



September 4, 2020

Acting Director Michael Rigas
U.S. Office of Personnel Management
1900 E Street, NW
Washington, D.C. 20415

Re: **NRA Foundation's Participation in the Combined Federal Campaign**

Dear Ms. Weichert:

On behalf of Everytown for Gun Safety Support Fund, I wrote to your office on October 1, 2019 to alert you about substantial evidence of serious and wide-ranging financial impropriety at the National Rifle Association (“the NRA”) – a 501(c)(4) organization that, according to its own regulatory filings, controls Combined Federal Campaign (“CFC”) participant the NRA Foundation (which is a 501(c)(3) organization).¹ The CFC is the workplace giving program for federal government employees. With the 2020 CFC solicitation period about to begin for 2020, I write today to inform you of two developments that make it even more urgent that you disqualify and expel the NRA Foundation from participation in the CFC.

First and most significantly, the Attorney General for the District of Columbia has brought a lawsuit against the NRA Foundation and the NRA alleging that the NRA, which controlled the Board of Directors of the NRA Foundation, caused the Foundation to undertake actions not in the best interest of the NRA Foundation.² The complaint alleges that “in recent years, the NRA has experienced financial problems related, in large part, to low membership and the NRA’s decision to continue to waste funds on improper, lavish spending. To plug holes caused by its own poor management, the NRA turned to the Foundation’s funds.” As evidence, the DC Attorney General describes two separate \$5 million loans provided from the NRA Foundation to the NRA, along with millions of dollars in management fees that the NRA forced the NRA Foundation into paying it. When someone at the NRA Foundation reportedly raised questions, NRA CEO Wayne LaPierre, according to the complaint, attended the next meeting of the NRA Foundation Investment Committee and said “it was not a good time to hire any sort of outside auditor or conduct any of the requested research.” The DC Attorney General was unequivocal concerning the level of impropriety, writing **“the Foundation has been operated as a wholly controlled subsidiary of the NRA, without independence or a separate identity from the NRA. The Foundation Board of Trustees, contrary to its fiduciary duties, repeatedly chose to serve the interests of the NRA above those of the charitable nonprofit purposes of the Foundation.”**

¹ For ease of reference, the October 1, 2019 letter is attached as Exhibit 1.

² An electronic copy of the DC Attorney General’s lawsuit can be found here:
<https://nrawatch.org/filing/dc-ag-complaint-against-nra/>.

The NRA Foundation's alleged conduct, as detailed in the DC Attorney General's complaint and in our October 2019 letter to your office, would put it firmly on the wrong side of the core requirement for participation in the CFC – i.e., that it have “a high degree of integrity and responsibility in the conduct of [its] affairs.” See OPM CFC Regulation §950.202(a)(4)(ii). Additionally, these allegations suggest that the NRA Foundation may have falsely certified to the CFC that its governing body has “no material conflicts of interest.” On the contrary, the DC Attorney General has alleged that the “Foundation Board and Officers have conflicting loyalties, with loyalty to the NRA taking precedence, thereby subverting the independence of the Foundation” and that the NRA Foundation sent “unfair loans and management fee payments to the NRA” and allowed “its funds to be diverted from charitable purposes and wasted to prop up the NRA in impermissible ways.” Based on these allegations the NRA Foundation also likely falsely certified to the CFC that its “contributions are effectively used for the announced purposes of the charitable organization.” See OPM CFC Regulation §950.203(a)(5-8).

Second, the two largest donor-advised-fund sponsors in the country, Fidelity Charitable and Schwab Charitable, even prior to the DC enforcement action, banned new donations to the NRA Foundation and other 501(c)(3) organizations affiliated with the NRA. Schwab Charitable said “like many other donor-advised funds Schwab Charitable follows IRS guidance and suspends grants to 501(c)(3) organizations that are under investigation, until the investigation concludes and the organization retains its 501(c)(3) status.”³ This reasoning is sound: *if misconduct occurred or may be occurring at a charity, continuing to steer contributions to that same charity is irresponsible.* The DC Attorney General's enforcement action raises serious concerns of misconduct at the NRA Foundation. At the very least, the Office of Personnel Management should follow the lead of these financial institutions and suspend the NRA Foundation's participation in the CFC while litigation into its conduct is ongoing.

We strongly believe that a review and investigation by OPM will confirm that the NRA Foundation does not live up to the CFC standards of integrity, accountability, and transparency, and accordingly should be expelled from participating in the CFC program. Pursuant to the legal requirement that you, as OPM Director, “shall review the applications for accuracy, completeness, and compliance with the regulations,” we respectfully renew our request that you immediately commence an investigation and determine whether – as we believe – the NRA Foundation should be expelled from participation in the CFC.

Sincerely,



Justin Wagner
Senior Counsel

³ Michael Theis, “Fidelity and Schwab Ban Gifts from Donor Advised Funds to NRA Affiliated Charities”, Chronicle of Philanthropy, Dec. 4, 2019.



September 30, 2019

Acting Director Margaret Weichert
U.S. Office of Personnel Management
1900 E Street, NW
Washington, D.C. 20415

Re: **NRA Foundation**

Dear Ms. Weichert:

On behalf of Everytown for Gun Safety, the nation's largest gun violence prevention group, I write to urge you to investigate whether the NRA Foundation should be disqualified and expelled from participation in the Combined Federal Campaign ("CFC"), the workplace giving program for federal government employees.

As you may be aware, over the past several months there has been a series of public disclosures and reports revealing substantial evidence of serious and wide-ranging financial impropriety at the National Rifle Association ("the NRA") – a 501(c)(4) organization that according to its own regulatory filings controls CFC participant the NRA Foundation (which is a 501(c)(3) organization) – including self-dealing, improper enrichment of organization insiders, conflicts of interest, and violations of the not-for-profit laws. As a result, there are now active regulatory investigations by the Attorney General of the District of Columbia as to CFC participant the NRA Foundation and the NRA, and by the Attorney General of New York as to the NRA and its affiliated not-for-profit entities. These allegations and investigations of serious potential misconduct at the NRA are particularly troubling because, in the last two reported years, the NRA Foundation has sent *over half* of its revenue to the NRA, meaning that over \$0.50 of every dollar raised through the federal government's CFC for the NRA Foundation ended up in the coffers of the NRA.

We strongly believe that a review and investigation by OPM will confirm that the NRA Foundation does not live up to the CFC standards of integrity, accountability, and transparency, and accordingly should be expelled from participating in the CFC program. More specifically, the facts described above and further detailed below raise a number of deeply concerning questions, including: (1) whether the NRA Foundation has falsely certified to the CFC that its governing body has "no material conflicts of interest," (2) whether the NRA Foundation has falsely certified to the CFC that its "contributions are effectively used for the announced purposes of the charitable organization," and (3) whether the NRA Foundation is in violation of the core requirement for participation in the CFC – i.e., that it have "a high degree of integrity and responsibility in the conduct of [its] affairs."

As you know, over the past ten years, the CFC has raised over \$2.3 billion for participating non-profit organizations. Well-respected charitable institutions such as the United Way, St. Jude Children's Hospital, American Diabetes Association, and the American Red Cross participate in the CFC. To participate, charitable organizations must apply and be approved by

your office every year. You recently described the CFC as a way for federal employees “to support organizations that help people in need.”¹ Inclusion in the CFC is not automatic or by right. Indeed, by approving and including a charitable organization in the CFC program, the OPM effectively gives the organization a good-housekeeping-like endorsement and stamp of approval. As an OPM report from 2012 stated: the CFC “has been an influential force in the world of workplace giving, raising billions of dollars in support of thousands of charities, and assuring donors that participating organizations meet important standards of transparency and accountability.”²

For all of these reasons, and pursuant to the legal requirement that you, as OPM Director, “shall review the applications for accuracy, completeness, and compliance with the regulations,” we respectfully request that you immediately commence an investigation into the facts described above and in further detail below, and determine whether – as we believe – the NRA Foundation should be expelled from participation in the CFC. The CFC began just this month and we urge you to immediately suspend the NRA Foundation’s participation in this year’s CFC campaign pending the outcome of that investigation. Alternatively, and at a minimum, federal employees should be notified that the NRA Foundation is under law enforcement regulatory investigation so that each federal employee can make an informed decision as to whether to contribute.

I. Background: CFC Eligibility Requirements and Representations Made to the CFC by the NRA Foundation

As noted above, the CFC regulations governing the program require that a participating charitable organization must, among other things, “have a high degree of integrity and responsibility in the conduct of their affairs”³ Only 501(c)(3) tax exempt organizations are eligible for participation in the CFC.⁴ Further, the OPM CFC Regulations require participating organizations to certify that their governing body has “no material conflicts of interest” and that “contributions are effectively used for the announced purposes of the charitable organization.” *Id.* at 950.203(a)(5-8). The CFC application emphasizes the import of these certifications:

“APPLICANTS SHOULD BE AWARE THAT A FALSE RESPONSE TO ANY CERTIFICATION IN THIS APPLICATION MAY BE GROUNDS FOR DENIAL OF THE APPLICATION AND MAY BE PUNISHABLE BY

¹ OPM Memo from Margaret Weichert, “2019 Combined Federal Campaign”, Jul. 9, 2019, *available at* <https://www.chcoc.gov/content/2019-combined-federal-campaign>.

² OPM “Federal Advisory Committee Report on the Combined Federal Campaign 2012”, p.12, *available at* <https://www.opm.gov/combined-federal-campaign/cfc-50-commission/2012-report.pdf>.

³ OPM Rule “Solicitation of Federal Civilian and Uniformed Service Personnel for Contributions to Private Voluntary Organizations”, Effective January 1, 2016, 79 FR 21581 (hereinafter referred to as “OPM CFC Regulations”) §950.202(a)(4)(ii).

⁴ *See* OPM CFC Regulations 950.202(a)(2) (organizations must provide a “certification that is an organization recognized by the Internal Revenue Service as tax exempt under 26 U.S.C. 501(c)(3) to which contributions are deductible”).

FINE OR IMPRISONMENT (18 U.S.C. 1001). ALL STATEMENTS AND INFORMATION PROVIDED ARE SUBJECT TO INVESTIGATION, INCLUDING CONFIRMATION THROUGH THIRD PARTIES AND OTHER GOVERNMENT AGENCIES.”⁵

The OPM Director is required, on an annual basis, to “review the applications for accuracy, completeness, and compliance with the regulations.” OPM CFC Regulations 950.203(b). Furthermore, the OPM Director may impose sanctions and penalties on charitable organizations that violate the regulations governing participation in the CFC, “up to and including expulsion from the CFC.” *Id.* at 950.503(a)(1).

The NRA Foundation has participated in the CFC for many years and makes annual submissions to OPM. Over the past several years, federal employees have made hundreds of thousands of dollars of contributions to the NRA Foundation through the CFC. To gain access to the CFC and in accordance with the OPM CFC Regulations, the NRA Foundation has repeatedly and explicitly certified that it “effectively uses the funds contributed for its announced programs” and that members of the “governing body” of the organization “have no material conflicts of interest.”

In its IRS 990 filings (which are submitted as part of the CFC application), the NRA Foundation describes its organizational mission as supporting “firearm related public interest activities to defend and foster the Second Amendment rights of law abiding Americans” and promoting “firearms and hunting safety, enhanc[ing] marksmanship skills of shooting sports participants, and educat[ing] the general public about firearms in their historical, technological, and artistic context.” *See* 2017 NRA Foundation IRS 990, Part III, Question 1.

II. The NRA Foundation Is Controlled by the National Rifle Association and Sends Over Half Its Revenue to the NRA

The NRA Foundation is controlled by the NRA. The NRA’s IRS 990 filings, at Schedule R, Part II, make this clear by identifying the NRA Foundation, Inc. as a “controlled entity” for the purposes of IRS code section 512(b)(13):

Part II Identification of Related Tax-Exempt Organizations. Complete if the organization answered “Yes” on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(f) NRA FOUNDATION INC 52-1710886 11250 WAPLES MILL RD FAIRFAX, VA 22030	CHARITABLE	DC	501(c)(3)	LINE 7	NRA	X	

This controlling relationship is further delineated in regulatory filings wherein the NRA Foundation explicitly states “the NRA Foundation is affiliated with the National Rifle

⁵ *See* CFC Website “How to Apply”, last visited Sept. 1, 2019, available at <https://cfccharities.opm.gov/app/#!/applicationForCharities/>.



Association by virtue of control vested with the NRA Board of Directors to appoint the Trustees of the Foundation.”⁶

As the table below demonstrates, the NRA’s filings with the IRS disclose that in recent years, over half of the revenue received by the NRA Foundation is sent to the NRA.⁷ While transfers between a c(3) and c(4) entity are not inherently problematic, here funds from the NRA Foundation are funding what, as described below, is an entity embroiled in scandal and facing reports of wide ranging financial impropriety. Additionally, questions have been raised about the propriety of these specific transfers between the NRA Foundation and the NRA. For instance, at a September 19, 2019 hearing of the House Ways and Means Oversight Subcommittee, attorney Marc Owens (who previously headed the IRS division overseeing tax-exempt enterprises) testified that the 2016 transfers were “highly suspect transactions.”

<u>Transfers from the NRA Foundation to the NRA</u>		
	<u>2016</u>	<u>2017</u>
<i>Grants to the NRA</i>	\$19,276,495	\$18,812,141
<i>Payments to NRA for Sharing of Employees</i>	\$5,297,603	\$4,968,055
<i>Expense Reimbursements Paid to NRA</i>	\$3,384,719	\$869,746
<i>Other Payments to the NRA</i>	\$180,000	\$180,000
Total from NRA Foundation to NRA	\$28,138,817	\$24,829,942
NRA Foundation Total Revenue	\$52,621,079	\$45,805,799
% of Revenue Sent to NRA	53%	54%

III. Evidence of Self-Dealing, Insider Payments, and Conflicts of Interest at the NRA

Publicly reported and credible information provides substantial evidence that the NRA – which controls the NRA Foundation and to which the NRA Foundation has sent over half its revenue in recent years – has been spending large sums of money on questionable personal

⁶ See Exhibit 1, 2017 NRA Foundation New Mexico Charity Filing, p.11.

⁷ See Exhibit 2 and 3, NRA Foundation’s 2016 and 2017 IRS 990 filings, at Schedule R, Part V; Exhibit 4 and 5, NRA’s 2016 and 2017 IRS 990 filings, Part I, Line 12 (total revenue).



expenses of insiders and engaging in other highly questionable and likely illegal conduct, all of which is fundamentally at odds with the CFC program’s requirement that the organization “effectively uses the funds contributed for its announced programs” and operate “with a high degree of integrity and responsibility.” As a result, the Attorney General of New York is investigating the not-for-profit status of the NRA and affiliated entities (which almost certainly includes the NRA Foundation) and the Attorney General of the District of Columbia is similarly and expressly investigating both the NRA Foundation and the NRA.⁸ These allegations include, but are not limited to, the following:

- ***Questionable Benefits to NRA CEO and NRA Foundation Trustee/Director Wayne LaPierre:*** Public reports indicate that NRA funds have been used to pay more than half a million dollars for high-end Italian suits and extravagant international travel for the NRA’s CEO and Executive Vice President, Wayne LaPierre.⁹ Documents appearing to confirm these expenditures have also come to light.¹⁰ Further, recent reporting indicates that the NRA was in discussions to buy LaPierre and his wife a \$6.5 million mansion through the NRA’s longtime outside public relations firm, Ackerman McQueen, shortly after the mass shooting in Parkland, Florida.¹¹ The NRA even issued a \$70,000 check to a newly formed LLC to facilitate this purchase.¹² In a separate questionable real estate transaction, the NRA paid \$1.8 million for the rental of a house in Southern California from a TV production company that produced a show featuring LaPierre.¹³ And regulatory filings indicate that the NRA has agreed to provide LaPierre, who currently

⁸ Exhibit 6, “DC Attorney General Issues Subpoena to NRA, its Charitable Foundation,” *Washington Post*, July 12, 2019 (with DC Attorney General Racine stating “[t]he Office of the Attorney General for the District of Columbia has issued subpoenas to the National Rifle Association of America (NRA) and the NRA Foundation, Inc., as part of an investigation into whether these entities violated the District’s Nonprofit Act ... We are seeking documents from these two nonprofits detailing, among other things, their financial records, payments to vendors, and payments to officers and directors”); Exhibit 7 New York Attorney General’s Memorandum of Law in Opposition to Motion to Quash, Aug. 18, 2019, p.2 (stating that the NY Attorney General was “investigating the organization and its affiliated non-for-profit entities concerning allegations of financial improprieties; improper related party transactions between the NRA and affiliated entities, officers, and board members; unauthorized political activity; and potentially false or misleading disclosures in regulatory filings”).

⁹ Exhibit 8, Mark Maremont, “NRA Chief Wayne LaPierre Questioned on Travel Expenses”, *Wall Street Journal*, May 2, 2019.

¹⁰ Exhibit 9, New York Attorney General’s Memorandum of Law in Opposition to Motion to Quash, Exhibit 8, filed Aug. 18, 2019 (attaching an April 22, 2019 letter from Ackerman to the NRA concerning expenses relating to Mr. LaPierre).

¹¹ Exhibit 10, Mark Maremont, “NRA Promised \$6.5 Million to Buy Mansion for CEO Wayne LaPierre, Documents Show”, *Wall Street Journal*, Aug. 13, 2019.

¹² Exhibit 11, Mark Maremont, “Check for Dallas Mansion Raises New Questions About NRA Plans”, *Wall Street Journal*, Aug. 12, 2019.

¹³ Exhibit 12, Mike Spies, “An Internal Memo Raises New Questions About Self-Dealing at the NRA”, *The New Yorker*, May 7, 2019.



makes over \$1 million a year, an extremely generous salary even after he leaves the organization.¹⁴ Importantly, in addition to his role as NRA CEO and Executive Vice President, Mr. LaPierre appears to be in a position of leadership at the NRA Foundation as well, where he is listed as an “Ex Officio” Trustee or Director on the NRA Foundation’s recent federal tax returns.¹⁵

- **Contract to Board President:** Even though the NRA said in a court filing that the organization was prohibited by its non-profit Bylaws from compensating its Board President,¹⁶ another recent court filing by the NRA’s long-time public relations firm (Ackerman McQueen) alleges that NRA CEO LaPierre agreed to a contract for former NRA Board President Lt. Col North, contemporaneous in time to North becoming the NRA Board President, including drafting a contract “term sheet.”¹⁷ The contract, which was structured to be paid through Ackerman McQueen, reportedly compensated Lt. Col. North “millions of dollars annually” according to LaPierre.¹⁸
- **Questionable Benefits to Lead Fundraiser:** Court filings also indicate that the NRA’s top fundraiser, Tyler Schropp, ran up more than \$450,000 in expenses on an American Express card that were allegedly billed back to and reimbursed by the NRA.¹⁹ Among other questionable transactions, these expenses include \$231,000 on luxury hotels such as the Ritz Carlton, Four Seasons, and Waldorf Astoria, \$51,000 at hotels and casinos, restaurants, and cigar bars in Las Vegas, and \$5,000 total at various cigar bars and stores.²⁰
- **Internal Accountants Raising Concerns:** Per reporting in the *New Yorker*, in July 2018, the NRA Board of Directors Audit Committee held an “emergency meeting” to discuss

¹⁴ Exhibit 13, 2017 NRA Massachusetts Charity Filing, Question 23 (“Wayne R. LaPierre (Executive Vice President) has a contract that 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”).

¹⁵ Exhibit 3, NRA Foundation’s 2017 IRS 990 filings, Part VII, Section A.

¹⁶ Exhibit 14, *NRA v. Ackerman McQueen*, Civil Amended Complaint, filed Apr. 24, 2019, para. 33 (“the NRA Bylaws do not provide for the President to receive a salary”).

¹⁷ Exhibit 15, *NRA v. Ackerman McQueen*, Answer and Counterclaim, filed July 16, 2019, para. 37 (“LaPierre negotiated the terms of the North Contract directly with Lt. Col. North and a detailed term sheet was sent to [Ackerman] for completion of the formal agreement.... Wilson (“Woody”) Phillips, then-Treasurer of the NRA, reviewed and approved the North Contract to assure compliance with the term sheet”).

¹⁸ Exhibit 16, Danny Hakim, “At the NRA, a Cash Machine Sputtering”, *New York Times*, May 14, 2019 (“a contract with Ackerman that, according to Mr. LaPierre, paid him ‘millions of dollars annually.’”).

¹⁹ Exhibit 17, Josh Kovensky, “Letter Shows Ackerman Issuing New Broadside Against NRA Fundraiser”, *Talking Points Memo*, Aug. 20, 2019.

²⁰ Exhibit 9, New York Attorney General’s Memorandum of Law in Opposition to Motion to Quash, Exhibit 8, filed Aug. 18, 2019 (attaching an April 22, 2019 letter from Ackerman to the NRA concerning Mr. Schropp).

“whistleblowing reports” relating to vendor arrangements. Documentation was reportedly provided ahead of that meeting that listed concerns from NRA accountants such as “NRA pays overbilled, deceptive, vague invoices to ‘preferred’ vendors and contractors” and “decisions are made in the best interests of vendors,” not the organization. NRA accountants also reportedly complained of being pressured to issue payment for dubious expenditures.²¹ These complaints dovetail with those of former NRA Board President Oliver North, who wrote letters to NRA management attempting to get an accounting for the reported over \$20,000,000 in spending by the NRA on legal fees paid to a single law firm.²²

The above-described financial imprudence if not malfeasance – which may be only the tip of iceberg based on what has come out publicly so far – appears to be clearly inconsistent with the CFC requirements that contributions be “effectively used” to advance the purposes of the charitable organization and that the organization “have a high degree of integrity and responsibility.” And while these particular allegations relate most directly to the NRA, it is that organization – the NRA – that controls the CFC-approved NRA Foundation, which in turn sends over half of its revenue back to the NRA, where it may be used to fund these highly dubious expenditures.²³

IV. Evidence that the NRA and NRA Foundation Have Members of Management and the Board with Material Conflicts of Interest

As noted above, the CFC application has an explicit certification that members of the “governing body” of the organization “have no material conflicts of interest.” But evidence suggests that NRA Foundation certifications to this effect may be false. In addition to the evidence just discussed, the reported conflicts of interest at the NRA Foundation and the NRA (which controls the Foundation, and whose Board therefore should also be considered the Foundation’s “governing body”) include, but are not limited to, the following:

- ***Purchasing Millions in Products from a Business Run by Board Members & Officers:*** Pete Brownell was a longtime NRA Board Member and recent NRA Board President. He was also listed as a Trustee in the NRA Foundation’s 2017 New Mexico Charities Filing and as an “Ex Officio” Trustee or Director on the NRA Foundation’s 2017 IRS

²¹ Exhibit 18, Mike Spies, “Secrecy, Self-Dealing and Greed at the NRA”, *The New Yorker*, April 17, 2019; Exhibit 19, Mike Spies, “New Documents Raise Ethical and Billing Concerns About the NRA’s Outside Counsel”, *ProPublica*, July 30, 2019.

²² Exhibit 20, April 18, 2019 letter from Oliver North and Richard Childress to NRA General Counsel John Frazer.

²³ Because of the controlling relationship whereby the NRA Board of Directors appoints the Trustees of the NRA Foundation, the “governing body” – for purposes of OPM CFC Regulation §950.202(a) governing “material conflicts of interest” – should naturally include executives, officers, and directors at the NRA.



Form 990 disclosures under the section requiring disclosure of “Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.”²⁴ Per the NRA Foundation’s filings with the IRS, Frank R. Brownell III (the father of Pete Brownell) was the President of the NRA Foundation in 2014 and part of 2015.²⁵ At the same time these individuals held leadership positions at the NRA and/or the NRA Foundation, Pete Brownell was the President of Crow Shooting Supply and Frank R. Brownell III was the Treasurer.²⁶ Public reporting indicates that the NRA Foundation has been purchasing materials from Crow Shooting Supply since 2008.²⁷ While we are unable to ascertain the exact amount of supplies during this decade long relationship, the purchases appear to be significant as the NRA Foundation paid over \$3 million to Crow Shooting Supply in 2017 alone.²⁸

- ***Giving Large Consulting Contracts to the NRA Foundation Executive Director:*** Wayne Sheets is the executive director of the NRA Foundation and a longtime member and former employee of the NRA. The NRA’s own website indicates Mr. Sheets “has been with the NRA for more than 30 years.”²⁹ Between 2016 and 2017, the NRA paid \$1,395,000 to Mr. Sheets’ consulting company HWS Consulting Inc. Reporting from the *New Yorker* indicates that Mr. Sheets’ contract with the NRA stipulated a “base monthly consulting fee” to be paid “regardless of the number of consulting hours provided by the Consultant” and that Mr. Sheets received some \$240,000 in expense reimbursements.³⁰ This relationship is particularly troubling since, at the same time Mr. Sheets (as executive director of the NRA Foundation) was presumably involved in deciding to transfer substantial funds to the NRA from the NRA Foundation, he was pocketing significant consulting fees from the NRA as a purported fundraiser.
- ***Other Questionable Relationships of Note:*** A former NRA Managing Director, Michael Marcellin, was paid hundreds of thousands of dollars by an insurance company (Lockton

²⁴ Exhibit 3, 2017 NRA Foundation IRS 990 Filing, Part VII, Section A; Exhibit 1, 2017 NRA Foundation New Mexico Charity Filing, p.3.

²⁵ Exhibit 21, 2015 NRA Foundation IRS 990 Filing, Part VII, Section A (indicating that Frank Brownell III was a “President and Trustee”... “thru April 2015”); 2014 NRA Foundation IRS 990 Filing, Part VII, Section A (listing Brownell as “President”).

²⁶ See Iowa Secretary of State Biennial Reports for an Iowa Corporation, Crow Shooting Supply, Inc.

²⁷ Exhibit 22, Mark Maremont, “NRA Awarded Contracts to Firms with Ties to Top Officials”, *Wall Street Journal*, Nov. 30, 2018.

²⁸ Exhibit 3, 2017 NRA Foundation IRS 990, Part IV, Schedule L.

²⁹ See NRA Website, Advancement Leadership, <https://www.nraringoffreedom.com/meet-the-staff/advancement-leadership/wayne-sheets/>.

³⁰ Exhibit 18, Mike Spies, “Secrecy, Self-Dealing and Greed at the NRA”, *The New Yorker*, April 17, 2019.



Affinity) that conducted business with the NRA from 2016 to 2017.³¹ Moreover, the NRA’s Executive Director of Advancement, Tyler Schropp, served as the Treasurer for a media company that the NRA has reportedly paid more than \$18 million since 2010.³²

These are not isolated instances. Indeed, the *Washington Post* reported that 18 of the NRA’s 76 member Board of Directors received money from the NRA over the past three years.³³ These examples – which again represent only what has been publicly disclosed to date – underscore the serious and widespread evidence of self-dealing transactions by leaders at the NRA and NRA Foundation, raising substantial doubts as to the truthfulness of the NRA Foundation’s repeated certifications to the CFC that its “governing body” has “no material conflicts of interest.”

V. The Evidence Strongly Supports Expulsion of the NRA Foundation from Participation in the CFC

In sum, the evidence outlined above shows that serious questions need to be answered as to the truthfulness and accuracy of the NRA Foundation’s repeated certifications to OPM that “contributions are effectively used for the announced purpose of the charity” and the “controlling body” has “no material conflicts of interest.” More broadly, the evidence calls into serious question how the OPM can continue to find that the NRA Foundation, and its controlling entity the NRA, are organizations with “a high degree of integrity and responsibility in the conduct of their affairs,” as required by the governing CFC regulations. Indeed, after reviewing the facts contained in recent public reporting about the NRA, Marc Owens, who for ten years headed the IRS division overseeing tax-exempt enterprises, said: “[t]he litany of red flags is just extraordinary ... 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

³¹ Exhibit 5, 2017 NRA IRS 990 Schedule O (disclosure of income from Lockton).

³² Exhibit 23, Danny Hakim, “Incendiary N.R.A. Videos Find New Critics: N.R.A. Leaders”, *New York Times*, Mar. 11, 2019 (“since 2010, the N.R.A. has paid \$18 million to a company that produces “Under Wild Skies,” a hunting show on NRATV. Tyler Schropp, the N.R.A.’s advancement director, came to the organization in 2010 from Ackerman, and had a stake in the production company until at least 2017.”).

³³ Exhibit 24, “NRA Money Flowed to Board Members Amid Allegedly Lavish Spending by Top Officials and Vendors”, *Washington Post*, June 9, 2019. Among other examples, one NRA Board member received \$400,000 for “public outreach and firearms training,” another over \$610,000 for “consulting services,” and another received approximately \$28,000 for articles in NRA publications. Washington attorney Douglas Varley, who specializes in tax exempt organizations, was quoted by the *Post* as saying “In 25 years of working in this field, I have never seen a pattern like this... The volume of transactions with insiders and affiliates of insiders is really astonishing.”).



of certain vendors and people in control. ... Those facts, if confirmed, could lead to the revocation of the NRA's tax-exempt status."³⁴

Accordingly, and pursuant to your mandate to "review... applications for accuracy, completeness, and compliance with [applicable] regulations," and your authority to impose sanctions and penalties "up to and including expulsion from the CFC," OPM should investigate and thoroughly review the facts cited above, which we respectfully submit are more than sufficient to find that the NRA Foundation is ineligible for inclusion in – and should be expelled from – the CFC. *See* OPM CFC Regulations 950.203(b)-(c); 950.503(a)(1).

Sincerely,

A handwritten signature in black ink that reads "Justin Wagner" in a cursive script.

Justin Wagner

Senior Counsel for Everytown for Gun Safety

³⁴ Exhibit 18, Mike Spies, "Secrecy, Self-Dealing and Greed at the NRA", *The New Yorker*, April 17, 2019.