fax

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
TOTAL:	\$ 19,260,452.28

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 & 1st Q 2019

<u>2018</u>		<u>Comments</u>
Invoiced Services – Paid	\$ 15,523,390	Paid
Lockton Settlement – Rcvd	(4,500,000)	Reimbursement Rcvd
2018 Total net of reimbursements	\$ 11,023,390	
<u>2019</u>		
Invoiced Services – Paid	\$ 5,609,388	Paid
Invoiced Services – Owed	3,191,512	Accrued (owed)
Lockton Reimbsmt – Rcvd	(651,746)	Reimbursement Rcvd
Lockton Reimbsmt – Owed	(617,785)	Owed but not Rcvd
2019 Total net of reimbursements	\$ 7,531,370	
<u>Total Gross</u>	\$ 24,324,290	Paid or owed to Brewer
<u>Total Net</u>	\$ 18,554,759	After reimbursement

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 that it was our fiduciary duty to do so, 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, 1st VP Richard Childress and 2nd 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, 1st VP Richard Childress and 2nd 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 "in connection with litigation and strategic needs [?] arising from the termination, or potential termination, of key corporate relationships by contract counterparties in response to political pressure." 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:

"The Brewer firm's billing rates and monthly retainer, while high, are not unheard of in the context of high-stakes corporate litigation. It may well be in the Association's interest to obtain a full accounting of the Brewer firm's time charges to date." (Emphasis added.)

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 in its memo that it may be in our interest to do so. Why would we not do so?

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. 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 net after reimbursements from Lockton. 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 1st Vice President

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

Exhibit G

NATIONAL RIFLE ASSOCIATION OF AMERICA

Conflict of Interest and Related Party Transaction Policy

I. PURPOSE

All National Rifle Association of America directors, officers, and staff owe a duty of loyalty to the NRA and must act in good faith and in the NRA's best interests, rather than in their own interests or the interests of another entity or person, and must comply with applicable legal requirements. Those requirements include the proper oversight and approval of "related party transactions" between the NRA and its officers, directors, and employees. The purpose of this Conflict of Interest and Related Party Transaction Policy is to establish procedures for monitoring, reporting, and review of conflicts of interest and related party transactions.

II. APPLICABILITY

"Related party" means (i) any director, officer, or key employee of the NRA or any affiliate of the NRA; (ii) any relative of any director, officer, or key employee of the NRA or any affiliate of the NRA; or (iii) any entity in which any individual described in (i) and (ii) has a 35 % or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5 %.

"Related party transaction" means any transaction, agreement, or any other arrangement in which a related party has a financial interest and in which the NRA or any affiliate of NRA is a participant.

This policy applies to any person who at any time during the past five years was:

1. A director of the NRA or an "affiliate." An "affiliate" is a person or entity that is directly or indirectly through one or more intermediaries, controlled by, in control of, or under common control with the NRA. Presently this includes the NRA Special Contribution Fund (the Whittington Center), NRA Civil Rights Defense Fund, The NRA Foundation, and NRA Freedom Action Foundation.
2. An officer of the NRA or an affiliate.
3. A "key employee" of the NRA or an affiliate. A "key employee" is an employee who is in a position to exercise substantial influence over the NRA and, other than NRA directors and NRA officers, may include, without limitation, a person who: (i) has authority to control a substantial portion of the NRA's capital expenditures, operating budget or employee compensation, (ii) manages a discrete segment or activity of the NRA that represents a substantial portion of the activities, assets, income or expenses of the NRA (as compared to the NRA as a whole); and (iii) receives annual compensation greater than \$150,000 from the NRA. Persons who qualify as "key employees" of the NRA will be so notified by the NRA.

4. A "relative" of any of the foregoing persons. A "relative" is a (i) spouse, ancestor, child (whether natural or adopted), grandchild, great-grandchild, sibling (whether whole- or half-blood), or domestic partner, or (ii) spouse or domestic partner of a child (whether natural or adopted), grandchild, great-grandchild or sibling (whether whole-blood or half-blood).

5. A "substantial contributor" to the NRA or an affiliate. This is defined as a person who contributed more than 2% of the total contributions received by the NRA or an affiliate within a calendar year. Persons who qualify as "substantial contributors" to the NRA will be so notified by the NRA.

This policy also applies to any entity in which any of the foregoing persons has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%.

Any person or entity described in paragraphs 1 to 5 shall be referred to as a "Covered Person."

III. CONFLICTS OF INTEREST

A conflict of interest arises whenever the interests of the NRA come into conflict with a financial or personal interest of a Covered Person, or otherwise whenever a Covered Person's personal or financial interest could be reasonably viewed as affecting his or her objectivity or independence in fulfilling their duties to the NRA.

While it is not possible to describe or anticipate all the circumstances that might involve a conflict of interest, a conflict of interest *may* arise when a Covered Person, directly or indirectly:

1. Has an interest (financial or otherwise) in a transaction, agreement, or any other arrangement in which the NRA or any affiliate participates.
2. Has a compensation arrangement with the NRA or an affiliate, or other interest in a transaction with the NRA or an affiliate.
3. Has a compensation arrangement or other interest in or affiliation with any entity or individual that: (i) sells goods or services to, or purchases goods or services from, the NRA or an affiliate; (ii) competes with the NRA or an affiliate; or (iii) the NRA or an affiliate has, or is negotiating, or contemplating negotiating, any other transaction or arrangement with.
4. Has the ability to use his or her position, or confidential information or the assets of the NRA or an affiliate, to his or her (or an affiliated party's) personal advantage or for an improper or illegal purpose.
5. Has solicited or accepted any gift, entertainment, or other favor where such gift might create the appearance of influence on the Covered Person (other than gifts of nominal value, which

are clearly tokens of respect and friendship unrelated to any particular transaction. Nominal value is market value of \$250 or less).

6. Has acquired any property or other rights in which the NRA has, or the Covered Person knows or has reason to believe at the time of acquisition that the NRA is likely to have, an interest.
7. Has an opportunity related to the activities of the NRA that is available to the NRA or to the Covered Person, unless the NRA Board of Directors or NRA Audit Committee has made an informed decision that the NRA will not pursue that opportunity.
8. Is indebted to the NRA, other than for amounts due for ordinary travel and expense advances.
9. Is subject to any other circumstance that may, in fact or in appearance, make it difficult for the Covered Person to exercise independent, objective judgment or otherwise effectively perform its duties to the NRA.

IV. CONFLICT OF INTEREST DISCLOSURE AND QUESTIONNAIRE

All material facts related to conflicts of interest (including the nature of your interest and information about any proposed transaction or other arrangement) are required to be disclosed in good faith and in writing to the NRA Audit Committee. Contact Thomas R. Tedrick, 703-267-1067, secretary of the NRA Audit Committee. Disclosures should be made in advance, before any action is taken on the matter. Conflict identification and analysis can be difficult and, therefore, you are at all times expected to err on the side of caution and disclose all instances where a conflict of interest or the appearance of a conflict exists, even if you do not believe that there is an actual conflict.

Each current officer and director of the NRA, as well as each candidate for the NRA Board of Directors (prior to his or her initial election), must submit to the Secretary of the NRA at least once per year (and updated as appropriate) a questionnaire prescribed by the Secretary of the NRA asking about potential conflicts of interest to the extent required by law. The Secretary shall provide copies of all completed statements to the Chairman of the NRA Audit Committee.

In addition, this policy shall be distributed annually to each officer, director, and key employee of the NRA.

V. REVIEW AND APPROVAL

The NRA Audit Committee will review all transactions that involve potential conflicts of interest and determine whether to approve or ratify such transactions. The NRA Audit Committee may only approve the underlying transaction if it determines that such transaction, under the terms and within the circumstances and conditions presented, is fair, reasonable, and in the best interests of the NRA. In making its determination, the NRA Audit Committee will consider, without limitation:

1. Alternative transactions to the extent available.
2. The NRA's mission and resources.
3. The possibility of creating an appearance of impropriety that might impair the confidence in, or the reputation of, the NRA (even if there is no actual conflict or wrongdoing).
4. Whether the conflict may result in any private inurement, excess benefit transaction, or impermissible private benefit under laws applicable to tax-exempt organizations.

The approval of any transaction that is subject to this policy shall require the approval of at least a majority of the members of the NRA Audit Committee present and voting at the meeting.

Persons with an interest in any transaction under review by the NRA Audit Committee are not permitted to be present at or participate in any deliberations or voting by the NRA Audit Committee with respect to the matter giving rise to the potential conflict, and must not attempt to influence improperly the deliberation or voting on such matter. In appropriate circumstances, any such person may be called upon to provide information relevant to the approval of the transaction prior to the commencement of deliberations or voting on the transaction.

Approval is usually not required for (a) de minimis transactions, (b) transactions or activities that are undertaken in the ordinary course of business by NRA staff, (c) benefits provided to a related party solely as a member of a class that the NRA intends to benefit as part of the accomplishment of its mission, (d) transactions related to compensation of employees or reimbursement of reasonable expenses incurred by a related party on behalf of the NRA; or (e) officer compensation pursuant to Article V, Section 6 of the NRA Bylaws.

For purposes of the previous paragraph, a transaction or activity is in the "ordinary course of business" if it is consistent either with the NRA's consistently applied past practices in similar transactions or with common practices in the fields in which the NRA operates. Factors in determining whether a transaction or activity is in the "ordinary course of business" include whether the transaction is customary, normal, and routine; the NRA's longstanding practice of engaging in such transactions; the frequency of similar transactions in the past; the amount of money involved; whether the transaction relates to the main purposes of the NRA; whether the transaction is incidental to officer's or director's role with NRA; and whether the transaction is in good faith and without unjustified favoritism.

In the event the NRA or a Covered Person in error enters into or otherwise participates in a conflict of interest transaction that requires pre-approval by the NRA Audit Committee pursuant to this Policy, such transaction shall promptly upon discovery of such error be presented to the NRA Audit Committee for its review and the NRA Audit Committee shall consider, if appropriate, whether to (i) ratify such transaction, (ii) direct the rescission or modification of the transaction, (iii) take any disciplinary action, or (iv) make changes to the NRA's controls and procedures in connection with such error.

VI. RECORDS

The minutes of the NRA Audit Committee meeting during which a potential or actual conflict of interest is disclosed or discussed shall be documented contemporaneously with the meeting and reflect the name of the Covered Person, the nature of the conflict, and details of the deliberations of the disinterested directors (such as documents reviewed, any alternatives considered, comparative costs or bids, market value information, and other factors considered in deliberations) and the resolution of the conflict including any ongoing procedures to manage any conflict that was approved. The interested person shall only be informed of the final decision and not of particular directors' positions or how they voted. In addition, certain related party transactions are required to be disclosed in the notes to the NRA's audited financial statements and its annual federal tax filing on Form 990, as well as on various state filings, such as registrations for charitable solicitation.

VII. COMPLIANCE

If the NRA Audit Committee has reasonable cause to believe that a Covered Person has failed to comply with this policy, it may make such further investigation as may be warranted in the circumstances. If the Audit Committee determines that a Covered Person has failed to comply with this policy, it shall take appropriate action under the NRA Bylaws or applicable law.

VIII. POLICY ADOPTION AND OVERSIGHT

The NRA Audit Committee is responsible for providing oversight of the adoption and implementation of, and compliance with this policy. Only directors satisfying the definition of "independence" pursuant to applicable law are permitted to participate in any deliberations or voting on matters relating to this policy. An "independent director" is defined to mean a member of the NRA Board of Directors who satisfies the following requirements:

1. Is not, and has not been within the last three years, an employee of the NRA or an affiliate of the NRA, and does not have a relative who is, or has been within the last three years, a key employee of the NRA or an affiliate of the NRA;
2. Has not received and does not have a relative who has received, in any of the last three fiscal years, more than \$10,000 in direct compensation from the NRA or an affiliate of the NRA (not including reasonable compensation or reimbursement for services as a director);
3. Is not a current employee of or does not have a substantial financial interest in, and does not have a relative who is a current officer of or has a substantial financial interest in, any entity that has made payments to or received payments from the NRA or an affiliate of the NRA for property or services in an amount which, in any of the last three fiscal years, exceeds the lesser of: (a) \$25,000 or (b) 2% of such entity's consolidated gross revenue (which payments do not include charitable contributions), unless such payments are for services which the NRA performs as part of its nonprofit purposes, provided that such services are available to individual members of the public on the same terms.

This Conflict of Interest and Related Party Transaction Policy was adopted by the NRA Board of Directors on the ____ day of _____, 2016.

Exhibit H

NRA

SUBJECT:	STATEMENT OF CORPORATE ETHICS	EFFECTIVE:	10/11/2019
		PAGE NO.:	A-1.03: 1 of 4

I STATEMENT OF POLICY

It is the policy of the National Rifle Association of America to conduct the Association's business in an honest and forthright manner. To this end, Association employees strive for excellence in their work and for a consistent standard of integrity in their business dealings.

Consistent with this objective is the Association's requirement that all employees comply with applicable bylaws and policies of the association, and all relevant laws and regulations in conducting the association's business. No violation of the spirit or intent of these bylaws, policies, laws and regulations will be tolerated.

To maintain consistent standards of integrity:

1. Association employees shall not become involved in any activity which might influence, be reasonably expected to influence, or give the appearance of influencing their objective business judgment in dealing with others. Employees shall not become involved in conflict of interest situations.
2. No Association employee shall engage in illegal or unethical actions involving any person or organization doing business or attempting to do business with the Association.
3. Association employees shall maintain complete and accurate books, records and documentation in accordance with the accounting rules and controls established by the Association.
4. Employees who are officers, directors, division directors or activity supervisors, shall have responsibility: (a) to insure that these policies are annually communicated to the employees reporting to them; (b) to clarify and explain said policies when necessary; (c) to monitor compliance therewith, and (d) to report all known (or suspected) violations of said policies to the Executive Vice President of the Association, the Treasurer of the Association, or to other persons whom they designate, as appropriate.

Where a question arises whether a particular anticipated course of business conduct is ethical or legal, the individual contemplating the action or directed to perform the action shall seek advice from the Office of the General Counsel of the Association.

Failure to comply with this policy and any specific implementing policies may result in dismissal from employment or other disciplinary action. Violations of law will be reported to appropriate law enforcement officials.

A-1.03: 2 of 4

II Ethical Business Relationships

To ensure that the Association maintains a reputation for ethical conduct in its business relationships, it is the individual responsibility of each employee to avoid any activity or interest that might tend to discredit him or herself, or the Association. Specific prohibitions are as follows:

Each employee will be free of any investment, association or connection, which interferes, or may appear to interfere, with the independent exercise of his or her judgment on behalf of the Association. The fulfillment of this obligation shall include, but not be limited to, the following:

1. No employee may own directly or indirectly, or act as agent or trustee for any financial interest in any supplier of goods or services to the association, unless such financial interest is in stocks, bonds or other publicly traded securities of a corporation, and the interest comprises less than five percent (5%) of the assets of the corporation.
2. No employee may hold a position of director, officer, employee, trustee, statutory employee, independent contractor or agent with any such supplier.
3. No employee may accept personal favors, gifts, entertainment or gratuities from any supplier or potential supplier with either a retail price or fair-market value in excess of \$250 unless, prior to accepting or receiving such personal favor or gratuity, the employee submits a written statement of justification that is approved by the Executive Director of the employee's division or Officer, as appropriate. A copy of the approved justification will be filed with the Human Resources Division.
4. No employee may use, for personal gain, any information that he or she acquires in the course of his or her employment.
5. Any employee involved in any situation that may represent a possible conflict of interest, shall report same immediately to the Executive Vice President.

Employees who in good faith believe that a fellow employee, supervisor, manager, or director is in violation of this policy are encouraged to bring the information on which their belief is based to the attention of the Office of General Counsel. Employees who in good faith believe that an officer or a member of the Board of Directors is engaged in any financial irregularity affecting the Association or has a conflict of interest are encouraged to bring the information on which their belief is based to the attention of the Audit Committee. The Audit Committee should be contacted through its Secretary, David Warren, at (703) 267-1616, or through its Chairman. The taking of such action in good faith will not result in retribution or reprisal against the employment of any employee. Alternate contacts are listed at the bottom of this form.

A-1.03: 3 of 4

III Use of and Accounting for Association Funds and Assets

1. The use of association funds or assets for any unlawful or improper purpose is strictly prohibited.
2. No undisclosed or unrecorded fund or asset of the Association shall be established for any purpose.
3. The appropriate employees of the Association will make and keep books, records, and accounts, in reasonable detail, sufficient to reflect accurately and fairly all financial transactions and the disposition of funds and assets.
4. The appropriate employees of the Association will devise and maintain a system of internal controls sufficient to provide reasonable assurance that:
 - a. Transactions are executed in accordance with management's general or specific authorization;
 - b. Transactions are recorded: 1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and 2) to maintain accountability for funds and assets;
 - c. Access to assets is permitted only in accordance with management's general or specific authorization; and
 - d. The recorded accountability for funds and assets is compared with the existing funds and assets at reasonable intervals and appropriate action is taken with respect to any differences.
5. Periodic compliance reviews shall be the responsibility of the Treasurer of the Association, at the direction of the Audit Committee established by the Board of Directors and/or at the direction of the Executive Vice President of the Association. Employees specifically designated by the Treasurer of the Association as having responsibilities involving purchase authorization, control or disbursements of funds, and/or other control of Association assets, will be required to sign an Annual Statement of Corporate Ethics that will be maintained in the individual personnel records in the Human Resources Division.

A-1.03: 4 of 4

IV Written Statement of Business with the Association

The Bylaws require any employee of the Association to disclose any business with the Association in excess of \$2,000 per year. This Bylaw (Article IV, Section 2) reads as follows:

"Any Director, officer, or employee of the Association who is also a member of the governing body of any business, corporate, or other entity (whether as trustee, director, sole-owner, officer, partner, or the like) which does any business with the Association in excess of \$2,000 either within a year or pursuant to any contract or contracts originating within a year shall immediately file a written statement of all such business as to the nature and amount thereof, to the best of his or her knowledge, with the Secretary who shall transmit such statement to the Board of Directors at its next meeting and who shall include all such statements in the Secretary's report at the next Annual Meeting for Members."

I HAVE READ THE FOREGOING AND UNDERSTAND ITS CONTENTS AND AGREE TO THE TERMS THEREIN.

_____(Signature)

_____(Name)

_____(Date)

Alternate contacts to report concerns:

- Human Resources: Linda Crouch, (703) 267-1264
- Office of General Counsel: (703) 267-1250 (main line) or contact any OGC attorney directly
- Audit Committee secretary: David Warren, (703) 267-1616
- Audit Committee chairman: Charles Cotton, Charles@CottonFamily.com

To report concerns anonymously, please address written communications (marked "CONFIDENTIAL") to any of the individuals above. Letters to Mr. Cotton may be delivered via the President's Office.