

**List of Top Concerns for the Audit Committee**

1. Financial Conflict of Interest at the Senior Management and Board of Directors Level
  - a. Woody Phillips – payments made to “significant other”
  - b. Josh Powell – wife recently hired at top vendor, father paid by a top vendor with fees passed through to NRA on vendor bills and father also invoiced NRA directly on a separate Purchase Order, longtime friend/former employee hired as a contractor (with contract description the same as 2 current employees’ job descriptions)
  - c. Tyler Schropp listed as a principle of a top vendor
  - d. Board member compensation arrangements not being disclosed, impairing independence, and arranged “behind the scenes” with vendors such as Ackerman McQueen, Associated TV, and Warpspeed.
2. Senior management override of internal controls - Violating accounts payable procedures, IST purchasing policies, travel and expense reporting policy, Procurement/contracts policy, HR policy
  - a. Forced payment to WBB Investments LLC for \$70k without W9, vague description, company didn’t exist and address of business was the home of the Chief Accounting Officer of AcMc (also is the son of the CFO).
  - b. Lance Olson invoice for purchase of firearms – not a proper invoice, no serial numbers for firearms, invoice was broken up into multiple expense reports to keep amounts smaller, Lisa Supernaugh signed for Lance Olson and used signature machine to sign for Josh Powell and Woody Phillips
  - c. Josh Powell purchasing computer assets via company credit card in order to circumvent IS purchasing policy (unsecured equipment being used for NRA business)
  - d. Hiring of staff without HR knowledge
3. Management has subordinated its judgement to vendors – decisions are made in the best interest of vendors.
4. Vague and deceptive billing by preferred vendors/contractors some of whom have no current contract or no contract
  - a. Associated TV – Billing of \$1.8M for rental of a house that belongs to Stanton/McKenzie – an owner of Associated TV
  - b. Grassroots Behavioral Services – B. O’Leary payments of AR relating to PM Consulting, payments continued after contract end
  - c. McKenna & Assoc, LLC – no contract for current work, vague project names, doesn’t attach support for billing and recently hired Josh Powell’s wife as a high level employee of the company.
  - d. MMP bills violate contract stipulations
5. Carry Guard Issues – misleading the Board over how the Lockton Affinity/NRA relationship was handled and terminated, ignoring and threatening staff who spoke out against Carry Guard, unreasonable “attachment” to Carry Guard leading to the failures of Carry Guard and affecting the healthy Affinity programs, misrepresenting the actual incurred costs of Carry Guard to the Board of Directors.

**NYAG  
EX072**

**Exhibit  
NYAG 0004  
Rowling**

6. Reimbursement of expenses relating to apartments and living expenses beyond HR Policy Manual stipulations and on a permanent basis, with no contract to support the reimbursement request (continue to claim as relocation expense)
  - a. Josh Powell
  - b. Joe DeBergalis
  - c. Eric Frohardt
  - d. Doug Hamlin (although only half of his rent)
7. Purchase of firearms that remain on the books starting in 2005 where we have no indication of where the firearms are located (over \$1M in assets).
  - a. Lance Olson referenced above is a recent example
8. Lack of Controls over Vehicle Leases – Senior Management Expansion of Vehicle Lease Norms (Executives, Field Staff and Advancement Field Reps)
  - a. Josh Powell's request for Lee Colquit (Director) to have a vehicle of his choice (not even a standard vehicle)
  - b. Tyler Schropp's request for Chris DeWitt (Assistant Director) to have a vehicle, Woody approved the request even though Chris is not an Advancement Field Rep.