

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

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In Re: ) **Case No. 21-30085-hdh-11**  
 ) Jointly Administered  
NATIONAL RIFLE ASSOCIATION )  
OF AMERICA, et al., ) Dallas, Texas  
 ) April 13, 2021  
Debtors. ) 1:30 p.m. Docket  
 )  
 ) TRIAL DAY 5 - AFTERNOON DOCKET  
 )

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TRANSCRIPT OF PROCEEDINGS  
BEFORE THE HONORABLE HARLIN DEWAYNE HALE,  
UNITED STATES CHIEF BANKRUPTCY JUDGE.

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transcript produced by transcription service.

Journey - Cross

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1 DALLAS, TEXAS - APRIL 13, 2021 - 1:34 P.M.

2 THE COURT: All right. We'll go back on the record  
3 in NRA. Judge Journey, can you hear me?

4 JUDGE JOURNEY: Yes, Your Honor.

5 THE COURT: Good. And Mr. Drake?

6 MR. DRAKE: Yes, Your Honor, I'm here. Can you hear  
7 me?

8 THE COURT: I can hear you fine. All right. Judge  
9 Journey, I feel a little bit awkward saying things like this  
10 to you, but I just want to remind you that you're still under  
11 oath, all right?

12 JUDGE JOURNEY: I don't think that's awkward at all,  
13 Your Honor. I appreciate the reminder.

14 THE COURT: You may proceed.

15 JUDGE PHILLIP JOURNEY, PHILLIP JOURNEY'S WITNESS, PREVIOUSLY

16 SWORN

17 CROSS-EXAMINATION

18 BY MR. DRAKE:

19 Q Good afternoon, judge journey. For the record, my name  
20 is Scott Drake of Norton Rose Fulbright on behalf of the  
21 Official Committee of Unsecured Creditors. How are you  
22 doing?

23 A Fine.

24 Q So, I don't think you and I have actually spoken. One of  
25 my colleagues attended your deposition. But I did want to

Journey - Cross

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1 ask you a few questions about your testimony earlier today  
2 and your positions in this case.

3 So I understand, Judge Journey, that you're a -- you're a  
4 longstanding member, donor, director, and volunteer at the  
5 NRA. Is that right?

6 A Yes. For it and many other organizations.

7 Q And I believe in one of your filings you said you are  
8 dedicated to the National Rifle Association; is that right?

9 A I think that's a fair statement, yes.

10 Q And you would like to see the NRA be successful; is that  
11 right?

12 A Yes.

13 Q But you are, I think as you indicated today and in some  
14 of your filings, you are concerned about some of the  
15 allegations made by the New York Attorney General in the New  
16 York lawsuit. Right?

17 A Yes. Yes.

18 Q And, again, just kind of to summarize at a high level,  
19 your papers obviously speak for themselves, but your  
20 preference is that you want the allegations made by the New  
21 York Attorney General to be investigated through this  
22 bankruptcy process; is that right?

23 A I believe that presents the best opportunity to  
24 accomplish that goal.

25 Q And Judge Journey, I believe, while you want those

1 allegations to be investigated, back on March 5th when you  
2 filed your limited objection it was your position, however,  
3 that you opposed dismissal of these bankruptcy cases. Is  
4 that right?

5 A Yes.

6 Q And is that still your position today, after having had  
7 the benefit of some of the discovery and testimony in these  
8 hearings, that you oppose dismissal of the bankruptcy cases?

9 A Yes.

10 Q And Judge Journey, you also oppose the appointment of a  
11 Chapter 11 trustee; is that right?

12 A Yes.

13 Q And I'm happy, if it would help you, to show you your  
14 objection, but can you just briefly summarize why you oppose  
15 the appointment of a Chapter 11 trustee?

16 A Well, do you mean in the way that your Committee has  
17 asked for the trustee to be or the way the statute says the  
18 trustee would be?

19 Q Well, first of all, do you understand that the Committee  
20 is actually opposed and has filed an objection to the  
21 appointment of a Chapter 11 trustee?

22 A I thought they wanted a limited one.

23 Q Okay. Well, --

24 A Like a baby trustee or I don't know how you guys call it,  
25 but whatever.

1 Q Yeah. I'll represent to you, and I may be able to show  
2 it to you if we need to, but hopefully you'll take me on my  
3 word that the Committee's position by its filing is that the  
4 Committee opposes the appointment of a Chapter 11 trustee.  
5 The Committee did say that to the extent the Court were to  
6 determine, in Judge Hale's opinion, that a trustee should be  
7 appointed, that it would prefer a limited scope to that  
8 trustee and a limited budget.

9 A I appreciate the clarification. Thank you.

10 Q Sure. And so back to your position, Judge Journey. Is  
11 it my understanding that you oppose the appointment of a  
12 Chapter 11 trustee in this case?

13 A Yes.

14 Q And why is that, Judge Journey?

15 A Well, I think, for one thing, that the trustee would  
16 essentially take the Association's management away from the  
17 members. And it's my desire to have the members play as  
18 pivotal and crucial a role as possible in making the  
19 decisions. It is their association.

20 Q And with respect to your opposition to dismissal of these  
21 bankruptcy cases, why is it, Judge Journey, that you oppose  
22 dismissal of the bankruptcy cases?

23 A Well, one, the cost of trying to defend or continue --  
24 or, to get the Court to order the continuation of the  
25 Association would be significantly higher in New York courts.

1 Also, it would take a considerable amount of time -- my guess  
2 would be three to five years -- to get that case to trial in  
3 New York, where this one hopefully we'll have this stage of  
4 it over in just a few days.

5 Q So, as far as your position with respect to opposing  
6 dismissal of the cases and opposing appointment of a Chapter  
7 11 trustee, that's consistent with the position taken by the  
8 Unsecured Creditors' Committee, correct?

9 A I -- that, I can't -- I can't speak for your Committee.  
10 But my thought is to get this, kind of like a Band-Aid, get  
11 it over with as quick as possible.

12 Q Now, earlier today, Mr. Watson asked you some questions,  
13 some of which were addressed about -- oh, excuse me. Some of  
14 them addressed, I believe, some concerns you may have with  
15 respect to the Creditors' Committee. And I was trying to  
16 take notes as best I could, but I just want to make sure I  
17 understood your testimony. What specifically are your  
18 concerns regarding the Creditors' Committee?

19 A I think for a Creditors' Committee to work properly, they  
20 need to be unified in thought, word, and action. And it's  
21 apparent to me that they are anything but unified. There are  
22 apparent conflicts of interest that exist, and that the  
23 Committee, as I understand it -- please correct me if I'm  
24 wrong -- is currently standing in the place of the trustee,  
25 for example, being able to investigate these allegations.

1 And I believe that, due to the makeup of the Committee, that  
2 that investigation would be anything but objective.

3 Q And why specifically do you believe that the Committee  
4 would not be able to perform an objective investigation?

5 A Because of the apparent conflicts of interest that exist  
6 between the members of the Committee, amongst themselves, and  
7 the relationship that members of the Committee have had with  
8 the Debtor and the nature of the lawsuits pending between  
9 members of the Committee and the Debtor.

10 Q And what -- what specifically are those conflicts that  
11 you believe exist?

12 A Well, correct me if I'm wrong, but I believe that the  
13 Committee could have implemented its own investigation and  
14 could take action, and that we end up with, when we review  
15 the New York Attorney General's petition in particular, it  
16 appears that one member of your Committee and the Debtor  
17 worked in concert for decades regarding -- and were both  
18 involved in the same transactions that are complained about  
19 in the New York Attorney General's petition, when you come to  
20 Ackerman and McQueen and the NRA.

21 Q And Judge Journey, you are aware that Ackerman McQueen  
22 has its own counsel in these bankruptcy cases, correct?

23 A And they do have a vote from the Committee also.

24 MR. DRAKE: I'm going to object to nonresponsive and  
25 move to strike.

Journey - Cross

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1 THE COURT: Sustained.

2 THE WITNESS: I'll just say yes.

3 BY MR. DRAKE:

4 Q I hate -- I try not to do that at all, but I certainly am  
5 sensitive to doing it to you, Judge Journey.

6 A It's fine. It's fine, Mr. Drake. That's fine. I'm used  
7 to it. If that was the worst I've heard, I'd be a sheltered  
8 judge.

9 Q Are you aware, Judge Journey, that Ackerman McQueen has  
10 filed separate motions in these cases, not in their capacity  
11 as a Committee member but in their individual capacity as  
12 Ackerman McQueen, to dismiss the bankruptcy cases?

13 Q I don't know how you divide their positions like that. I  
14 mean, it's one corporate entity. It has one position. It  
15 states it. I mean, can they wear two hats? They wear one  
16 had as a Committee member and then they wear one hat as a  
17 litigant? I mean, that doesn't seem to be rational.

18 Q Again, though, my question is, are you aware that  
19 Ackerman McQueen has filed a motion to dismiss the bankruptcy  
20 cases, or in the alternative, appoint a Chapter 11 trustee?

21 A Yes.

22 Q Are you aware that -- you're aware, sir, that Mr. David  
23 Dell'Aquila is also a Committee member, correct?

24 A Yes.

25 Q Are you aware that he has also retained his own counsel,

1 Mr. Walt Herring?

2 A Yes.

3 Q And his counsel, Bob Blackwell, made opening statements.  
4 Did you hear those?

5 A I was able to hear most of them, but I had my own docket  
6 that day also, so I had to jump in and out.

7 Q I understand. I understand. Are you aware that Mr.  
8 Dell'Aquila has also filed an objection opposing dismissal of  
9 the Chapter 11 cases?

10 A Yes. I was aware of that.

11 Q And are you aware that he, unlike the Committee, though,  
12 has filed his own separate filing in support of a limited  
13 Chapter 11 trustee?

14 A Yes.

15 Q And, again, I'll ask you to take my word for it, but it's  
16 certainly on the Court's docket that the Committee, though,  
17 however, as a Committee, has filed its objection opposing  
18 both dismissal and opposing the appointment of a Chapter 11  
19 trustee?

20 A Well, and I think they opposed my examiner motion, too.  
21 Yes.

22 Q Yes. Yes. That is -- that is also correct. All right.  
23 I know from your earlier testimony you have some -- although  
24 you're not a bankruptcy judge, you're -- you have some  
25 familiarity with bankruptcy proceedings, correct?

1 A My practice of law ended when they did some big change  
2 back in the '80s, and my bankruptcy experience as an attorney  
3 was essentially wage-earner 7s.

4 Q Well, if nothing more than from your experience in this  
5 case, do you understand that the Official Committee of  
6 Unsecured Creditors is something formed pursuant to 1102 and  
7 1103 of the Bankruptcy Code?

8 A Well, I don't think I could quote chapter and verse like  
9 you, but I -- I do understand some portions of the process,  
10 yes.

11 Q Fair enough. Let me just say it this way. Do you  
12 understand that the Official Committee of Unsecured Creditors  
13 is something that's formed pursuant to some provision of the  
14 Bankruptcy Code?

15 A Yes.

16 Q And do you understand, Judge Journey, that the members of  
17 that Committee have a duty to act in the best interest of all  
18 creditors?

19 A That's what the statute says, I believe.

20 Q And Judge Journey, from your experience serving as a  
21 member of the board of directors, do you have an  
22 understanding or personal experience that at times a member  
23 of a board of directors may see something is in his or her  
24 own personal interest but is required, in their capacity as a  
25 director, to make decisions based on what's in the best

1 interest of the organization?

2 MR. WATSON: Objection, Your Honor. Calls for  
3 speculation.

4 THE COURT: Overruled.

5 MR. DRAKE: Your Honor, I'm just asking him, that  
6 since he has served as a director and he's also a sitting  
7 judge, just if --

8 THE WITNESS: He already overruled. The answer is  
9 yes.

10 MR. DRAKE: Oh, I'm sorry. That's one of the  
11 problems of doing this virtually. Sometimes you don't hear  
12 everything. So I apologize to both judges.

13 BY MR. DRAKE:

14 Q And so do you understand that that same dynamic could  
15 exist here with the Creditors' Committee, that a member of  
16 the Creditors' Committee could have something in their own  
17 personal interest, but as a member of the Committee they're  
18 charged with acting in the best interest of all creditors?

19 A Yes, I --

20 MR. WATSON: Objection.

21 THE WITNESS: -- understand that.

22 BY MR. DRAKE:

23 Q And so, Judge Journey, sitting here today, are you aware  
24 of any evidence that any member of the Creditors' Committee,  
25 since that Committee is formed, while acting in their

1 capacity as a member of the Committee, has not acted in the  
2 best interest of creditors?

3 A You know, I'm not in the Committee meetings. I don't  
4 know.

5 Q And I understand that. My only question is just are you  
6 aware of any evidence that any of the members of the  
7 Committee, when taking actions in their capacity as a  
8 Committee member, that they haven't acted in the best  
9 interest of creditors?

10 A Not yet.

11 Q Thank you, Judge Journey.

12 MR. DRAKE: I'll pass the witness.

13 THE COURT: Thank you, Mr. Drake.

14 MR. DRAKE: Thank you.

15 THE COURT: Mr. Noall?

16 CROSS-EXAMINATION

17 BY MR. NOALL:

18 Q Good afternoon, Judge Journey.

19 A Good afternoon, Mr. Noall.

20 Q Can you hear me okay?

21 A Yes. Loud and clear, sir.

22 Q It's, for the record, William Noall, attorney on behalf  
23 of the National Rifle Association. So, Judge Journey, you're  
24 a longtime NRA member, correct?

25 A Yes.

1 Q And, as such, I presume you're aware of the NRA's mission  
2 statement in its bylaws?

3 A Yes.

4 Q Okay. And this morning, you were testifying about the  
5 great programs the NRA has of supporting our children, our  
6 young adults, military, law enforcement, hunters, athletes.  
7 Do you remember that testimony?

8 A Yes, sir.

9 Q Do you believe, if the NRA is dissolved, that that's  
10 likely to affect those types of programs in America?

11 A I don't see anybody wanting to pick up the slack. So I  
12 believe they would just go away.

13 Q You believe they would just go away?

14 A Yes.

15 Q Okay. And would you agree with me that no organization  
16 in America whose key goals include the protection of Second  
17 Amendment rights and First Amendment rights to associate  
18 associated therewith and assemble, that there's no such  
19 organization in America that has the same member breadth and  
20 financial strength as the National Rifle Association?

21 MR. MASON: I'll object, Your Honor, based on  
22 foundation and calls for speculation.

23 THE COURT: Overruled. You may answer the question.

24 THE WITNESS: I know of no -- thank you very much,  
25 Your Honor. I know of no organization that has the capacity

1 or the ability or the resources to step in and assume the  
2 obligations and the duties and the services provided by the  
3 National Rifle Association.

4 Q Now, the process by which members of the NRA choose board  
5 members is a democratic process; would you agree?

6 A Yes.

7 Q Indeed, the members vote to elect one third of the board  
8 every year, correct?

9 A Almost one third. They vote to elect 25 each year of the  
10 75, and then they vote to elect one member at the annual  
11 meeting, the 76th director. From time to time, as with the  
12 2020 election, there were more than 25 on the ballot because  
13 of the number of resignations that had occurred from sitting  
14 members of the board. I think it was up to 39. I don't  
15 remember how many slots were available.

16 Q And you would agree with me that the board is staggered  
17 so that -- so that you don't have turnover of the entire  
18 board every year?

19 A Approximately slightly less than a third, 25 slots, are  
20 up every year. Yes, sir.

21 Q And you're not proposing a change to the democratic  
22 process of electing the board of the NRA, are you?

23 A I have not proposed any modification of the bylaws as a  
24 result of my filings in this case.

25 Q Do you believe that any changes to the democratic process

1 of electing members of the board should be made?

2 A I believe that that should be left to the members to  
3 decide, how they want their Association governed.

4 Q Now, you were initially elected to the NRA board of  
5 directors in -- I believe you said -- you testified 1995. Is  
6 that correct?

7 A Yes.

8 Q And you were on the board for a three-year term, expiring  
9 in 1998, if I heard your testimony correctly?

10 A You did hear it correctly, yes.

11 Q Okay. And then you ran again for an NRA board seat in  
12 2020; is that correct?

13 A Yes, sir.

14 Q Okay. And since the time that your term as a board  
15 member elapsed in 1998 and you coming back on the NRA board  
16 in 2020, isn't it true that the size of the NRA, measured by  
17 membership, has increased about fivefold?

18 A You think it was one million in 1995? I think that's  
19 very small. As I recall, we were between 2.5 and 3 million  
20 members during that time period.

21 Q So you would at least agree with me that, based upon your  
22 recollection or your belief of the numbers, that it's doubled  
23 in size since you were last on the board?

24 A That's a relatively accurate summary, yes.

25 Q And has the size of the NRA's -- strike that. And you

1 would agree with me that the size of the NRA's financial  
2 strength grew substantially between the time you were on the  
3 board from 1995 through 1998 and today?

4 A I would say that I know the expenditures have expanded,  
5 and I believe that the income and revenue has expanded.

6 Q Thank you. And so in 2020, as I understand your  
7 testimony, you were sworn in for another three-year term, and  
8 you officially joined the board in October of 2020?

9 A That's correct. At the conclusion of the members meeting  
10 in Tucson, Arizona.

11 Q Okay. And since you have been sworn to the board, I  
12 believe your testimony was that you attended the October 2020  
13 meeting, --

14 A Yes, I did.

15 Q -- the January 2021 meeting, and the March 2021 meeting;  
16 is that correct?

17 A Yes.

18 Q Have you attended any other board meetings since being  
19 reelected to the board?

20 A There haven't been any.

21 Q Okay. And with respect to the board meetings that you  
22 attended in 2020 and 2021, Mr. Wit Davis was present at those  
23 meetings as counsel to the board of directors; is that  
24 correct?

25 A I believe so.

1 Q Okay. And the board meetings that you've attended in  
2 2020 and 2021, those occurred while all of us have been  
3 subject to the COVID crisis; isn't that correct?

4 A Of course.

5 Q And so your personal knowledge of how NRA board meetings  
6 are operating is limited to the three meetings that you've  
7 attended in 2020 and 2021, correct?

8 A No.

9 MR. MASON: Objection, misstates his testimony.

10 THE COURT: The witness has said no.

11 MR. NOALL: Let me rephrase the question.

12 THE COURT: The witness said no. And --

13 MR. NOALL: To your knowledge, -- I'm sorry.

14 THE COURT: I'm letting the answer stand. He said  
15 no. You can ask him another question, if you want.

16 BY MR. NOALL:

17 Q So, your knowledge of how board meetings are conducted  
18 since you were reappointed to the board is limited to the  
19 three meetings that you attended in 2020 and 2021, correct?

20 A No.

21 Q Let me ask you this. Was there a parliamentarian present  
22 at each of the board meetings that you attended in 2020 and  
23 2021?

24 A Yes.

25 Q And you were aware a parliamentarian was present when you

1 were attending the meeting?

2 A I believe so, yes.

3 Q And did you raise any formal objection with the  
4 parliamentarian or otherwise at any of those three board  
5 meetings with respect to how the meeting was being conducted?

6 A No.

7 Q And at the January 2020 NRA board meeting, during the  
8 first executive session, you in fact read the Wayne LaPierre  
9 contract, correct?

10 A Yes.

11 Q And to your knowledge, no director at that meeting or  
12 during that meeting objected to the closing of the executive  
13 session?

14 A No.

15 Q And no director, while at that meeting, complained that  
16 he or she did not have sufficient time to review the Wayne  
17 LaPierre contract; isn't that correct?

18 A I don't believe that is something that I have sufficient  
19 knowledge of to respond to. I do remember some grumblings,  
20 but to get more specific than that would be difficult.

21 Q And you, in fact, voted to adopt Mr. LaPierre's contract  
22 at the January 20, '21 meeting, correct?

23 A Yes.

24 Q And you, in fact, voted in favor of the resolution  
25 authorizing -- granting board authorization of the SLC at

1 that meeting, correct?

2 A Yes.

3 Q And you agree with me that the NRA board passed a  
4 resolution at the March 2021 special meeting that ratified  
5 the filing of the Chapter 11 case?

6 A That's apparent from the exhibits, yes. And my  
7 observation.

8 Q Yes. I'm asking you about your understanding.

9 A Thank you.

10 Q And you also testified, I believe, that the resolution --  
11 that the resolution passed at the March 2021 meeting also  
12 called for an immediate refiling of the Chapter 11 cases if a  
13 motion to dismiss these cases was granted, correct?

14 A That's accurate, yes.

15 Q And isn't it true that the board could have passed a  
16 resolution that simply ratified the filing of these Chapter  
17 11 cases?

18 MR. MASON: Objection, Judge. Calls for  
19 speculation.

20 THE COURT: Overruled. You may answer the question,  
21 sir.

22 THE WITNESS: I believe the board could pass any  
23 resolution that they had the sufficient number of affirmative  
24 votes.

25 BY MR. NOALL:

1 Q You haven't been through all of the Brewer firm bills,  
2 correct?

3 A I have not had an opportunity to review those documents.

4 Q And isn't it true you have no firsthand knowledge  
5 regarding all of the work that the Brewer firm has undertaken  
6 for the National Rifle Association?

7 A I certainly haven't seen all of it, no.

8 Q And you haven't read all of the pleadings and papers  
9 filed by the Brewer firm in all of the matters for which that  
10 firm has been engaged for the National Rifle Association?

11 A There's not enough time in my day. No.

12 Q And you certainly haven't attended all of the meetings  
13 and arguments undertaken by the Brewer firm on behalf of the  
14 National Rifle Association?

15 A No.

16 Q And you don't have any personal knowledge of whether the  
17 Brewer firm's work on behalf of the National Rifle  
18 Association has resulted in savings to the National Rifle  
19 Association?

20 MS. CONNELL: Objection, Your Honor. There's no  
21 foundation for this, and it exceeds the scope of direct.

22 THE COURT: Overruled.

23 You may answer the question, sir.

24 THE WITNESS: I'm certainly not aware of all of  
25 those things you mentioned, no.

1 BY MR. NOALL:

2 Q And you have no firsthand knowledge of the self-  
3 correction, or the course correction, as it's been described  
4 in these proceedings that you've been observing, undertaken  
5 by the NRA in conjunction with the Brewer firm; isn't that  
6 correct??

7 MS. CONNELL: Objection, Your Honor. Assumes facts  
8 not in evidence, there's no foundation laid, and it exceeds  
9 the scope of direct.

10 THE COURT: Overruled.

11 THE WITNESS: I do have some knowledge. I have  
12 reviewed a number of the pleadings filed by your firm on  
13 behalf of the Association and when you represented Mr.  
14 LaPierre in those matters. I have reviewed as much as I  
15 possibly could. But I have not been able to attend hearings  
16 as much as I would love to.

17 BY MR. NOALL:

18 Q But again, you have no firsthand knowledge of the self-  
19 correction that's been -- and what's been involved with that  
20 undertaken by the NRA, with the assistance of the Brewer  
21 firm. Isn't that correct?

22 A I have reviewed many of the documents that were -- for  
23 example, had gone through the Audit Committee and others, in  
24 the attempts to correct corporate governance. I am  
25 unconvinced that they've been successful.

1 Q Your motion to appoint an examiner appears to me to be  
2 primarily predicated on the allegations made in the New York  
3 AG's complaint and the D.C. AG's complaint. Do you agree  
4 with that?

5 A I appreciate your predicate, but there's more to it than  
6 that.

7 Q I agree that there's -- that that is -- those are not  
8 solely the bases, but would you agree that those are the  
9 primary bases of your motion to appoint an examiner?

10 A Certainly the center of my concerns, yes.

11 Q Okay. And you agree with me, do you not, that the  
12 allegations that are raised in that complaint all happened  
13 prior to 2020?

14 A Yes.

15 Q Okay. And certainly prior to the commencement of this  
16 case?

17 A Prior to August 5th, when the petition was filed, yes.

18 Q And you testified that you had given credence -- and I  
19 don't mean to put words in your mouth -- but I believe you  
20 testified that you gave credence to some of the allegations  
21 in that complaint because they were predicated upon some  
22 investigation or depositions or interviews, correct?

23 A I believe what I testified to, that my review of the  
24 petition led me to the conclusion that depositions, for  
25 example, there are several references to depositions by NRA

1 officers, including Wayne LaPierre and others. Also, it  
2 appeared from my review of that petition that it was  
3 essentially a summary of documents that were in the  
4 investigation, had been produced as a result of that  
5 investigation, and also that the New York Attorney General  
6 had completed many interviews of individuals who were  
7 currently in the operations of NRA or had played a role in  
8 the past.

9 Q But are you aware that the NRA did not have the  
10 opportunity to raise objections with respect to questions in  
11 those depositions?

12 MS. CONNELL: Objection, Your Honor. It assumes  
13 facts not in evidence, there's no foundation, and it's beyond  
14 the scope.

15 THE COURT: Sustained on facts not in evidence.  
16 You'll need to restate that, Mr. Noall.

17 BY MR. NOALL:

18 Q So, Judge Journey, are you aware of the legal  
19 circumstances under which those depositions were taken?

20 A I have some of the -- I have the discovery from this  
21 case, and I have had an opportunity to mouse around in there  
22 a little bit. I did read a couple of the depositions, and I  
23 saw the -- usually it's like the first three to five pages of  
24 those depositions, where the individual representing the New  
25 York Attorney General's Office informs the deponent of those

1 circumstances. I think those documents speak for themselves,  
2 too.

3 Q Okay. And isn't it true that those deponents did not  
4 have the right to raise objections, as so informed by the NR  
5 -- New York Attorney General?

6 A You know, like a guy in the interview room, all you can  
7 do is take -- oh, they can't even take the Fifth in them,  
8 either, can they?

9 Q And isn't it true they don't have the right to raise any  
10 objections?

11 A I don't know what New York law allows or prohibits on  
12 that topic.

13 Q So with respect to the underlying -- what I will call the  
14 pre-investigation that predated the filing of the NYAG  
15 enforcement action, you're not aware of any limitations with  
16 respect to the defense of those matters that might have been  
17 raised by the NRA?

18 A I think that's a fair statement. Yeah.

19 Q And you agree with me that the NRA terminated its  
20 contractual relationship with Ackerman McQueen?

21 A It seems to be alleged in many of the documents, yes.

22 Q Do you have any reason to believe that's not true?

23 A If I did, I'll tell you. No.

24 Q How many interviews have you given to the media since the  
25 NYAG complaint was filed?

1 A Oh, I haven't kept track of that. A few.

2 Q More than a dozen?

3 A Well, I mean, how do you define an interview? I mean,  
4 sometimes we just talk about things that are completely  
5 unrelated to the case. But I have had many conversations  
6 with journalists, yes. And I've informed them all that I  
7 can't talk to them anymore until I get an order.

8 Q And at what time did you start telling the journalists  
9 that you can't talk to them anymore without an order?

10 A When I was driving to Fort Worth yesterday.

11 Q Okay. And how many interviews have you given to the  
12 media since this bankruptcy case was filed?

13 A Oh, I'm sure your Google search would be more accurate  
14 than mine, but less than a hundred and more than ten. I  
15 don't know.

16 Q And are you aware that certain board members, NRA board  
17 members, are concerned about leaks of confidential NRA  
18 matters?

19 A I know --

20 MS. CONNELL: Objection, Your Honor. Assumes facts  
21 not in evidence.

22 THE COURT: Overruled.

23 MR. WATSON: I'd also object, Your Honor, to  
24 speculation. I mean, how is Judge Journey going to know what  
25 other board members think?

1 THE COURT: The question is --

2 MR. NOALL: Your Honor, --

3 THE COURT: Hold on just a second. The question is  
4 is he aware, so overrule the objection.

5 THE WITNESS: I have seen the press reports, for  
6 example, when the previous employment contract for Mr.  
7 LaPierre was ratified and adopted by the board, and leak of  
8 an audio recording of that executive session went to The  
9 Trace or some other news media outlet.

10 BY MR. NOALL:

11 Q All right. My question was, are you aware that the board  
12 is concerned about leaks of confidential information which is  
13 discussed at board meetings?

14 A I know of no resolution or other board action where it  
15 took such a position, but I do know of individuals who have  
16 expressed those concerns, yes.

17 Q And my question was respecting confidential information.

18 A I would presume that when you say confidential  
19 information you mean information discussed by the board at  
20 executive session.

21 Q Yes.

22 A Correct?

23 Q Yes.

24 A I do believe I remember having conversations when we were  
25 at Indy or perhaps Louisville. I've been to several board

1 meetings in between my service on the board. So there are  
2 concerns and they were addressed by making us all turn our  
3 phones off and put them in little bags for security.

4 Q Isn't it true you have no evidence of why Marshall Smith  
5 determined not to act as CRO for the NRA?

6 A I have not had a conversation with him, no. All I know  
7 is what Mr. Frazer told me.

8 Q Have you had any experience with the Debtor's current  
9 proposed CRO, Mr. Robichaux?

10 A No, I have not. (Pause.) Can you help me with that?

11 Q You've testified with Mr. Drake that you don't want  
12 dissolution of the NRA and that you do not want a trustee  
13 appointed. Would you agree with me that if either of those  
14 events occurred, the appointment of a trustee or the  
15 dismissal of the case, that that could have a negative effect  
16 on the NRA's ability to carry out its mission?

17 MS. CONNELL: Objection, Your Honor. Calls for  
18 speculation.

19 THE COURT: Overruled.

20 THE WITNESS: I'm sorry. Ask me the question again,  
21 please.

22 BY MR. NOALL:

23 Q Would you agree with me that the dismissal of the Chapter  
24 11 cases or the appointment of a trustee could have a  
25 negative effect on the ability of the NRA to carry out its

1 mission?

2 A Yes.

3 Q And would you agree with me that, were a receiver  
4 appointed in the State of New York with respect to the  
5 dissolution sought by the NYAG, that that receiver's  
6 appointment could affect the mission of the NRA?

7 MS. CONNELL: Objection, Your Honor. This is  
8 hypothetical. It's assuming facts not in evidence and asking  
9 the witness to speculate.

10 THE COURT: Overruled.

11 THE WITNESS: I certainly have the concern that,  
12 basically, as I understand it, the appointment of a receiver  
13 is the process -- is part of the process of dissolution.

14 BY MR. NOALL:

15 Q And would you agree with me that, if a receiver is  
16 appointed, that that could have the effect of impairing the  
17 NRA's ability to defend its pending actions as well as  
18 defending itself in the NYAG action?

19 A I believe that if a receiver is appointed, that the  
20 predicate has occurred, that dissolution has been ordered,  
21 and, of course, there would be ramifications, like throwing a  
22 big rock in a puddle. Who knows where the waves will go.

23 MR. NOALL: I'll pass the witness, Your Honor.

24 THE COURT: Before we make the second pass, Mr.

25 Noall, just let me clarify for the record, because we've --

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1 because of Judge Journey's schedule for one thing. Are you  
2 counting this as your cross and case in chief? Are you  
3 intending to call --

4 MR. NOALL: Yes.

5 THE COURT: Okay. You're not intending to call him  
6 back again?

7 MR. NOALL: I am not intending to call Judge Journey  
8 further.

9 THE COURT: Okay. Thank you. Thank you very much.  
10 All right. Mr. Watson, we'll start back with the same  
11 order then.

12 MR. WATSON: Thank you, Judge Hale.

13 REDIRECT EXAMINATION

14 BY MR. WATSON:

15 Q Judge Journey, are you aware that Ackerman McQueen filed  
16 a motion to dismiss or to alternatively appoint a Chapter 11  
17 trustee?

18 A Yes.

19 Q Is that in the best interest of the Debtors, the  
20 creditors, and the members?

21 A I do not believe so.

22 Q Do you want the NRA to stay under the protection of this  
23 Court?

24 A Yes.

25 Q Why?

1 A Without the protection of this Court, I could see this --  
2 the ramifications unfold as a possibility almost like the  
3 asbestos industry. Without a bankruptcy, it would probably  
4 die the death of a thousand cuts.

5 MR. WATSON: Pass the witness, Judge.

6 THE COURT: Thank you. Ms. Connell?

7 MS. CONNELL: Thank you, Your Honor.

8 RECROSS-EXAMINATION

9 BY MS. CONNELL:

10 Q Judge Journey, can you hear me?

11 A Yes, Emily. Loud and clear. No.

12 Q Monica. Monica.

13 A No, I know.

14 Q Judge Journey, you just referenced the asbestos industry.  
15 Were you, as a board member, provided with a list of ongoing  
16 litigations against the NRA at -- at or before the January  
17 7th board meeting?

18 A No.

19 Q Were you presented, as an NRA board member, with any  
20 assessment of the potential costs of ongoing litigation  
21 against the NRA?

22 A No.

23 Q Judge Journey, were you provided with any information  
24 about the effect that this -- at the January 7th board  
25 meeting that filing for bankruptcy would have on the New York

1 Attorney General's action against the NRA?

2 A It's my understanding no stay has been issued, from press  
3 reports.

4 Q My question though, Judge Journey, is, were you given  
5 information about what would happen to the New York Attorney  
6 General's action as a result of filing for bankruptcy?

7 A All I know is what I've seen in press releases.

8 Q But you weren't given any information at the January 7th  
9 board meeting; is that correct?

10 A That's correct.

11 Q Were you given any information about that at the March  
12 28th board meeting?

13 A No.

14 Q Okay. Judge Journey, Mr. Noall asked you about  
15 resolutions the board could have passed. The board on  
16 January 7th could have passed a resolution authorizing the  
17 NRA to file for bankruptcy, correct?

18 A Yes.

19 Q It didn't pass a resolution like that; isn't that  
20 correct?

21 A None was proposed. That's correct.

22 Q And it's your belief that such a resolution would have  
23 had to have been passed to authorize the filing of  
24 bankruptcy; is that correct??

25 A That's my understanding of corporate law, yes.

1 Q Thank you, sir.

2 MS. CONNELL: I'll pass the witness.

3 Thank you, Judge Journey.

4 THE WITNESS: Thank you.

5 THE COURT: Mr. --

6 RE-CROSS-EXAMINATION

7 BY MR. MASON:

8 Q Judge Journey, just a few follow-up questions. You were  
9 asked about a chief restructuring officer. Has the board  
10 authorized the retention of a chief restructuring officer as  
11 of today?

12 A Not that I'm aware of, no.

13 Q At the January 7th board meeting, was there any  
14 discussion about the appointment of a -- or let me ask you  
15 this. Was the -- was the board asked to approve at the  
16 January 7th board meeting the appointment of a chief  
17 restructuring officer?

18 A No.

19 Q At the March 28th board meeting, was the board asked to  
20 approve the retention of a chief restructuring officer?

21 A No.

22 Q Are you aware that the NRA recently filed an application  
23 to appoint a CRO?

24 A Yes.

25 Q If you could, real -- real quickly, Judge Journey, take a

1 look at Ackerman Exhibit 10.

2 A You're as optimistic as many. Let me look.

3 Q I think we may have it up on the screen here as well.

4 A No, I have the bylaws from October 24, 2020. I would  
5 love to have my own copy.

6 Q And if you will, Judge Journey, go to -- if we could go  
7 to the table of contents.

8 A Okay. Let me get my --

9 Q And we're going to -- and we're going to --

10 A -- my cursor.

11 Q We're going to look briefly at Article V, Officers,  
12 Section 2. Do you see -- do you see generally that article  
13 in the bylaws?

14 A Yes.

15 Q Okay.

16 MR. MASON: And then if we can go to Page 17,  
17 please. Sorry, the bylaws, yep, the bylaws, Page 17.

18 BY MR. MASON:

19 Q About halfway down the middle of the page, Judge Journey,  
20 do you see where Subsection B states that the board may not  
21 abolish said officers -- offices, nor create any other  
22 offices. Do you see that?

23 A Yes.

24 Q Are you aware of any requirements -- are you aware of any  
25 requests to amend the bylaws to allow for the NRA to appoint

1 a chief restructuring officer?

2 A I'm sorry, ask that again?

3 Q Sure. Well, let me back up. What are the current  
4 offices at the NRA?

5 A Well, we have the officers elected by the board of  
6 directors, the president, two vice presidents, the executive  
7 vice president, treasurer, secretary, et cetera.

8 Q Based on this provision here, is it your understanding as  
9 an NRA board member that, in order to create another officer  
10 position, that would have to be approved by the NRA board of  
11 directors?

12 A I believe to abolish a position it would require an  
13 amendment to these bylaws, yes.

14 Q Or -- or to create another position, correct?

15 A I believe so.

16 MR. MASON: And if we can go to Page 46 very  
17 quickly?

18 BY MR. MASON:

19 Q Section 1, Amendments by the Board of Directors. Do you  
20 see at the top where it says, "These bylaws may be amended at  
21 any regular meeting of the board of directors by majority  
22 vote, provided that the amendment has been submitted in  
23 writing at the previous regular meeting of said board or has  
24 been sent in writing by mail to every board member of the  
25 board listed in the most recent official directory not less

1 than 30 days prior to the scheduled board meeting." Do you  
2 see that?

3 A Yes.

4 Q And as you sit here right now, are you aware of any  
5 requests that have been made to amend the bylaws that would  
6 allow anyone else to create a new office position at the NRA?

7 A No.

8 Q Do you believe that the New York Attorney --

9 MR. MASON: We can -- we can take that down, please.

10 BY MR. MASON:

11 Q Do you believe that the New York Attorney General is  
12 seeking compliance from the NRA?

13 A I think she's only seeking dissolution.

14 Q You don't believe that the New York Attorney General is  
15 seeking compliance?

16 A I did not see that in her prayer for relief.

17 Q Do you have any reason to believe that if the NRA,  
18 through its present leader, Mr. NRA, or otherwise, gets into  
19 compliance with the demands of the New York Attorney General,  
20 that she would still be seeking dissolution of the NRA?

21 A Do you mean Mr. LaPierre when you said Mr. NRA?

22 Q Oh, yes. I apologize. Let me --

23 A I was trying -- I was trying to figure out who you were  
24 talking about.

25 Q Yeah. Let me -- let me ask it again.

1 A Please.

2 Q Do you have any -- do you have any reason to believe that  
3 if -- if the NRA gets into compliance with New York nonprofit  
4 law and with the demands that have been asked by the New York  
5 Attorney General, do you have any reason to believe that she  
6 would still seek dissolution of the NRA?

7 A There is a provision under New York law that says there  
8 is a safe harbor, if it's all fixed. Right.

9 Q I will pass the witness. Thank you, Judge Journey.

10 THE COURT: Thank you, Mr. Mason. Mr. Drake?

11 MR. DRAKE: No further questions, Your Honor.

12 THE COURT: Thank you, Mr. Drake. Mr. Noall?

13 MR. NOALL: No further questions, Your Honor.

14 THE COURT: Thank you, Mr. Noall.

15 Does anyone else have any questions of Judge Journey?

16 I have one, Judge Journey. How did that witness box feel  
17 today?

18 THE WITNESS: You know, Judge, you're not the only  
19 one losing sleep over this case. That's for sure. And, you  
20 know, your restrictions -- your restrictions made my lunch  
21 rather difficult with my wife, but we got through it. Thank  
22 you very much.

23 THE COURT: Thank you. You may step down, sir. I  
24 understand you're the representative on the Journey motion.  
25 You're welcome to attend all the hearings that you want to

1 attend. Thank you for --

2 THE WITNESS: Thank you very much.

3 THE COURT: -- being flexible on your calendar. I  
4 know that it causes some trouble on your calendar, too.

5 THE WITNESS: I would presume, Your Honor, that I  
6 cannot speak with the media after today until you issue your  
7 order. Is that a fair statement, sir?

8 THE COURT: I would appreciate that.

9 THE WITNESS: I would do that for you, sir. Thank  
10 you very much.

11 THE COURT: Thank you. All right. Well, I guess  
12 I'm asking now: Do we switch back to the New York Attorney  
13 General now, Mr. Taylor? I let you put on Judge Journey  
14 because of his schedule.

15 MR. TAYLOR: Yes, Your Honor. That would be at  
16 least how we thought this was going to move forward.

17 THE COURT: Okay. I'm not sure who the lawyer  
18 handling the next witness for the NYAG is, but you may call  
19 your next witness.

20 MR. PRONSKE: Your Honor, we will call Craig Spray  
21 as witness, and the testimony will be taken by --

22 MS. FUCHS: Yael Fuchs, Your Honor.

23 MR. PRONSKE: Yes. Thank you.

24 THE COURT: Welcome. Would you mind saying your  
25 name one more time?

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1 MS. FUCHS: Certainly. It's Yael Fuchs. Or Fuchs.  
2 Either way.

3 THE COURT: Thank you very much.

4 A VOICE: You want me to go get Judge Journey? Sit  
5 in here?

6 THE COURT: Mr. Spray, can you hear me?

7 MR. CICILIANO: Your Honor, I'm with Mr. Spray in  
8 Michigan. I just texted him to turn on the camera, but I  
9 will run down to the second, or first floor. I'm in my hotel  
10 room. I'll run down and make sure he's on.

11 THE COURT: You sure are getting your aerobics in.  
12 Thank you.

13 (Pause.)

14 MR. GARMAN: Well, Your Honor, now we have Mr. Spray  
15 but not Mr. Ciciliano, so he should be back in a moment.

16 THE COURT: Okay.

17 MR. GARMAN: And Your Honor, just for the record, I  
18 know I can only encourage the parties, but I would encourage  
19 us to try and finish Mr. Spray today. It is the Debtors'  
20 intent to take our examination of Mr. Spray. There are  
21 circumstances that would make that both beneficial to him and  
22 also getting Mr. Ciciliano back to Texas, would be -- would  
23 be good for the Debtor to get our case started.

24 THE COURT: And you intend to go ahead and examine  
25 today, is that what you're saying, Mr. Garman?

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1 MR. GARMAN: Yes, sir. For the witness's  
2 convenience, it is our intent to examine Mr. Spray.

3 THE COURT: Okay. Let's everybody sort of work  
4 toward that goal, then.

5 MS. FUCHS: Understood, Your Honor.

6 (Pause.)

7 MR. GARMAN: Hopefully, Mr. Ciciliano will have  
8 broken a sweat when he gets back here.

9 MR. CICILIANO: I'm going to struggle not to huff  
10 and puff, but --

11 THE COURT: Are you ready? Mr. Spray, can you hear  
12 me?

13 MR. SPRAY: (no response)

14 THE COURT: Is he on mute? I'm not hearing him.  
15 Could you say something, Mr. Spray, because I'm not hearing  
16 you.

17 MR. SPRAY: (no response)

18 MS. FUCHS: I'm not hearing him either, Your Honor.

19 THE COURT: You're not muted, Mr. Spray, but we're  
20 not hearing you.

21 MR. CICILIANO: He's not showing as being on mute.  
22 Hold on.

23 (Pause.)

24 MR. GARMAN: Well, now I'm actually starting to feel  
25 bad for him.

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1 (Pause.)

2 MR. ACOSTA: Your Honor, while we wait for Mr.  
3 Spray, I just wanted to check, can the Court hear me?

4 THE COURT: I can. Yes.

5 MR. ACOSTA: Can you -- can you hear me?

6 THE COURT: I can hear you.

7 MR. ACOSTA: Okay. Thank you, Your Honor.

8 THE COURT: My pleasure.

9 (Pause.)

10 MR. CICILIANO: Can you guys hear us now?

11 MS. FUCHS: We can.

12 MR. CICILIANO: Ah. I earned my pittance for the  
13 day.

14 MS. FUCHS: Your Honor, may I begin?

15 THE COURT: If you would wait just for a minute for  
16 counsel to get back into his room.

17 MR. SPRAY: Of course.

18 (Pause.)

19 THE COURT: Ready, Mr. Ciciliano?

20 MR. CICILIANO: Yes, Your Honor.

21 THE COURT: And by the way, thanks for helping out  
22 on that.

23 MR. CICILIANO: No problem.

24 THE COURT: Okay. Mr. Spray, would you raise your  
25 right hand?

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1 (The witness is sworn.)

2 THE COURT: All right. You may proceed.

3 MS. FUCHS: Good afternoon, Your Honor. For the  
4 record, my name is Yael Fuchs. I am an Assistant Attorney  
5 General here on behalf of the New York Attorney General's  
6 Office.

7 Can you hear me okay? I hear a little bit of an echo,  
8 but hopefully that will resolve itself.

9 CRAIG BRUCE SPRAY, NEW YORK ATTORNEY GENERAL'S WITNESS, SWORN

10 DIRECT EXAMINATION

11 BY MS. FUCHS:

12 Q Could you please state your name for the record?

13 A Craig Bruce Spray.

14 Q Good afternoon, Mr. Spray. Nice to see you again.

15 A Good to see you as well.

16 Q Mr. Spray, you joined the NRA as chief financial officer  
17 in March of 2018, correct?

18 A That's correct.

19 Q And you became treasurer in September of 2018; is that  
20 right?

21 A That's correct.

22 Q And the treasurer is elected by the board; is that  
23 correct?

24 A Yes, it is.

25 Q I just want to talk a little bit about your career before

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1 you came to the NRA. You, prior to the NRA, you were the  
2 chief financial officer at Knoll, Inc.; is that correct?

3 A Yes.

4 Q And you were recruited to Knoll, in fact; is that  
5 correct?

6 A That's correct.

7 Q Knoll is a publicly-traded company; is that right?

8 A That's right.

9 THE COURT: Mr. Spray?

10 MS. FUCHS: It's worth billions of dollars?

11 THE COURT: Pardon me. Mr. Spray, the feedback is  
12 coming from your room from some reason.

13 THE WITNESS: I'm sorry, Your Honor. I'm not sure  
14 why that would be. We don't have any other devices in here  
15 or anything else on.

16 THE COURT: Do you have headphones?

17 THE WITNESS: I see a pair of headphones sitting  
18 here. They're not hooked up. (Pause.) How is that?

19 THE COURT: That's better. Can you hear us?

20 THE WITNESS: No, I'm sorry. Maybe -- is it better  
21 if I speak like this?

22 THE COURT: It's more when --

23 THE WITNESS: Can you hear me better now into the  
24 microphone.

25 THE COURT: You're not echoing until counsel asks

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1 you questions and it echoes in here. Let's --

2 MS. FUCHS: Is it still echoing? That seems better.

3 THE COURT: It did in the second part just then.

4 THE WITNESS: How is that now?

5 MS. FUCHS: Testing.

6 THE COURT: Go ahead with your questions and we'll  
7 see if it's straightened out.

8 MS. FUCHS: Thank you, Your Honor.

9 BY MS. FUCHS:

10 Q Is it true that Knoll is a billion-dollar company,  
11 correct?

12 A A little more than that, but that's close.

13 Q Multi-billion?

14 A I believe it was \$1.4 or \$1.6 [billion] when I was there.

15 Q Okay. And at Knoll, you led a \$95 million acquisition;  
16 is that correct?

17 A Correct.

18 Q And you negotiated a \$500 million credit facility; is  
19 that right?

20 A That's correct.

21 Q Prior to Knoll, you were the CFO at Fortune Brands Home &  
22 Security; is that right?

23 A It was actually their largest operating company, called  
24 MasterBrand Cabinets, which is a subsidiary of Fortune  
25 Brands.

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1 Q Understood. And you were there from 2005 to 2013; is  
2 that correct?

3 A I believe that's correct.

4 Q Fair to say that you helped steer them through the  
5 economic downturn?

6 A Yes.

7 Q And before that, you were at a small company known as the  
8 Ford Motor Company; is that correct?

9 A Yes, ma'am.

10 Q And you earned your MBA from the Kellogg School of  
11 Management at Northwestern; is that right?

12 A That's correct.

13 Q And there you triple-majored; is that right?

14 A Yes.

15 Q In finance, accounting, and economic strategy. Is that  
16 accurate?

17 A That's correct.

18 Q And prior to that, you were a naval officer; is that  
19 correct?

20 A Yes.

21 Q And in the Navy, is it true that you led large  
22 engineering, construction, safety, and transportation teams?

23 A That's correct.

24 Q So you have a lot of experience in leadership; is that  
25 correct?

1 A I believe so.

2 Q You were hired by the NRA as the result of an executive  
3 search; is that right?

4 A That's correct.

5 Q So let's go to March 2018 when you arrived at the NRA.  
6 You were hired as CFO and treasurer; is that correct?

7 A I was hired as CFO initially, and I was elected to  
8 treasurer in September of that year.

9 Q In fact, when you arrived in March 2018, Woody Phillips  
10 was still the treasurer, correct?

11 A That is correct.

12 Q That surprised you at first, correct?

13 A Yes.

14 Q And in fact, when you arrived, you didn't have an office;  
15 is that right?

16 A I shared Woody's office with him.

17 Q And the finance staff still weren't officially reporting  
18 to you; is that correct?

19 A Yes, that's correct.

20 Q They were reporting to Woody Phillips; is that right?

21 A Yes.

22 Q Now, is it fair to say that when you started in 2018, you  
23 felt among the finance staff a sense of pent-up frustration?

24 A That is fair.

25 Q And that's in the sense of the staff wanting to share

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1 their concerns; is that right?

2 A Yes.

3 Q And it was important for you to provide avenues of  
4 communication, wasn't it?

5 A It was important to open the lines of communications and  
6 make sure that they had their voices heard, yes, ma'am.

7 Q Are you familiar with the document that's titled "Top  
8 Concerns for the Audit Committee?"

9 A I believe I am.

10 Q And is it fair to say that that document incorporated  
11 many of the concerns that your staff or that the finance  
12 staff was telling you in those early months?

13 A Yes.

14 Q Now, in July 2018, soon after you joined the NRA, you had  
15 a health issue; is that correct?

16 A Yes.

17 Q And you were out on medical leave for a bit?

18 A Yes.

19 Q How long were you out for?

20 A Not as long as my doctor would have liked. I think I  
21 ended up being out maybe two and a half weeks, something  
22 along those lines. Three weeks.

23 Q You were out -- you were out for about two, two and a  
24 half weeks after what was a pretty serious heart attack; is  
25 that correct?

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1 A Yes, ma'am.

2 Q Because it was important to you, you had just started, it  
3 was important to you to hit the ground running; is that fair  
4 to say?

5 A The memo that you just mentioned was going to be  
6 presented in the Audit Committee. I felt it was important I  
7 was at that committee meeting just to make sure my people  
8 felt supported and represented.

9 Q So you were, in fact, at the July 30th Audit Committee  
10 meeting about two weeks after you had a heart attack; is that  
11 correct?

12 A Yes, ma'am.

13 Q And in fact, as you testified, a few months after that,  
14 you were made treasurer in September 2018; is that correct?

15 A It was in September sometime, I believe, yes.

16 Q Okay. And you received performance bonuses in 2018 and  
17 '19; is that correct?

18 A Yes, it is.

19 Q And those bonuses represented about a third of your  
20 salary; is that correct?

21 A Approximately.

22 Q So, relatively speaking, I guess maybe from the  
23 perspective of a state employee, they were pretty sizable.  
24 Is that fair to say?

25 A They were material to me, yes.

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1 Q Mr. Spray, as part of your responsibilities, you  
2 submitted a monthly report to the Finance Committee; is that  
3 correct?

4 A Yes.

5 Q And it was important to you that that report be accurate;  
6 is that right?

7 A Absolutely.

8 Q Because it was through that report that you were  
9 fulfilling one of your duties as treasurer; is that right?

10 A That was one of the methods, yes.

11 Q Presenting an accurate snapshot, an accurate picture of  
12 the financial position of the organization; is that correct?

13 A Yes.

14 Q Okay. Could you please turn to New York AG Exhibit 3,  
15 which has been previously admitted? Just let me know when  
16 you have that up.

17 A Okay.

18 Q And for the record, that's -- those are the board meeting  
19 minutes of the January 7, 2021, board meeting. Is that  
20 correct?

21 A That's what they said.

22 Q Now, you didn't attend that board meeting, did you?

23 A No, I did not.

24 Q But you submitted a monthly report; is that true?

25 A We typically would submit to the Finance Committee, and

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1 then the Finance Committee chair would submit to the board.

2 Q And in fact, if you could turn, please, to Page 36 of the  
3 PDF. Are you there?

4 A I'm getting there.

5 Q Sure.

6 A Okay, I'm on Page 36.

7 Q Yeah. And that is titled "National Rifle Association of  
8 America, Report of the Treasurer." Do you see that?

9 A Yes.

10 Q Dated January 7, 2021?

11 A Yes.

12 Q Now, would that be the last monthly report that you would  
13 have submitted to the Finance Committee?

14 A I believe so.

15 Q And that's your signature at the bottom, correct?

16 A Yes, that's -- it's an automated signature, but yes.

17 Q Do you recall authorizing your automated signature to be  
18 used for this report?

19 A I don't recall, but I'm -- I'm -- I would think that I  
20 did.

21 Q Okay. And the report begins, "Operating results for the  
22 11 months ended November 30, 2020, are attached. In a year  
23 of tremendous challenges, including COVID-19, tough decisions  
24 made in 2018, '19, and continuing into 2020 enabled the  
25 Association to significantly improve its financial

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1 performance and position." Do you see that?

2 A Yes.

3 Q So, as of January 7, 2021, would you say that the NRA was  
4 in a strong financial position?

5 A Yes.

6 Q And as of January 15, 2021, the NRA was also in a strong  
7 financial position, correct?

8 A Yes.

9 Q As of January 15, 2021, the NRA was able to pay its  
10 creditors in the ordinary course, correct?

11 A We were current with all of our creditors, to the best of  
12 my knowledge, with the exception of some that were in legal  
13 proceedings.

14 Q Got it. As of January 15, 2021, the NRA wasn't facing a  
15 cash crunch, was it?

16 A No.

17 Q As of -- I'm sorry, there's a -- as of January 15, 2021,  
18 there were no issues making payroll; is that right?

19 A No.

20 Q No issues funding the NRA's benefit plans; is that fair?

21 A That's correct.

22 Q No material decrease in the value of its investments?

23 A No.

24 Q In fact, is it fair to say that as of January 15, 2021,  
25 from your position as the CFO, the NRA wasn't facing any sort

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1 of financial crisis, was it?

2 A No.

3 Q You were aware of the NRA's legal bills, correct?

4 A Yes.

5 Q And specifically, the bills from the Brewer law firm in  
6 2020 were the highest they've ever been, correct?

7 A Yes.

8 Q But you still had a positive year, inclusive -- inclusive  
9 of those costs, correct?

10 A We had a very good financial year.

11 Q So, as of January 15, 2021, there was no financial reason  
12 for the NRA to file bankruptcy; is that correct?

13 A To the best of my knowledge, that's true.

14 Q Mr. Spray, you'd agree with me that bankruptcy is a major  
15 decision for an organization, correct?

16 A I would think so.

17 Q It has a material financial impact, you'd agree?

18 A It certainly can.

19 Q In your experience, it requires a lot of planning?

20 MR. CICILIANO: Objection. Foundation.

21 THE COURT: Sustained on foundation.

22 BY MS. FUCHS:

23 Q Have you ever been involved in a bankruptcy, Mr. Spray?

24 A The companies that I've led have never experienced  
25 bankruptcy. However, I have experienced it with partners

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1 both on the dealership sales side as well as the supply chain  
2 bankruptcies that have affected me as a -- as a business  
3 leader.

4 Q Based on your experience, bankruptcy filing is something  
5 that would usually involve the chief financial officer,  
6 correct?

7 A That is correct.

8 MR. CICILIANO: Objection. Foundation again.

9 THE COURT: Overruled.

10 MS. FUCHS: I believe he answered, so I'll move on.

11 BY MS. FUCHS:

12 Q But you, as the chief financial officer of the NRA, found  
13 out about the decision to file for bankruptcy on January 15,  
14 2021. Is that correct?

15 A That's correct.

16 Q Prior to the filing, you were not informed that the NRA  
17 intended to file for bankruptcy, were you?

18 A No, I was not informed.

19 Q And you were surprised to hear about the bankruptcy  
20 filing, correct?

21 A I was.

22 Q Prior to the bankruptcy filing, you were not asked to  
23 prepare any materials specifically for bankruptcy, were you?

24 A That's correct.

25 Q You, as the CFO, weren't asked to develop any sort of

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1 plan of -- post-bankruptcy plan of action, were you?

2 A No.

3 Q Mr. Spray, prior to the filing, you had never heard of  
4 Sea Girt, had you?

5 A No.

6 Q You weren't involved in establishing or setting up or  
7 creating Sea Girt, were you?

8 A No.

9 Q Mr. LaPierre never talked to you about Sea Girt, correct?

10 A Correct.

11 Q Could I ask you to please turn to New York Attorney  
12 General Exhibit 188?

13 MS. FUCHS: And Your Honor, I move that Exhibit 188  
14 be entered into evidence.

15 THE WITNESS: I'm there.

16 MR. CICILIANO: I have no objection, Your Honor.

17 THE COURT: NYAG 188 is in.

18 (New York Attorney General's Exhibit 188 is received into  
19 evidence.)

20 BY MS. FUCHS:

21 Q Mr. Spray, if you could please turn to Page 7 of the PDF.

22 A Okay.

23 Q And just to orient you, you'll see that this is the  
24 Statement of Financial Affairs for non-individuals filing for  
25 bankruptcy, and in this instance, it's for the debtor Sea

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1 Girt, LLC. Do you see that?

2 A I do.

3 Q Now, if you could scroll down to Page 11 of the PDF.

4 A Okay.

5 Q Now, Question 26. Are you there? That asks for the  
6 books, records, and financial statements and asks to list all  
7 accountants and bookkeepers who maintained the debtor's books  
8 and records within two years before filing this case. Do you  
9 see that?

10 A Yes.

11 Q And then 26a.1 lists you, Craig Spray. Do you see that?

12 A I do.

13 Q Now, did you ever maintain Sea Girt's books and records?

14 A I personally did not.

15 Q Were you aware at the time that this was filed that you  
16 were listed as maintaining Sea Girt's books and records?

17 A No, I was not aware.

18 Q And just to note, this -- If you scroll up, you see the  
19 legend at the top, and it indicates that it was filed on  
20 February 15, 2021. Do you see that?

21 A Yes, I do.

22 Q You ceased having any access to the NRA's files about two  
23 weeks before that; is that correct?

24 A January 29th.

25 Q And if you scroll down to 26c, which asks, List all firms

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1 or individuals who were in possession of the debtor's books  
2 of account and records when this case is filed -- do you see  
3 that?

4 A Yes, I do.

5 Q And again, your name is listed. Do you see that?

6 A Yes, I do.

7 Q Were you ever in possession of Sea Girt's books of  
8 account and records?

9 A Not me personally, no.

10 Q Not when the case was filed, correct?

11 A I've never had possession at any point in time.

12 Q And were you aware that you were listed as having  
13 possessions of Sea Girt's book of accounts and records?

14 A No, I was not.

15 Q Mr. Spray, there came a time in January 2021 when you  
16 were directed to transfer \$5 million to a trust account held  
17 by the Brewer firm; is that correct?

18 A That's correct.

19 Q If you could please turn to NYAG Exhibit 287.

20 MS. FUCHS: And Your Honor, I move that 287 be  
21 admitted into evidence.

22 MR. CICILIANO: Although I think there's a version  
23 of this already in evidence, I don't have an objection.

24 THE COURT: NYAG 287 is in.

25 MS. FUCHS: Thank you.

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1 (New York Attorney General's Exhibit NYAG 287 is received  
2 into evidence.)

3 BY MS. FUCHS:

4 Q Now, Mr. Spray, do you recognize this document?

5 A Yes, I do.

6 Q Is this the memo by which you were directed to wire \$5  
7 million to the Brewer firm trust account?

8 A It is, and I also requested positive affirmation from the  
9 cc:'s on here, so I do have emails from the three officers as  
10 well as wanting -- requesting me to do this. Or directing me  
11 to do this.

12 Q You requested something in writing from the -- the  
13 members of the Special Litigation Committee; is that what  
14 you're saying?

15 A Yes.

16 Q Because you wanted to be sure that this was, in fact, an  
17 authorized directive; is that correct?

18 A I wanted to make sure they had received it. I didn't  
19 know if these email addresses were correct, and I just wanted  
20 them to verify they'd received it and -- and agreed with the  
21 direction.

22 Q Got it. At the time that you received this memo, you  
23 didn't think that the funds were going to be used for  
24 bankruptcy-related legal work, did you?

25 A I didn't know exactly what type of legal work they would

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1 be used for. I did know it was for legal work.

2 Q My question was simple, it was whether or not you knew  
3 that it was going to be used specifically for bankruptcy-  
4 related legal work.

5 A I was aware that an attorney who had bankruptcy as a  
6 specialty would be compensated from this trust fund, but I  
7 did not know they were going to file bankruptcy.

8 Q You didn't think that that attorney was preparing a  
9 bankruptcy filing for the NRA, did you?

10 A I did not.

11 Q In fact, at the time that you received this memo, the  
12 idea of the NRA filing bankruptcy was not even a remote  
13 possibility in your mind; is that correct?

14 A Absent some event that I wasn't aware of, some revenue or  
15 huge expense that I hadn't been forecasting or known about,  
16 absent some significant event, no, there was no reason I  
17 could see that that would -- that we would file bankruptcy,  
18 from a finance perspective.

19 Q So, as of January 4, 2021, when you received this memo,  
20 the idea of the NRA filing for bankruptcy was not a remote  
21 possibility in your mind; is that correct?

22 A I would characterize it more as a longshot contingency in  
23 case of some unforeseen event.

24 MS. FUCHS: Mr. Thompson, would you mind please  
25 pulling up Mr. Spray's deposition testimony at Page 71?

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1 BY MS. FUCHS:

2 Q So, Mr. Spray, I direct your attention to Line 14, when I  
3 asked you, "So when you recommended that the NRA set aside  
4 money, you did not think that it was to pay for bankruptcy  
5 counsel for a bankruptcy filing; is that correct?"

6 A That's correct.

7 Q You answered, "When I set up funds, I -- okay -- when I  
8 set up the funds, I absolutely did not think it was for  
9 bankruptcy filing. And the reason I say that has nothing to  
10 do with any conversation I had with anybody. It's because I  
11 watch our cash on a daily basis, watch revenue. I felt like  
12 after three years, we had a strong -- a very strong control  
13 on our expenses, and I could see on an almost-daily basis a  
14 stronger and stronger and stronger financial position, so the  
15 thought of filing bankruptcy to me was not even a remote  
16 possibility." Do you see that?

17 A I do.

18 MR. CICILIANO: Your Honor, I'm going to object to  
19 the remainder of that statement not being read where he  
20 testifies he thought it was a contingency plan available,  
21 which is consistent with his testimony he just gave.

22 MS. FUCHS: Your Honor, there is nothing in the  
23 testimony that he just gave that goes to the notion of a  
24 contingency plan. Counsel is offering testimony.

25 THE COURT: Overruled.

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1 MR. CICILIANO: Okay. I have the livestream. He  
2 said contingency plan in his answer. He said it was a  
3 contingency longshot. And that's exactly what the quote in  
4 this says. I don't think it's fair to cut off a witness's  
5 testimony to give the witness and the Court a false  
6 impression when it's in the same answer to the question.

7 THE COURT: Response on that?

8 MS. FUCHS: Your Honor, of course, to the extent  
9 that the phrase contingency -- I'm sorry. I don't mean to  
10 cut you off.

11 THE COURT: No, I was asking you to respond to that.

12 MS. FUCHS: Oh. To the extent that the phrase  
13 contingency plan is in Mr. Spray's deposition testimony, I of  
14 course have no objection. But what it says here is not that  
15 he thought that bankruptcy was some sort of contingency plan.  
16 He says over and over again that bankruptcy was "not a remote  
17 possibility."

18 THE COURT: I'm sticking with my ruling. He can be  
19 cross-examined.

20 MR. CICILIANO: Your Honor, just so the record's  
21 clear, we keep saying there's no contingency plan. I'm  
22 looking at it on the screen. It's in the little text at Line  
23 7. "Perhaps there was a need to have some sort of  
24 contingency plan available." I think the record just needs  
25 to be clear. I appreciate your ruling, so I'll stop there.

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1 I apologize.

2 THE COURT: You'll get to bring it out on cross, or  
3 whoever is going to cross him.

4 MS. FUCHS: Thank you.

5 Mr. Thompson, you can take that down.

6 BY MS. FUCHS:

7 Q And Mr. Spray, the \$5 million was, in fact, transferred,  
8 correct?

9 A Yes, it was.

10 Q And going back to the exhibit, to the memo, NYAG Exhibit  
11 287, the second paragraphs says, "Funds can only be released  
12 from the trust by the appropriate NRA officer/executives, and  
13 the SLC will be informed prior to any expenditures." Do you  
14 see that?

15 A I do.

16 Q Now, in the ordinary course, invoices for legal bills  
17 would be reviewed by someone in your department; is that  
18 correct?

19 A Yes, it is.

20 Q And before this, in fact, you would see all Brewer  
21 invoices; is that correct?

22 A Yes, but I believe I continued to see all Brewer  
23 invoices.

24 Q But after this memo, you didn't see requests for  
25 drawdowns from the trust account, did you?

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1 A No, I did not.

2 Q Because now Brewer had \$5 million that it could access,  
3 correct?

4 A Correct.

5 Q With authorization from Mr. LaPierre and the SLC,  
6 correct?

7 A Yes.

8 Q And no involvement from Finance or Treasury?

9 A Correct.

10 Q If you could turn, please, to New York AG Exhibit 288.  
11 Now, that's -- this exhibit has already been admitted. Do  
12 you see that this is a document, the first page is dated  
13 January 14, 2021?

14 A I do see that.

15 Q And you were still CFO at that time, correct?

16 A Yes.

17 Q And it encloses a summary sheet of Brewer billing  
18 matters; do you see that?

19 A Yes.

20 Q And is this the type of document that you would have  
21 ordinarily seen?

22 A For the most part, yes.

23 Q But you didn't see this one, did you?

24 A If I would have seen it, I would have had a signature on  
25 it approving it.

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1 Q Sitting here today, do you recall ever seeing it?

2 A I -- I don't recall this document, no.

3 Q And if you turn, please, to Page 3 of the PDF, you'll see  
4 that this is a memo from Wayne LaPierre to Brewer, Attorneys  
5 and Counselors. Do you see that? I know it's a little hard  
6 to read.

7 A Yes, I do see it.

8 Q And here Mr. LaPierre is directing the Brewer firm to  
9 "remit payment for the following invoices as promptly as  
10 possible using funds previously transferred to the Brewer  
11 trust account." Do you see that?

12 A I do.

13 Q So -- and then he also instructs that the approval be  
14 conditioned on the approval of the Special Litigation  
15 Committee. Do you see that?

16 A Yes, I do.

17 Q So, through this directive and the authorization of Wayne  
18 LaPierre and the members of the SLC, the Brewer firm was able  
19 to deduct straight from that \$5 million; is that correct?

20 MR. CICILIANO: Objection. Foundation.

21 THE COURT: Overruled. You can answer the question,  
22 sir, if you know the answer.

23 THE WITNESS: That appears to be the case. Yes,  
24 ma'am.

25 BY MS. FUCHS:

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1 Q If you'd turn, please, to New York Attorney General  
2 Exhibit 193, which I believe has already been admitted into  
3 evidence.

4 A Okay.

5 Q And this is another filing by the Debtors in this matter.  
6 And if you would turn, please, to Page 49. And you might have  
7 to rotate that in order to see the chart. Do you see that,  
8 Mr. Spray?

9 A Yes, I do.

10 Q Now, you were never asked to authorize payments to the  
11 Neligan firm, were you?

12 A I don't believe so.

13 Q So you didn't authorize that December 3rd \$350,000  
14 payment to the Neligan firm, did you?

15 A I don't believe I did, no.

16 Q Because that was paid through a Brewer trust account,  
17 correct?

18 A I -- I don't know. I didn't authorize it.

19 Q Okay.

20 A So I don't know how it was authorized.

21 Q Okay. How about the January 8, 2021, payment to the  
22 Neligan firm of \$98,600? You didn't authorize that one  
23 either, did you?

24 A I don't believe I did. It'd be easy enough to check the  
25 invoice and see if it was signed.

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1 Q Well, per Footnote 2, which is associated with that  
2 payment, it notes that this payment was made out of funds  
3 transferred to Brewer, Attorneys and Counsel -- Counselors by  
4 the NRA for payment of third-party expenses. Do you see  
5 that?

6 A I do.

7 Q So this is another instance of the Brewer firm having the  
8 money in the trust account and then it being drawn down  
9 without your authorization; is that correct?

10 A Correct.

11 MR. CICILIANO: Objection. Calls for speculation,  
12 lacks of foundation.

13 THE COURT: Overruled. You may answer the question,  
14 sir.

15 THE WITNESS: I believe that's correct, yes. Yeah,  
16 that's what this schedule says. I don't know.

17 BY MS. FUCHS:

18 Q Okay. And how about that \$1 million, the line down?  
19 That's a \$1 million payment on January 14, 2021, to the  
20 Neligan firm. Do you see that?

21 A Yes, I do.

22 Q And that was, again, on January 14, 2021. So, by that  
23 time, Brewer had the \$5 million; is that right?

24 A I believe the transfer happened prior to that date, yes.

25 Q So they were able to draw down from that fund without any

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1 authorization from you or somebody in your department; is  
2 that correct?

3 A Correct.

4 Q Okay. You can put that aside. And I'd like to ask you,  
5 Mr. Spray, some questions about the NRA's financial  
6 (garbled).

7 A Okay.

8 Q If you would please open up NYAG Exhibit 18.

9 MS. FUCHS: And I'd like to move NYAG Exhibit 18  
10 into evidence. And it is, in fact, a public filing.

11 MR. CICILIANO: I don't have an objection, Your  
12 Honor.

13 THE COURT: NYAG 18 is admitted.

14 (New York Attorney General's Exhibit 18 is received into  
15 evidence.)

16 BY MS. FUCHS:

17 Q Mr. Spray, this exhibit is titled the 2019 CHAR 500, and  
18 that is the annual filing for charitable organizations made  
19 to New York State. Do you see that?

20 A Yes, I do.

21 Q Are you familiar with this form?

22 A Yes.

23 Q And is that your signature in the middle of this form?

24 A I believe it's a machine signature, but I believe I  
25 authorized it.

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1 Q And you signed that in your capacity as treasurer,  
2 correct?

3 A Correct.

4 Q And that's dated November 16, 2020. Do you see that?

5 A Yeah -- yes.

6 Q Do you recall whether that was, in fact, the deadline for  
7 the form?

8 A I don't recall. I believe it was close to the deadline  
9 if it wasn't the deadline.

10 Q Okay. And the CHAR 500 is a form that the New York State  
11 Charities Bureau requires of charities in New York State, and  
12 it's submitted with attachments. Do you understand that?

13 A Yes.

14 Q And those attachments for the NRA would consist of the  
15 Form 990 and the audited financial statements; is that  
16 correct?

17 A I'd have to read through and verify, but that seems  
18 reasonable.

19 Q And do you recall that, in 2019, the NRA submitted the  
20 form -- I'm sorry, the CHAR 500 with the audited financials  
21 attached but with the 990 submitted under separate cover?

22 A I don't necessarily recall that, but that's quite  
23 possible.

24 Q Okay. Now, scroll, if you will, please, to Page 7 of the  
25 PDF.

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1 A Okay.

2 Q And this is a schedule to the CHAR 500, Schedule 4a,  
3 where charities provide information about their professional  
4 fundraisers, fundraising councils, and commercial co-  
5 ventures. Do you see that?

6 A I do.

7 Q And here this is the disclosure for the contract between  
8 the NRA and McKenna and Association, LLC. Do you see that?

9 A Yes.

10 Q And it reports that McKenna was paid \$300,000; is that  
11 correct?

12 A That's what it says, yes.

13 Q Now, the NRA canceled its contract with McKenna; is that  
14 correct?

15 A I don't believe -- I don't know if it was a one-year deal  
16 that ran out and we did not re-up, or if we actually actively  
17 canceled it, but I do recall that, as of the end of this  
18 year, we stopped doing business with McKenna on, you know,  
19 fundraiser.

20 Q And that was, in part, on your initiative, correct?

21 A Correct.

22 Q Because you set up some metrics for vendors, is that  
23 correct, and McKenna didn't meet those metrics?

24 A I demanded metrics, appropriate metrics be put in the  
25 contract. I didn't -- I didn't personally establish those

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1 metrics, but I did verify they were in there and seemed  
2 reasonable.

3 Q And McKenna didn't meet those metrics; is that correct?

4 A To the best of my memory, that's correct.

5 Q And if you turn, please, to the next page, which is the  
6 disclosure for Allegiance Creative Group. Do you see that?

7 A Yes.

8 Q And do you know what Allegiance Creative Group, what  
9 services Allegiance Creative Group provided to the NRA in  
10 exchange for the \$1,080,000?

11 A I don't believe I negotiated that contact, so the details  
12 escape me, but I recognize the name and I know they worked  
13 for Advancement, raising funds.

14 Q And are you aware of any connection between Allegiance  
15 and another company called Membership Marketing Partners?

16 A Yes. I believe they are affiliates.

17 Q In fact, they have the same CEO, correct?

18 A As I sit here today, I don't know, but I do know that  
19 it's -- it's -- I know it's the same ownership structure as  
20 MMP. Or it was at one point in time.

21 Q And they work out of the same office space, correct?

22 A I believe that's correct.

23 Q Sitting here today, are you able to describe the  
24 functional difference between Allegiance and MMP?

25 A Again, I haven't read the contract. I don't -- I didn't

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1 negotiate the Allegiance contract. So I'm not familiar with  
2 the scope --

3 Q My question was whether you know the difference between  
4 Allegiance and MMP?

5 A I -- I don't, as I sit here today, no.

6 Q Sitting here today, do you know why MMP is not disclosed  
7 as a fundraiser in the form to New York State?

8 A I don't know, unless it's not a requirement. I just  
9 don't -- I don't know why they would be absent from this if  
10 --

11 Q Because they were -- they were, in fact, a fundraiser for  
12 the NRA, correct?

13 MR. CICILIANO: Objection. Calls for speculation.

14 THE WITNESS: I don't --

15 THE COURT: Overruled.

16 THE WITNESS: I don't know if -- there are some  
17 fairly strict definitions of what goes in here and what  
18 doesn't, so I would have to refer back to those definitions  
19 and make sure. But if -- I know if they were raising the  
20 funds in accordance with those definitions, I would certainly  
21 expect them to be in this document.

22 BY MS. FUCHS:

23 Q Okay. Turn, please, to Page 19 of the PDF. And this is  
24 the independent auditors' report to the audited financial  
25 statements, correct?

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1 A Yes.

2 Q And just one quick question about this report. No  
3 mention of a going concern issue for 2019, correct?

4 A There's not even a name of an auditor on here. Yeah, I  
5 don't see anything about going concern --

6 Q Okay.

7 A -- listed, at quick glance.

8 Q There was no going concern issue for the NRA in 2019,  
9 correct?

10 A I don't see one listed here, no.

11 Q If you would please open up Exhibit -- NYAG Exhibit 8.  
12 And this is the Form 990. You are familiar with the Form  
13 990, correct?

14 A Correct.

15 Q This is the annual information return filed by nonprofits  
16 with the Internal Revenue Service, correct?

17 A Correct.

18 Q And by multiple states -- and I'm sorry, it's also filed  
19 with multiple states, correct?

20 A Yes.

21 Q Turn, if you will, please, to NYAG Exhibit 79.

22 MS. FUCHS: I'd like to move NYAG 79 into evidence.

23 MR. CICILIANO: I don't have an -- I don't have an  
24 objection, Your Honor.

25 THE COURT: Thank you. NYAG 79 is in.

Spray - Direct

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1 (New York Attorney General's Exhibit 79 is received into  
2 evidence.)

3 BY MS. FUCHS:

4 Q NYAG 79 is the CHAR 500 for 2018. Do you see that?

5 A Yes.

6 Q And is that your signature about halfway down?

7 A Yes.

8 Q And in this instance, the NRA attached both the 990 and  
9 the audited financial statements to the CHAR 500. I'll  
10 represent that to you.

11 A I believe that that's the case.

12 Q And if you turn to Page 11 of the PDF, that's the cover  
13 sheet for the 990. And is that your signature?

14 A Yes.

15 Q You signed the 990 for 2018, correct?

16 A Correct.

17 Q Okay. If I could ask you to please pull up NYAG Exhibit  
18 143.

19 MS. FUCHS: And I would like to move NYAG 143 into  
20 evidence.

21 MR. CICILIANO: No objection.

22 THE COURT: NYAG --

23 MS. FUCHS: Now, Mr. --

24 THE COURT: -- 143 is in.

25 MS. FUCHS: Thank you, Your Honor.

Spray - Direct

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1 (New York Attorney General's Exhibit 143 is received into  
2 evidence.)

3 BY MS. FUCHS:

4 Q Mr. Spray, do you see that NYAG 143 is the CHAR 500 for  
5 2017?

6 A Yes.

7 Q And here, is that your signature on the cover page?

8 A Yes.

9 Q And in 2017, I'll represent to you that the NRA attached  
10 both its audited financials and its 990. And if you turn,  
11 please, to Page 10, that is the cover sheet of the 990. And  
12 is that your signature at the bottom?

13 A Yes.

14 Q So you signed both the 2017 and the 2018 990s, correct?

15 A Correct.

16 Q You didn't sign the 2019 990, did you?

17 A No, I did not.

18 Q Now, it's part of your job since you've been at the NRA  
19 to oversee the preparation of the 990, correct?

20 A Correct.

21 Q And if you go to Exhibits 79 and 143 -- those are the '17  
22 and '18 990s -- we've pointed out that you signed them and  
23 then also there's a signature from a Zack Fortsch. Do you  
24 see that?

25 A Yes.

Spray - Direct

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1 Q And he was a tax partner or is a tax partner at RSM,  
2 correct?

3 A Correct.

4 Q And RSM was the NRA's external auditor and tax preparer  
5 in connection with the '17 and '18 filings, correct?

6 A Correct.

7 Q And RSM fired the NRA as a client in the fall of 2019,  
8 correct?

9 A Effectively, yes.

10 Q RSM fired the NRA, correct?

11 A Effectively, they did, yes.

12 MS. FUCHS: Your Honor, I'd move to strike  
13 "effectively" as nonresponsive.

14 THE COURT: I'm going to overrule that.

15 BY MS. FUCHS:

16 Q RSM decided to no longer have the NRA as a client,  
17 correct?

18 A Correct.

19 Q And then NRA retained the Aronson firm; is that correct?

20 A Yes.

21 Q If you could please pull up NYAG Exhibit 148, which I  
22 believe has been previously entered. And this is the  
23 engagement letter, in fact, between Aronson and the NRA Audit  
24 Committee, correct?

25 A That appears to be the case, yes.

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1 Q To do both the external audit and to assist in preparing  
2 the 990; is that correct?

3 A I'm not reading it as we're going through it, but to the  
4 best of my memory, that is the case.

5 Q Okay. So if you could turn, please, to Page 3 of the  
6 document. Under IV, Other Services, do you see where it  
7 says, "We will assist in preparing the organization's federal  
8 and state information and tax returns for the year ended  
9 December 31, 2019, based on information provided by you?" Do  
10 you see that?

11 A I do.

12 Q And Aronson, in fact, helped in the preparation of the  
13 990; is that correct?

14 A Yes.

15 Q Consistent with their engagement letter?

16 A Yes.

17 Q Now, work on the 2019 990 began in the spring of 2020; is  
18 that correct?

19 A That's correct.

20 Q Because the 990 is submitted after the -- the relevant  
21 tax year?

22 A That's correct.

23 Q Okay. It's usually submitted in November after the  
24 relevant tax year; is that fair?

25 A Correct.

Spray - Direct

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1 Q So, in the spring of 2020 -- just to situate all of us,  
2 we're in the beginning of the pandemic -- the NRA's offices  
3 were shut down, correct?

4 A Correct.

5 Q Everybody was working remotely?

6 A As many people as we could and still commit to our tasks,  
7 yes. We did have some people in the building.

8 Q But you were able still to pull together all of the -- I  
9 won't say all of the -- strike that. I'll start over. The  
10 990 process involved different groups pulling together  
11 financial information to be inputted into an electronic form;  
12 is that correct?

13 A That's correct.

14 Q And that work was happening over the course of several  
15 months during the spring and summer of 2020, correct?

16 A And the fall.

17 Q And you were overseeing that work; is that right?

18 A Yes.

19 Q So now I want to direct your attention to the fall,  
20 specifically to November 2020. The NRA's filing with the  
21 IRS, the 990, was due on or about November 16th; is that  
22 right?

23 A I believe that's correct.

24 Q And going into November, so, say in October, you were  
25 planning on signing the 990, correct?

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1 A Yes.

2 Q As you had in 2017 and 2018?

3 A Correct.

4 Q As is the job of the CEO -- CFO. Correct?

5 A Actually, any officer can sign the 990.

6 Q But historically, that was your job, correct?

7 A I historically was the person that chose to do that, yes.

8 Q You wanted to make sure that the information inputted  
9 into the 2019 990 was complete and accurate, correct?

10 A That's correct.

11 Q And in 2019, because of the attention on the NRA in --  
12 so, I'm sorry, for the 2019 filing that you were preparing in  
13 2020, you took extra time to make sure that everything was  
14 verified; is that correct?

15 A It was my first year where I had ownership for the full  
16 year, so that was the driver behind my requirement for  
17 everything to be as perfect as it could be, yes.

18 Q And if the form asked about the existence of a policy,  
19 you wanted to see the policy, correct?

20 A That's correct.

21 Q You didn't want anything checked off just because that's  
22 how it was checked off in prior years; is that fair?

23 A I did have to rely on some disclosures, but I wanted to  
24 see as much as I could visibly see of anything that went into  
25 the 990.

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1 Q And then in November 2020, there were some last-minute  
2 surprises; is that correct?

3 A That is correct.

4 Q And those surprises came about as you were going through  
5 that process of confirming that the form was accurate; is  
6 that correct?

7 A Yes.

8 Q So if you'll pull up Exhibit 8, I'd like to direct your  
9 attention to Schedule J, which can be found on Page 40. Now,  
10 Mr. Spray, do you have --

11 MR. CICILIANO: And Counsel, just -- Counsel, just  
12 for the record, do you mean PDF Page 40, not Document Page  
13 40?

14 MS. FUCHS: Yes. Yeah. Dylan, generally, I'll  
15 refer to the PDF number for clarity.

16 BY MS. FUCHS:

17 Q Mr. Spray, are you there?

18 A Yes, ma'am.

19 Q So Question 1A calls for a disclosure regarding (audio  
20 gap) benefits received by people listed in Part 7, Section A.  
21 Do you see that?

22 A I do.

23 Q And those people listed in 7A are, in fact, the officers,  
24 directors, trustees, the key employees, and highest-  
25 compensated employees. Is that correct?

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1 A I believe that's what it refers to, yes.

2 Q And 1A discloses that the NRA provided at least some of  
3 those people with first-class or charter travel and travel  
4 for companions, correct?

5 A That is correct.

6 Q And then 1B asks if those benefits were provided and  
7 pursuant to a written policy. Do you see that?

8 A I do.

9 Q And this year you checked off no; is that correct?

10 A That is correct.

11 Q And that was because there was no written policy covering  
12 charter travel; is that correct?

13 A I believe it was because there were some exceptions of  
14 people who didn't follow the written policy, is why I elected  
15 to check no here. I'd have to go back and go through my  
16 notes, but I believe it was more concern around not following  
17 a written policy that we had discovered late in the -- late  
18 in the process.

19 Q Okay. And in past years, in, say, the 2018 990, it was  
20 checked off yes, correct?

21 A Yes.

22 Q And in --

23 A I believe that's true.

24 Q And in 2017. Is that right?

25 A I believe so.

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1 Q Now, Question 2, whether -- which asks, Did the  
2 organization require substantiation prior to reimbursing or  
3 allowing expenses incurred by all directors, trustees, and  
4 officers, including the CEO, executive director, regarding  
5 the items checked on Line 1A? Do you see that?

6 A I do see that.

7 Q And again, in 2019 you check off no. Do you see that?

8 A I do see that.

9 Q And that was because there were instances where there  
10 were -- there was no substantiation; is that correct?

11 A I believe that that was the case, that my concern was  
12 that we had a couple of --

13 Q That's fine. It was a yes-or-no question.

14 A -- situations where --

15 Q Mr. Spray, thank you.

16 A Okay. Okay.

17 Q If you would turn, please, to Page 42 of the PDF. And  
18 you may have to rotate that again.

19 A All right.

20 Q And now, just direct your attention to the entry for  
21 Wilson Phillips. Do you see that?

22 A I do.

23 Q And that's Woody Phillips, correct?

24 A Yes.

25 Q And he stopped being treasurer in September of 2018 when

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1 you began as treasurer; is that correct?

2 A Correct.

3 Q But in 2019 he was paid over \$600,000. Am I reading that  
4 correctly?

5 A Correct.

6 Q And did Mr. Phillips provide any consulting services to  
7 your department in 2019?

8 A No.

9 Q Turn, please, to Robert Weaver. Now, that's somebody who  
10 I think we more often know as Kyle Weaver; is that correct?

11 A I don't know this individual.

12 Q He was out before you started; is that right?

13 A Yep. Yes.

14 Q But for 2019, he's still receiving \$240,000; is that  
15 correct?

16 A That's what the schedule would say, yes.

17 Q So three years after his departure?

18 A I don't know when he departed.

19 Q Do you have an understanding of what he was being paid  
20 for?

21 A My understanding was a severance agreement.

22 Q So, a severance agreement lasting three or four years?

23 A I don't know the details of it.

24 Q Turn, if you would, please, to Page 43, the next page.

25 A Okay.

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1 MS. FUCHS: And Your Honor, I'm very sorry, I just  
2 have to take care of one technical issue, so I'm going to go  
3 off camera for just one second.

4 THE COURT: Okay.

5 (Pause.)

6 MS. FUCHS: Thanks very much.

7 BY MS. FUCHS:

8 Q So are you on Page 43, Mr. Spray?

9 A I am.

10 Q This is supplemental information to Schedule J, which  
11 reports on compensation; is that correct?

12 A It appears so.

13 Q Okay. So, there are some explanations here regarding the  
14 charter travel. And going to our previous exchange, the  
15 first line says, "Charter travel was used on occasions when  
16 travel logistics or security concerns precluded other  
17 available options and travel was properly excluded from  
18 taxable compensation." Do you see that?

19 A I do.

20 Q So that, that explains the use of charter travel. And if  
21 you go down a few lines, where it asks about 1B, where the  
22 NRA checked off no, We don't have a policy, it says, "The NRA  
23 has a written policy for first-class travel." Do you see  
24 that?

25 A Yes.

1 Q That doesn't really explain why you all checked off no,  
2 correct?

3 A Correct.

4 Q And then if you would turn, please, to Page 45 of the  
5 PDF. Now we're on a new schedule, Schedule L, called  
6 Transactions with Interested Persons. Do you see that?

7 A I do.

8 Q And if you look at Part 1, Excess Benefit Transactions,  
9 is it fair to say that the information related to these  
10 disclosures was among the surprises that came out in November  
11 2020?

12 A Not all of them.

13 Q Which ones?

14 A I was aware of the Josh Powell situation. The other  
15 items -- and I believe the Woody Phillips was known for quite  
16 a while, although I think some of the details are still being  
17 worked through today. But the Chris Cox, Dave Lehman, and  
18 Wayne LaPierre items, I didn't know about until that -- until  
19 November.

20 Q Okay. I'm going to ask you just a couple more questions  
21 about those, but for the sake -- for the sake of simplicity,  
22 if you would turn, please, to Page 48. And by simplicity, I  
23 just mean so we don't go back and forth in the document.

24 A Okay.

25 Q Now, Page 48 discloses business transactions involving

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1 interested persons, and here it's asking about transactions  
2 with board members, correct?

3 A Correct.

4 Q And the NRA discloses this transaction with Marion Hammer  
5 for \$220,000, correct?

6 A Correct.

7 Q This wasn't the only transaction with a board member,  
8 correct?

9 A No, it was not.

10 Q The others are disclosed elsewhere on the 990, correct?

11 A I believe that's the case, yes.

12 Q Do you know where they're disclosed?

13 A I could find it, but I --

14 Q I won't take your or the Court's time. Do you recall how  
15 many other transactions the NRA had with board members in  
16 2019?

17 A I don't recall how many.

18 Q If you could please turn to NYAG Exhibit 222.

19 MS. FUCHS: And I would like to move NYAG 222 into  
20 evidence.

21 MR. CICILIANO: I would just object on foundation.

22 THE COURT: Let me get the exhibit up. (Pause.)  
23 Sustained on foundation for now. Do you want to ask the  
24 witness some more questions?

25 MS. FUCHS: Sure.

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1 BY MS. FUCHS:

2 Q Mr. Spray, have you ever seen this document before?

3 A I don't know. It looks familiar. The information looks  
4 correct.

5 Q Okay.

6 A I believe I -- I believe so.

7 Q Does this look like a document that would have been  
8 generated by somebody in your department?

9 A Looks like a Finance-generated form, yes.

10 Q That lists out board members and their financial  
11 relationship with the NRA, correct?

12 A Correct.

13 Q And is this something that you would have reviewed in  
14 your role as CFO?

15 A I would have reviewed the transactions. Whether or not I  
16 reviewed this specific document, I don't recall.

17 Q Would this have been generated in the course of preparing  
18 financial documents for the NRA?

19 A It probably was generated for the Audit Committee, is my  
20 guess, to review these transactions.

21 Q And is it accurate, to your knowledge?

22 A I could go through them. I mean, I don't know off the  
23 top of my head. But it looks -- it looks to be in the  
24 ballpark.

25 MS. FUCHS: Your Honor, I'd ask that this be

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1 admitted into evidence.

2 MR. CICILIANO: Your Honor, when the witness is  
3 asked to guess what things are and it's just based on his  
4 speculation as to what it could be, that's not foundation.  
5 We don't know who created it, what it was created for. While  
6 the witness is very capable and smart and may be able to  
7 speculate, that's not sufficient for admission.

8 THE COURT: Sustained.

9 BY MS. FUCHS:

10 Q Mr. Spray, did this document refresh your recollection  
11 about the existence of -- about 10 other transactions between  
12 the NRA and its board members?

13 A I just don't -- I just don't know. It certainly looks  
14 appropriate to me, but I just don't know.

15 Q Okay. But my question was whether it refreshes your  
16 recollection about the existence of other --

17 A Well, --

18 Q -- transactions between the NRA and its board members.

19 A -- it causes me some confusion. Because, for example,  
20 Tom King is listed on here but there's no dollar amount. So  
21 it almost seems like an incomplete form to me.

22 Q Okay. Fair enough.

23 A There may be a later -- a later version.

24 Q Okay.

25 A These ones with zero behind them, I don't know why they

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1 would be listed.

2 Q Okay. The NRA -- each of the years that you were there  
3 as CFO and treasurer, the NRA disclosed and engaged in  
4 multiple transactions with board members, correct?

5 A Certainly engaged in transactions. The disclosure, early  
6 on in my tenure, we -- that was something we needed to work  
7 on and we have worked on. I believe it's much better today.

8 Q And in many instances, there weren't written contracts  
9 for the transactions with those board members, correct?

10 A I believe there were contracts for most. I can't think  
11 of anything off the top of my head where we didn't have an  
12 agreement, but it's possible.

13 Q Okay. Turn back, please, to NYAG Exhibit 8, the 990.  
14 And if you will please turn to Page 49, the next page. And  
15 this page provides supplemental information to the Schedule  
16 L, Part 1, which disclosed the excess benefit transactions.  
17 Do you see that?

18 A Yes, I do.

19 Q So I'd like to direct your attention, please, to the row  
20 on Christopher Cox. Do you see that?

21 A Yes.

22 Q And all of that verbiage was provided by counsel,  
23 correct?

24 A Yes.

25 Q You had no way of verifying it, did you?

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1 A I did not.

2 Q You had no way of verifying the methodology that counsel  
3 used to come up with it, correct?

4 A I did not.

5 Q And when you asked for that information, you were told  
6 that you couldn't have it. Isn't that right?

7 A I was told it was privileged.

8 Q How about for David Lehman? That was also all provided  
9 by counsel, correct?

10 A Correct.

11 Q And again, you had no way to independently verify the  
12 accuracy of that information, correct?

13 A Correct.

14 Q And you had no way of understanding what methodology was  
15 used to arrive at those conclusions; is that correct?

16 A Correct.

17 Q And when you asked for that backup information, you were  
18 told it was privileged, correct?

19 A Correct.

20 Q And for the record, who was that counsel that provided  
21 the language?

22 A Don Lan, Consulting.

23 Q Okay. And turn, please, to the next page, the schedule  
24 -- I'm sorry, the row that discusses excess benefit  
25 transaction for Wayne LaPierre. Do you see that?

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1 A Yes.

2 Q With respect to that calculation of \$299,778.78, do you  
3 see that?

4 A Yes.

5 Q That number was also provided by counsel, correct?

6 A Correct.

7 Q And you had no way of independently verifying the  
8 accuracy of that number?

9 A Correct.

10 Q And when you asked for that backup, you were told it was  
11 privileged, correct?

12 A Correct.

13 Q And who were you told that by?

14 A By the Brewer firm.

15 Q Now, the new disclosure required the filing of an amended  
16 Form 4720; is that correct?

17 A Correct.

18 Q And a Form 4720 is also an IRS form that reports on  
19 excess benefit transactions; is that right?

20 A It's on all compensation and benefits, yes.

21 Q I'm sorry, you broke up. Would you mind repeating that?

22 A All compensation and benefits is the purpose of that  
23 form.

24 Q The Form 4720?

25 A Correct.

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1 Q Isn't it the case that it's an excise tax -- it reports  
2 on excise taxes?

3 A Correct.

4 Q So it's whether or not additional taxes or penalties have  
5 to be paid in connection with certain compensation, correct?

6 A Correct.

7 Q If you would turn, please, to NYAG Exhibit 144.

8 MS. FUCHS: And I would move that 144 be admitted  
9 into evidence.

10 MR. CICILIANO: And Your Honor, I initially have no  
11 issue with it being admitted into evidence.

12 Ms. Fuchs, maybe you could explain the top header, that  
13 it's subject to a protective order. I'm just wondering  
14 whether or not it needs to be under seal. I'm not familiar  
15 with this one.

16 MS. FUCHS: My understanding, Mr. Ciciliano, is that  
17 it does not. It was produced to us while the protective  
18 order was still under negotiation. But, of course, if there  
19 is any PII in there subject to the protective order, we have  
20 no objection to redacting that information.

21 MR. CICILIANO: Subject to that --

22 MS. FUCHS: I do not believe that it contains any.

23 MR. CICILIANO: Yeah, I just -- it doesn't have our  
24 Bates number on there. That's why I'm hesitant. But subject  
25 to that, Your Honor, and the understanding between counsel,

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1 I'm happy to admit it.

2 THE COURT: 144 is admitted with that understanding  
3 if it needs redacting.

4 MS. FUCHS: Thank you.

5 (New York Attorney General's Exhibit 144 is received into  
6 evidence as specified.)

7 BY MS. FUCHS:

8 Q Mr. Spray, if I could direct your attention to Page 11 of  
9 the PDF.

10 A Okay.

11 Q I'm sorry. Page 10.

12 A Okay.

13 Q Now, is that your signature?

14 A It appears to be.

15 Q Using an electronic signature card; is that correct?

16 A I believe that's the case.

17 Q Sitting here today, do you know if you authorized the use  
18 of your signature card for this document?

19 A I don't know, but I believe that I did or it wouldn't be  
20 on there.

21 Q Okay. Well, it could be on there if somebody used it  
22 without your authorization, couldn't it?

23 A It could be. I just -- I kept a pretty tight lid on  
24 that, and I would be very surprised if that was the case.

25 Q You kept a tight lid on it by always sending an email

1 that indicated your authorization, correct?

2 A And by providing training to the one person that had the  
3 card on the importance of always verifying an approval before  
4 using my signature card.

5 Q And who was that?

6 A Lisa Supernaugh.

7 Q So, if you would please flip on through to Page 21 of the  
8 PDF.

9 A Okay.

10 Q And you see there that it is titled Amended Return?

11 A Yes.

12 Q And that was filed -- or signed, excuse me -- in, if you  
13 turn to Page 30, on November 30, 2020. Do you see that?

14 A I do see that.

15 Q And sitting here today, do you know -- can you recall if  
16 you authorized your signature on this document?

17 A I can't recall, but if it's on there, I believe I would  
18 have.

19 Q Okay. Turning back to the 990, if you recall, there is  
20 also an entry regarding expenses by Mr. Phillips. Do you  
21 recall that?

22 A I'm sorry, we're going back to the 990 now?

23 Q Yes, please. Exhibit 8. Well, you know what, before we  
24 do that, the Form 4720, the amended one, that reported on the  
25 \$299,000 excess benefit transaction by Wayne LaPierre,

1 correct?

2 A Correct.

3 Q But again, you didn't know -- you weren't able to verify  
4 that number, correct?

5 A I relied upon counsel.

6 Q You weren't able to independently verify that number; is  
7 that true?

8 A I relied upon counsel.

9 Q So back to the 990. Exhibit 8. There is an entry on --  
10 we're back on Page 50 -- below disclosing excess benefit  
11 transactions for Woody Phillips; is that right?

12 A I see that.

13 Q And you didn't look into his past expenses, did you?

14 A I did not.

15 Q And you didn't direct anybody under you to do so; is that  
16 right?

17 A I elevated it. I didn't push it down.

18 Q You elevated it to counsel?

19 A I made sure the Audit Committee had it and I -- my  
20 understanding is they worked with counsel to investigate.

21 Q Do you know if anybody is investigating Mr. Phillips's  
22 expenses?

23 A I don't know.

24 Q By the time you left the NRA, you weren't asked to pull  
25 together information about Woody Phillips's expenses, were

1 you?

2 A No.

3 Q How about John Frazer? By the time you left the NRA,  
4 were you asked to pull together any information about John  
5 Frazer's compensation?

6 A No.

7 Q Okay. I'd like to direct your attention to the last line  
8 on Page 50. That's a Schedule L, Part 1, Line 1 through 9,  
9 Board Member Travel. Do you see that?

10 A Yes.

11 Q And this says, "The NRA is currently reviewing whether,  
12 in 2019 and prior years, various board members may have used  
13 first-class or business-class travel without authorization  
14 required under the NRA's travel policy." Do you see that?

15 A I do.

16 Q Now, that entry came about as a result of the fact that  
17 you found out in November 2020 that certain board members  
18 were flying first class outside of any written policy; is  
19 that correct?

20 A Correct.

21 Q And you had actually tried to eliminate nonessential  
22 first-class or business-class travel; is that correct?

23 A Yes.

24 Q And you wanted to require CFO or EVP approval for any  
25 exceptions, correct?

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1 A Written approval.

2 Q Written approval. And then you found out, in fact, in  
3 November 2020, that it was still going on. Is that right?

4 A Verbal approvals were going on.

5 Q And you had one of your staff track down which board  
6 members, in fact, that applied to?

7 A We were able to have the travel agent run a report which  
8 revealed this.

9 Q And you found that at least three board members were  
10 flying first class or business class without written  
11 approval; is that correct?

12 A Correct.

13 Q And you weren't happy about that; is that right?

14 A I was not.

15 Q You considered this verbal approval outside of policy  
16 part of a culture that you were trying to change; isn't that  
17 right?

18 A Correct.

19 Q And you refer to this at times as the "Wayne said"  
20 culture. Is that right?

21 A Yes.

22 Q If you could please turn to NYAG Exhibit 278.

23 MS. FUCHS: And I move to have 278 entered into  
24 evidence.

25 MR. CICILIANO: No objection.

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1 MS. FUCHS: Thank you.

2 THE COURT: NYAG 278 is in.

3 MS. FUCHS: Thank you, Your Honor.

4 (New York Attorney General's Exhibit 278 is received into  
5 evidence.)

6 BY MS. FUCHS:

7 Q So, if you wouldn't mind scrolling to the bottom of the  
8 document, since we read emails produced from the bottom up.  
9 Here you have Steven McCormick reporting to John Frazer that  
10 he found first-class travel authorizations for Marion Hammer,  
11 Susan Howard, and Colonel Brown. Do you see that?

12 A Yes.

13 Q And those weren't written authorizations, correct?

14 A They were verbal -- they were -- they were an email from  
15 an admin.

16 Q Okay. And you -- and then that email gets forwarded to  
17 you on November 10th, just to situate us, and you write,  
18 "John, you know as well as I do that these are not approvals.  
19 There are no 'Wayne said' approvals at the NRA. All of your  
20 (audio gap) our controls process, and, frankly, I am  
21 disappointed in all of you." Do you see that?

22 A I do.

23 Q And you address that to Mr. Frazer. Do you see that?

24 A I do.

25 Q And Mr. McCormick. Who is that?

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1 A He's a admin for Mr. Frazer.

2 Q And Ms. Daniels. Who is that?

3 A Another person that works in the secretary/legal office.

4 I believe -- I'm not exactly sure what her title is.

5 Q Is she a lawyer?

6 A I don't -- I think she might be -- I don't think she's a  
7 lawyer, no.

8 Q Okay. And Andra Fisher, that was Mr. LaPierre's  
9 assistant; is that correct?

10 A That's correct.

11 Q And then you, in fact, copied Mr. LaPierre? And is that  
12 -- the next one is William Brewer; is that correct?

13 A Correct.

14 Q And Linda Crouch. And Ms. Crouch is the head of human  
15 resources; is that correct?

16 A That's correct.

17 Q Now, were you saying that you were disappointed in them  
18 as well or were they just copied as an FYI?

19 A They're copied to ensure that there's no miscommunication  
20 about my position or we have end-arounds where someone  
21 explains a different story to Wayne. So I just tried always,  
22 when I write a terse email like this to a peer, I try to make  
23 sure that his boss is copied so they have the full  
24 understanding of what the situation is.

25 Q Right. And you wrote also, "I can't emphasize what a

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1 breakdown this is," correct?

2 A That's correct.

3 Q And if you scroll up, you then sent an additional message  
4 copying Lisa Supernaugh on the --

5 A It was --

6 Q -- email below. Do you see that?

7 A It was just -- yeah, it was just to Lisa Supernaugh.

8 Q Yep. And you say, "I have no doubt these board members  
9 have been approved, but the 'Wayne said' is what empowered  
10 Josh and Millie to misbehave." Do you see that?

11 A I do.

12 Q (reading) "Unfortunately, this will require disclosure  
13 in the 990, so a big deal and completely unnecessary." Do  
14 you see that?

15 A Yes.

16 Q Mr. Spray, are you familiar with the phrase "tone at the  
17 top"?

18 A Former naval officer. I'm very familiar.

19 Q What does that mean to you?

20 A It means that the person at the top has to set the tone  
21 to drive an organization.

22 Q And so the person at the top needs to comply with the  
23 policies, correct?

24 A Correct.

25 Q Not be instructing his or her subordinates to override

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1 the policy, correct?

2 A Correct.

3 Q Because that puts those subordinates in an untenable  
4 position, correct?

5 A Yes.

6 Q And now going back to November 2020, you considered all  
7 of these surprises to be a bit embarrassing; is that correct?

8 A I found it professionally embarrassing.

9 Q And so you tried to get comfortable with these surprises,  
10 correct?

11 A Yes.

12 Q And in order to do that, you created a certification  
13 sheet. Do you recall that?

14 A I do.

15 Q Can you pull up Exhibit -- NYAG Exhibit 9? And is that  
16 the certification document that you created?

17 A I believe it is, yes.

18 Q And you chose the people to be listed on that  
19 certification, correct?

20 A I did. There were several iterations.

21 Q And these were people that you felt either knew or should  
22 have known about the new items; is that correct?

23 A For the most part. Not all of them.

24 Q Okay. So let's go through them. Carolyn Meadows. Why  
25 did you include her?

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1 A She is on the litigation Committee, where my  
2 understanding is that's where these things were vetted and  
3 discussed prior to being sent to me for inclusion in the 990.

4 Q But she didn't sign the certification?

5 A I don't know if this was the final version. I'm not sure  
6 who signed or didn't sign ultimately. What happened was  
7 Wayne ended up signing so I never continued to pursue it.

8 Q To be clear, he signed the 990, not the --

9 A Correct.

10 Q -- certification, correct?

11 A I think he may have signed the certification eventually  
12 as well. But nevertheless, he signed the 990, so this form  
13 became not relevant.

14 Q Sitting here today, do you recall if Carolyn Meadows  
15 signed the certification?

16 A I don't recall. I don't believe she did.

17 Q Do you recall if Charles Cotton signed the certification?

18 A I believe he did.

19 Q And how about Willes Lee?

20 A I don't recall.

21 Q John Frazer, did he sign?

22 A I believe he came up with some alternate verbiage, but  
23 did sign.

24 Q And Linda Crouch?

25 A I don't know if she signed, but that was -- this was more

1 of a make sure she was in the loop type signature for her  
2 anyway. I don't recall if she ended up signing, though, or  
3 not.

4 Q And Mr. Spray, if additional people other than those --  
5 if there were additional signatures on a version of this  
6 form, would that form have been in your files?

7 A I don't know where it would be. I don't know if it would  
8 have been printed out and put in the file because it was  
9 abandoned and it wasn't a finished product. It would be  
10 hanging out on the emails somewhere, though, the final  
11 version.

12 Q Because you were getting these signatures electronically,  
13 correct?

14 A Correct. People were printing them, signing it, and then  
15 PDF'ing it back to me.

16 Q Got it. And so back in November 2020, the deadline for  
17 the 990 filing was approaching. And you wanted to file on  
18 time, correct?

19 A Yes.

20 Q And you were trying to get comfortable with the new  
21 information, correct?

22 A That's correct.

23 Q But you weren't getting the backup that you had  
24 requested; is that right? By backup, I mean backup  
25 information.

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1 A Eventually, as I mentioned, Wayne signed the 990, so I  
2 abandoned my efforts in this area.

3 Q My -- but Mr. Spray, my question was, you did not receive  
4 the backup information that you were requesting to verify the  
5 new information; is that correct?

6 A That is correct.

7 Q And so ultimately you didn't sign the 990?

8 A That's correct.

9 Q By November 16th, you weren't comfortable enough to sign  
10 it; is that correct?

11 A I don't recall the date that Wayne signed it, but as of  
12 that point in time when he signed it I wasn't comfortable  
13 signing it.

14 Q I'll represent to you that Mr. LaPierre signed on  
15 November 17th. So he signed on that day because you weren't  
16 comfortable enough to sign it; is that correct?

17 A I wasn't familiar with a lot of the issues because they  
18 predated my tenure.

19 Q You weren't comfortable enough to sign it; isn't that  
20 true?

21 A Correct.

22 Q You don't know if Mr. LaPierre reviewed the 990 prior to  
23 signing it, do you?

24 A I know he had the opportunity to. I don't know what he  
25 did or didn't do with it.

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1 Q You don't know if he reviewed it, correct?

2 A I do not.

3 Q You didn't walk him through it; is that right?

4 A I did not.

5 Q Did he ask you to?

6 A He talked to me about whether or not I was comfortable  
7 with it, with exception of the disclosures, and asked me some  
8 probing questions about the 990, but we didn't go through it  
9 page by page.

10 Q Mr. Spray, my question was whether or not Mr. LaPierre  
11 asked you to go through the 990 with him.

12 A Not in its entirety, no.

13 Q Okay. Now, do you recall that there was an Audit  
14 Committee meeting in October of 2020?

15 A I don't recall. There could very well have been.

16 Q If there --

17 A It could be --

18 Q -- was, they wouldn't have seen the Schedule L  
19 disclosure; is that correct?

20 A That's correct.

21 Q Because that was put together in November?

22 A Correct. But I know it went to the chair of the Audit  
23 Committee prior to being filed.

24 Q How do you know that?

25 A Because Charles Cotton is the chair and that's who we

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1 were trying to get disclosure from.

2 Q So you sent him the final version along with the  
3 certification sheet?

4 A We sent him -- yes.

5 Q Got it. So then you go through this process of trying to  
6 get the backup, trying to get the certifications, and Wayne  
7 LaPierre ultimately signs the 990 so that it can be filed on  
8 November 17th. And after November, there was a drop-off in  
9 communications between you and the senior officers of the  
10 NRA, correct?

11 A I don't think I had any communication with the officers  
12 after that date.

13 Q Prior to that date, would you have communications with  
14 the officers?

15 A Yes. Not hyper-frequently, but yes.

16 Q And nothing after that date?

17 A Not that I recall.

18 Q And in fact, you felt, after that date, that you were out  
19 of the loop. Is that correct?

20 A Certainly on the key decision like the bankruptcy filing,  
21 absolutely.

22 Q And am I correct that there was supposed to be a meeting  
23 where you were going to be flown to meet with LaPierre to be  
24 brought in the loop?

25 A There was actually several planned meetings that all got

1 canceled, and that meeting never took place.

2 Q They all got canceled?

3 A Yes.

4 Q Now, also in 2020, you set up a new process for reviewing  
5 Mr. LaPierre's expenses; is that correct?

6 A That's correct.

7 Q Prior to you joining the NRA, Mr. LaPierre's expenses  
8 were reviewed by someone in ILA's fiscal office; is that  
9 correct?

10 A That is correct.

11 Q And that person was a subordinate to Mr. LaPierre;  
12 correct?

13 A Yes. Everyone is subordinate to Mr. LaPierre at the NRA.

14 Q How about the board?

15 A Not the board.

16 Q And you set up a process that was more consistent with  
17 your experience as a CFO in prior roles; is that correct?

18 A I try to use best practices when I can.

19 Q And in this case, that best practice was for you to  
20 personally review Mr. LaPierre's expenses and then send them  
21 off to a board member for signoff; is that correct?

22 A Either the head of the Audit Committee or the president  
23 of the board I think are the -- one of those two are  
24 appropriate.

25 Q And you wanted going forward for Mr. LaPierre to submit

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1 his reimbursement requests on a quarterly basis; is that  
2 correct?

3 A We both wanted that, yes.

4 Q That never happened, did it?

5 A No.

6 Q But in 2020 you started going through his historical  
7 expenses, correct?

8 A His expenses had not yet been reimbursed. We started to  
9 work through with the new process to get him reimbursed.

10 Q Right. And you separated the expenses into two piles,  
11 right, where one pile of appropriate expenses or  
12 uncontroversial expenses and one pile where you wanted to do  
13 a little bit more digging. Is that correct?

14 A I think that's fair.

15 Q And the larger pile, the uncontroversial expenses, then  
16 went to Charles Cotton for his signature; is that correct?

17 A That's correct.

18 Q And is it correct that you were handing off the paper  
19 versions of these expense reports, you wanted to get it to  
20 Mr. Cotton, but Mr. Brewer actually took possession of them?

21 A Mr. Brewer was actually on his way to a meeting with Mr.  
22 Cotton, and so I asked him if he would hand-carry them to Mr.  
23 Cotton for review.

24 Q Got it. Mr. Cotton never signed those, did he?

25 A Not to my knowledge.

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- 1 Q Do you know if he reviewed them?
- 2 A I don't know.
- 3 Q Do you know if he got them?
- 4 A I don't know, --
- 5 Q Okay.
- 6 A -- but my understanding is yes.
- 7 Q But you don't know?
- 8 A I don't know.
- 9 Q Okay. And somehow the expense reports wound up back with  
10 accounts payable; is that right?
- 11 A They came to accounts payable from Carolyn Meadows.
- 12 Q But Ms. Meadows didn't sign them; is that right?
- 13 A She did not.
- 14 Q Okay. So, to your knowledge, they -- and then you would  
15 have to review them with an officer's signature or a  
16 (garbled), --
- 17 A I --
- 18 Q -- correct?
- 19 A I had already reviewed them, but I didn't want to put my  
20 signature on it because I was afraid it might -- they might  
21 end up in accounts payable and inadvertently get paid without  
22 the second review. So I held my signature off, and we never  
23 got that second signature. So, to my knowledge, they've  
24 never been paid.
- 25 Q Got it. Now, some of the expenses that you were --

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1 reviewed were for items that Mr. LaPierre purchased for  
2 auction at Women's Leadership Forum events; is that correct?

3 A I believe that's true.

4 Q And he told you that?

5 A He did. But I also followed up on some of them to make  
6 sure that that was the case.

7 Q Okay. And Mr. LaPierre was purchasing those items on his  
8 personal credit card, correct?

9 A At that point in time, I believe he was using his  
10 personal card almost exclusively.

11 Q And as a change you were going to make, you wanted Mr.  
12 LaPierre to use a separate corporate card for any Women's  
13 Leadership Forum-related purposes; is that correct?

14 A Correct.

15 Q Was that -- that was never put in writing, was it?

16 A No.

17 Q None of the --

18 A It was --

19 Q -- new policy was put in writing, was it?

20 A No.

21 Q Okay. You'd agree with me, as a general rule, that it  
22 would be a best practice to put these types of policies in  
23 writing, correct?

24 A As a general rule, yes.

25 Q Mr. Spray, is it fair to say that, after the 990 process

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1 in November of 2020, you were concerned about your job at the  
2 NRA?

3 A I would say my concern predated the 990. I was just  
4 sensing an organizational fatigue with the pace of change  
5 that I was putting them through, with a tremendous --

6 Q Mr. --

7 A -- focus on --

8 Q Mr. Spray, --

9 A -- efficiencies and --

10 Q -- I'm going to cut you off.

11 A Okay.

12 Q Is it fair that the 990 process -- you thought you were  
13 going to be fired over the 990 process? Fair to say that?

14 A It felt uncomfortable, and, you know, I wouldn't have  
15 been shocked.

16 Q Okay.

17 MS. FUCHS: Mr. Thompson, could you please pull up  
18 Page 47 of Mr. Spray's deposition testimony? Thank you. I'm  
19 going to direct -- so, this is a long answer, so let's scroll  
20 up so that we get the question. There we go.

21 BY MS. FUCHS:

22 Q The question was, if I direct your attention to Line 10  
23 or Line 12, "What was going on in your mind in November  
24 2020?" And then you give a long answer, and I'd like to just  
25 focus your attention on Line 16 of Page 47. "Wayne

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1 ultimately signed the 990." Do you see where I'm reading?

2 A I do.

3 Q (reading) "And, you know, my perspective, I assumed --  
4 and no one told me this, but you asked why I felt this way --  
5 I assumed I was going to be fired over that situation, which  
6 I didn't really want to be fired. But on the flipside, I  
7 didn't want to sign a document that I wasn't comfortable  
8 with." Do you see that?

9 A I do.

10 MR. CICILIANO: Your Honor, and I would just object.  
11 Again, I think it's improper to quote portions of testimony  
12 that you find to be -- that you want to use, but not the rest  
13 of it, when it's in answer to a question that provides  
14 context.

15 THE COURT: I'm going to --

16 BY MS. FUCHS:

17 Q Mr. Spray, --

18 THE COURT: Overruled.

19 MS. FUCHS: Sorry, Your Honor.

20 THE COURT: I overrule the objection.

21 MS. FUCHS: Thank you.

22 BY MS. FUCHS:

23 Q And Mr. Spray, during your tenure at the NRA, you also  
24 tried to institute some compliance changes; is that right?

25 A We instituted tremendous compliance changes.

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1 Q And you spearheaded changes like shutting off Amex cards  
2 for prior presidents; is that correct?

3 A That is correct.

4 Q And as we talked about, you were behind the elimination  
5 of business-class travel, unnecessary business-class travel.  
6 Is that correct?

7 A Non-approved business-class travel, certainly.

8 Q And you eliminated some of the consulting contracts,  
9 correct?

10 A Many.

11 Q Many? And are you familiar with the executive vice  
12 president budget, the EVP budget?

13 A Very familiar.

14 Q You cut that substantially, too, didn't you?

15 A At Wayne's request.

16 Q You cut that substantially, correct?

17 A (no immediate response)

18 Q And you also tried to institute this process of reviewing  
19 Wayne LaPierre's expenses; is that correct?

20 A With Wayne's approval.

21 Q And you felt that you had the freedom to take a more  
22 aggressive approach, correct?

23 A I always try to do the right thing, whether I feel I have  
24 the freedom to or not.

25 Q But in this case, you felt you had the freedom because

1 you were elected by the board, correct, as treasurer?

2 A I think it has more to do with being financially  
3 independent than supported by the board.

4 Q Okay. And you also felt that you were not financially  
5 dependent on this particular salary so you can do the right  
6 thing; is that correct?

7 A I would do the right thing regardless, but that makes it  
8 easier.

9 Q And you had a strong severance package, correct?

10 A I believe it's strong.

11 Q In fact, you had negotiated a new employment agreement  
12 which included a severance package in April of 2020; is that  
13 correct?

14 A I don't recall the date, but I had a severance package  
15 prior to that, I just want to point out.

16 Q Okay.

17 A Just from an offer.

18 Q Isn't it true that you actually tried to get severance  
19 packages for your staff so that they had the financial  
20 freedom to not feel threatened?

21 A That quote is actually referring to my peers, so Wayne's  
22 senior staff, I felt it was appropriate, and would actually  
23 be helpful in terms of driving compliance.

24 Q You thought that people should have --

25 A I thought key employees should have --

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1 Q I'll finish my --

2 A -- some level of protection.

3 Q -- question.

4 A Okay.

5 Q So that they could do the right thing; is that correct?

6 A I think it would remove some of the stress they felt to  
7 try and do the right thing.

8 Q And that was -- you felt that that would be a valuable  
9 addition to employment arrangements at the NRA?

10 A I think that would help the NRA.

11 Q And we talked about how you started feeling out of the  
12 loop. Now, did there come a time when you told Mr. LaPierre  
13 that you weren't happy about not being told about the  
14 bankruptcy?

15 A Yes.

16 Q That was in late January, correct?

17 A It was between the 15th and the 29th.

18 Q Okay. Because on the 29th you were terminated; is that  
19 correct?

20 A I negotiated an exit, yes.

21 Q Your -- first of all, let's back up. I know in your  
22 deposition there was a little bit of confusion or uncertainty  
23 about whether it was on the 28th or the 29th. So if we could  
24 pull up NYAG Exhibit 362.

25 MR. GARMAN: And Your Honor, I don't know if -- when

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1 we have time for a break, but it's -- if we could have five  
2 or ten minutes to refresh ourselves.

3 THE COURT: Sure.

4 How much longer do you have with this witness, given Mr.  
5 Garman's request?

6 MS. FUCHS: I'm very cognizant, Your Honor, and I  
7 think I have about 15 minutes.

8 THE COURT: Okay. And then let me hear from other  
9 folks. And then I have to tell you, we have an issue here at  
10 the courthouse, too. So who's going to examine for Ackerman  
11 and what's your estimate?

12 MR. ACOSTA: Your Honor, I would say 25 minutes.

13 THE COURT: Mr. Taylor?

14 MR. ACOSTA: Did you hear me, Judge?

15 THE COURT: I did. Thank you.

16 MR. ACOSTA: All right.

17 THE COURT: Yes. Thank you.

18 MR. WATSON: Your Honor, this is Jermaine Watson for  
19 Judge Journey, et al. We would -- maybe five, ten minutes,  
20 tops, Judge.

21 THE COURT: Mr. Drake?

22 MR. DRAKE: Your Honor, I've told Mr. Garman I'm  
23 willing to pass the witness straight to Mr. Ciciliano in  
24 hopes that they can finish today. Reserve rights if there's  
25 time at the end to ask questions. But right now, you know,

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1 we're comfortable, subject to that reservation, just passing.

2 THE COURT: All right. Since we started this  
3 afternoon, we've received a request/warning from the Marshals  
4 Service to be out of the court building by 6:30 tonight  
5 because there's supposed to be some protests downtown. I'm  
6 going to need to make sure that my staff is safe. We have to  
7 take a few minutes to shut down the system, so we can't just  
8 run to 6:30 like they asked us to be out of the building,  
9 because we'd have to be out of the building prior to then,  
10 sometime early, closer to 6:00 than 6:30. So if you could  
11 all be mindful of that.

12 I would like to give Mr. Garman as much time with the  
13 witness this afternoon as we can. It looks like we're  
14 probably going to have to stop around 6:00, just a little bit  
15 after 6:00.

16 So let's take a five-minute break, come back and do the  
17 15-minute examination by the AG, and keep moving so that we  
18 can get to Mr. Ciciliano's examination of the witness.

19 MS. FUCHS: Thank you, Your Honor.

20 MR. GARMAN: Thank you.

21 (A recess ensued from 4:27 p.m. to 4:33 p.m.)

22 THE COURT: Mr. Spray, are you ready?

23 THE WITNESS: (no response)

24 THE COURT: Mr. Spray, can you hear me?

25 THE WITNESS: (no response)

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1 MR. CICILIANO: Your Honor, I'm certainly welcome or  
2 willing to run down there. I just -- I know as soon as I do  
3 he'll come on.

4 THE COURT: He -- I see --

5 THE WITNESS: Your Honor, --

6 THE COURT: Are you back on?

7 THE WITNESS: -- are you looking for me?

8 THE COURT: Okay. Good. I know you can do it. Are  
9 you ready to continue?

10 MS. FUCHS: Back on the record, Your Honor?

11 THE COURT: Yes.

12 MS. FUCHS: Thank you. And for the record, I have  
13 tried as much as possible, and very cognizant of them wanting  
14 to do this expeditiously.

15 THE COURT: Thank you.

16 DIRECT EXAMINATION, RESUMED

17 BY MS. FUCHS:

18 Q So, to that effect, Mr. Spray, if you'll turn to Page  
19 362. I'm sorry, not Page 362. Exhibit 362.

20 A I'm there.

21 MS. FUCHS: And I'd like to move that 362 be  
22 admitted, please.

23 MR. CICILIANO: No objection.

24 THE COURT: NYAG 362 is in.

25 MS. FUCHS: Thank you, Your Honor.

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1 (New York Attorney General's Exhibit 362 is received into  
2 evidence.)

3 BY MS. FUCHS:

4 Q So, Mr. Spray, I'll just direct your attention to the  
5 email from you to Linda Crouch dated January 28, 2021. Do  
6 you see that?

7 A I do.

8 Q And Linda Crouch is the head of human resources, correct?

9 A Correct.

10 Q And you say, "Linda, Could you confirm how long I have  
11 medical and dental? I was having a difficult time hearing  
12 anyone but Wayne on the call."

13 Does that refresh your recollection that the call in  
14 question was, in fact, on January 28th?

15 A Yes.

16 Q Okay. Not a material difference. I just want us to be  
17 on the same page. So, on January 28th, you receive a call  
18 from Wayne LaPierre; is that correct?

19 A That's correct.

20 Q And also on the call were John Frazer, Vanessa Shahidi,  
21 Andrew Arulanandam, and Linda Crouch. Is that correct?

22 A Yes.

23 Q Anybody else on the call?

24 A Did you miss John Frazer? John was on the call as well.

25 Q John Frazer also on the call? Right. Vanessa Shahidi is

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1 the chief of staff, correct?

2 A Correct.

3 Q Andrew Arulanandam is the head of PR?

4 A Communications.

5 Q Communications? Linda Crouch, head of HR? And on that  
6 call, Wayne LaPierre informed you that the NRA was "going in  
7 a different direction," correct?

8 A Correct.

9 Q And by that, you understood him to mean that you were  
10 being terminated; is that correct?

11 A That I understood he wanted to, yes, go separate  
12 reactions.

13 Q You understood that you were being let go, correct?

14 A He -- what I understood was he -- just what he said, they  
15 want to go in a different direction.

16 Q Okay.

17 MS. FUCHS: Mr. Thompson, if you would please pull  
18 up Mr. Spray's transcript at 31. Well, actually, if you'd  
19 scroll up to 32. No, to 30. Scroll up. It's getting late.

20 BY MS. FUCHS:

21 Q At Line 21:

22 "Q That the decision to end your employment on  
23 January 28th or 29th was made by the NRA; is that  
24 correct?

25 "A That's correct.

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1 "Q You didn't make that decision on that day --

2 "A No, I didn't.

3 "Q -- for health reasons. Is that correct?

4 "A Absolutely not. No.

5 "Q And you testified that Wayne said that the NRA  
6 was going in a 'different direction;' is that  
7 correct?

8 "A Yes.

9 "Q And what did you understand him to mean by that?

10 "A That I was no longer a part of the  
11 organization."

12 Do you see that?

13 A I do.

14 Q And as of that day, your access to NRA email was shut  
15 off; is that correct?

16 A That's correct.

17 Q In fact, as of the end of the phone call, it was shut  
18 off. Is that right?

19 A I don't know exactly when it was shut off, but it was  
20 about that time, yes.

21 Q Okay. And your ability to access NRA's files remotely  
22 was shut off, correct?

23 A At some point in time, it was, yes.

24 Q Within a day or two?

25 A I didn't check, so I don't -- I don't know. Eventually,

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1 I was online doing other things and I noticed it then, the  
2 VPN was shut off.

3 Q Okay. Because you weren't trying to access the NRA's  
4 files remotely, --

5 A No, I --

6 Q -- correct?

7 A I had no -- no need to.

8 Q You had no need to? Because you were no longer the CFO?

9 A I just had no need to access any files, regardless.

10 Q Okay. And since then, someone at the NRA has cleared out  
11 all of your belongings from the Virginia office; is that  
12 right?

13 A I actually cleared out my belongings in November when I  
14 was there.

15 Q You -- but you still had belongings there after that,  
16 didn't you?

17 A Very little.

18 Q Didn't John Frazer have to send you a package?

19 A John didn't, but yes, I did receive some odds and ends in  
20 the office.

21 Q And you had some suits there that you donated?

22 A Correct.

23 Q And someone has picked up the car that was provided by  
24 the NRA; is that right?

25 A Last week. Yes.

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1 Q Okay. During the call, Mr. LaPierre told you that you  
2 would receive 18 months of severance; is that correct?

3 A Correct. He said he would honor my severance agreement.

4 Q And specifically that you would receive 18 months of  
5 severance?

6 A That's what the severance agreement states, yes.

7 Q Well, your employment agreement includes several  
8 different severance scenarios, doesn't it?

9 A He specifically said they would honor the 18 months of  
10 severance.

11 Q Got it. So, let's please turn to NYAG Exhibit 349.

12 MS. FUCHS: And I would like to move NYAG 349 into  
13 evidence, please.

14 MR. CICILIANO: No objection.

15 THE COURT: NYAG 349 is in.

16 MS. FUCHS: Thank you, Your Honor.

17 (New York Attorney General's Exhibit 349 is received into  
18 evidence.)

19 BY MS. FUCHS:

20 Q This is your employment agreement that was effective as  
21 of January 20 -- on January 28, 2021, correct?

22 A It appears to be.

23 Q And this was entered into on April 28, 2020, correct?

24 A Yes.

25 Q And I want to direct your attention to Section 3, which

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1 is titled Term and Termination. Do you see that?

2 A I do.

3 Q And at the bottom of Page 1, there is Section 3B, which  
4 is called, "Termination by the NRA Without Cause or by  
5 Employee for Good Cause." Do you see that?

6 A It actually says "or by Employee for Good Reason."

7 Q I'm sorry. For Good Reason. Thank you. And "Good  
8 Reason" is defined on the next page, correct?

9 A Yeah, I suppose. I can scroll back to it.

10 Q And this provision, Termination by the NRA Without Cause  
11 or by Employee for Good Reason, is the provision that  
12 provides for 18 months of severance, correct?

13 A Correct.

14 Q None of the other provisions provide for 18 months of  
15 severance, correct?

16 A Correct.

17 Q Now, has John Frazer ever told you that you would only be  
18 entitled to three months of severance?

19 A No. Specifically the opposite.

20 Q Okay. You'd asked John Frazer several times to put your  
21 severance terms in writing, correct?

22 A Well, I have the terms in writing right here in front of  
23 us. I was just wanting to confirm in writing that Wayne had  
24 verbally committed to honoring the 18 months. And I wanted  
25 to understand what base salary they were going to base that

1 on, because I took a voluntary pay reduction last year.

2 Q And have you gotten that written confirmation?

3 A I have not.

4 Q You've asked several times, correct?

5 A At least once; I believe twice.

6 Q Okay. Is it your understanding that you're still  
7 treasurer?

8 A Yes. I understand that the board actually will have to  
9 vote in a new treasurer prior to me officially being out of  
10 the position, so I continue in title, although I'm not  
11 performing that role right now.

12 Q Got it. You anticipated my question. You're not  
13 performing any of the duties of NRA's treasurer, are you?

14 A I've been performing the duties as it relates to  
15 transition to an interim treasurer. But in terms of taking  
16 on new projects or continuing existing long-term projects,  
17 I've not been pursuing those things.

18 Q And by transitioning, you mean things like changing  
19 signatures and names on accounts; is that correct?

20 A That's correct.

21 Q But you don't have charge of the books and -- books and  
22 records of the NRA, correct?

23 A No.

24 Q You're not reporting to the Finance Committee, correct?

25 A No.

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1 Q You don't have access to any of the accounts, correct?

2 A Correct.

3 Q You're not invited to board meetings?

4 A I wasn't invited the last two times anyway, so, yeah.

5 Correct.

6 Q You weren't invited to the January 27, 2021 board

7 meeting; is that correct?

8 A Correct.

9 Q If you would turn, please, to Exhibit 17, NYAG 17. A

10 MS. FUCHS: And I'd like to move NYAG 17 into

11 evidence, please.

12 MR. CICILIANO: No objection.

13 THE COURT: NYAG 17 --

14 MS. FUCHS: This is a text --

15 THE COURT: -- 17 is in.

16 (New York Attorney General's Exhibit 17 is received into

17 evidence.)

18 BY MS. FUCHS:

19 Q Mr. Spray, this is a text message between you and John

20 Frazer; is that correct?

21 A That's correct.

22 Q And we see that Mr. Frazer's response was on Monday,

23 March the 1st, but we don't see the date of your opening

24 text. But you say, "John, When they fire me today, can you

25 see if they will let me take my vacation as terminal leave

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1 before severance starts so that the vacation payout doesn't  
2 have to get caught up in the bankruptcy process?" Do you see  
3 that?

4 A I do.

5 Q And that was a reference to what you thought was going to  
6 be a board meeting where the board would fire you as  
7 treasurer; is that correct?

8 A Appoint the new -- the new treasurer, which would  
9 effectively fire me.

10 Q Right. And if you could please pull up NYAG 363.

11 MS. FUCHS: And I'd like to move NYAG 363 into  
12 evidence.)

13 MR. CICILIANO: No objection, with the exception of  
14 removing Mr. Spray's personal email address.

15 MS. FUCHS: Absolutely no objection to that, Your  
16 Honor.

17 THE COURT: 363, with that redaction, is in.

18 MS. FUCHS: Thank you.

19 (New York Attorney General's Exhibit 363 is received into  
20 evidence as specified.)

21 BY MS. FUCHS:

22 Q Mr. Spray, this is an email from you to John Frazer and  
23 Linda Crouch, copying William Brewer. Do you see that?

24 A I do.

25 Q And you -- and this is dated 3/14/2021. Do you see that?

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1 A Yes.

2 Q And you say, "Sounds like the board meeting is tomorrow.

3 I assume a vote on my firing is on the agenda." And that,

4 again, is a reference to a board meeting where the board

5 would take action to remove you as treasurer, correct?

6 A And put in a new treasurer, yes.

7 Q Well, that's not what it says, right? It says "my

8 firing," right?

9 A Right.

10 Q Okay.

11 A That's because I was only worried about one side of that

12 equation.

13 Q Got it. And I just want to direct your attention to the

14 second paragraph. "Additionally, as requested previously,

15 please provide something in writing concerning Wayne's verbal

16 commitment on January 29, 2021 that the NRA intends to honor

17 my 18-month severance agreement." Do you see that?

18 A Yes.

19 Q And that's an example of one of those occasions where you

20 wanted to get written confirmation, correct?

21 A Yes.

22 Q And the reference to January 29, 2021, you're just off by

23 a day, right? That's an unintentional --

24 A Correct.

25 Q Okay.

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1 A That's what happens when you're in the woods too much.

2 Q Understand. I think we saw that reference to shooting  
3 wolves.

4 You're aware that Sonya Rowling was appointed acting CFO,  
5 correct?

6 A I am.

7 Q You've had no contact with Sonya Rowling since you were  
8 terminated, correct?

9 A Since I negotiated my departure, no.

10 Q Since Wayne LaPierre called you and told you that the NRA  
11 was going in a different direction?

12 A Correct.

13 Q And you didn't provide Ms. Rowling with any transitional  
14 training for the CFO position, correct?

15 A I would have been delighted to do that.

16 Q But you didn't?

17 A But I didn't.

18 Q Because they didn't plan it out, right?

19 A I don't know why they didn't.

20 Q And you've had no contact with Mr. LaPierre since he  
21 terminated you; is that correct?

22 A I have had a call with Mr. LaPierre.

23 Q Okay. What was the circumstances of that call?

24 A He and Bill called me to set up logistics for -- I don't  
25 know if it was for a deposition or for this event -- but he

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1 was on speakerphone and just we had pleasantries.

2 Q Did he give you any instructions with respect your  
3 testimony?

4 A Absolutely not.

5 Q Okay. Thank you very much, Mr. Spray.

6 MS. FUCHS: I pass the witness.

7 THE WITNESS: Thank you.

8 THE COURT: Thank you, Counsel, for being efficient.

9 Let's switch over to Ackerman, and then we'll do Mr. Watson.  
10 Mr. Acosta?

11 CROSS-EXAMINATION

12 BY MR. ACOSTA:

13 Q Hello, Mr. Spray. Good afternoon. My name is Joe  
14 Acosta. I represent Ackerman McQueen. We've never met  
15 before. I'll try to get you through this as quickly as  
16 possible.

17 But you -- you mentioned one thing during examination  
18 earlier. You said, absent some significant event, there'd be  
19 no reason for the NRA to be in bankruptcy. Did I quote that  
20 correctly?

21 A No, I was -- well, you may have quoted it correctly, but  
22 I misspoke if that's what I said. I meant, absent some  
23 significant event, there wouldn't be any financial reason to  
24 file bankruptcy. So, a financial -- a significant financial  
25 event like revenue dried up or there was some huge

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1 expenditure that I wasn't aware of. The financials were in  
2 very good shape absent that.

3 Q But as of January 1, 2021, you didn't see any of that?  
4 You didn't see any sign of that, did you?

5 A No.

6 Q In fact, the NRA was going the opposite direction?

7 A We were doing very -- 2020 was a very good year for us.

8 Q Okay.

9 A Financially.

10 Q Okay. Now, let's talk a little bit about the treasurer's  
11 position.

12 Okay. Let me just pin that down a little bit more. From  
13 a financial perspective, would you have thought the company  
14 should have been in bankruptcy?

15 A No.

16 Q Okay. And that's as of January 1, 2021?

17 A That -- yes.

18 Q And that wouldn't have changed on January 15, 2021,  
19 either, would it?

20 A That's correct.

21 Q Okay. Let's talk a little bit about the treasurer's  
22 position. The treasurer of the NRA is the highest financial  
23 officer of the NRA? Is that a fair way to say it?

24 A Correct.

25 Q They're the ones that -- the person that holds the NRA

1 financially accountable?

2 A I think we're responsible for the financials. I think  
3 the board holds us accountable. And Wayne holds me  
4 accountable.

5 Q And that brings up a good point. You report directly to  
6 the board, don't you?

7 A I believe that that's the case, yes.

8 Q And why do you think that's the case, Mr. Spray?

9 A I just, as I sit here today, I don't have the bylaws in  
10 front of me, but I believe that I am elected by the board and  
11 I believe I effectively serve the board. But I do report to  
12 EVP.

13 Q And do you believe that an organization as large as the  
14 NRA, in having such a role, it was very important?

15 A Do I -- I'm sorry, I don't understand the question.

16 Q Having the role of the treasurer is so important?

17 A So important? It's -- it's a --

18 Q In an organization as large as the NRA, would having a  
19 strong financial person that reports to the board be an  
20 important thing?

21 A Yes.

22 Q Might even say it would be critical. Is that correct?

23 A I believe so.

24 Q Now, you were hired to change things around at the NRA.  
25 I think that's what you testified.

1 A Yes.

2 Q And do you -- you believe you cleaned up a lot of the --  
3 a lot of the things that your predecessors may have  
4 overlooked?

5 A I'm very proud of the job I did over the last two and a  
6 half years at the NRA.

7 Q And you were complimented by various people, officers and  
8 employees, on the job that you did; is that right?

9 A I -- yes, I've gotten compliments.

10 Q Okay. In fact, Mr. LaPierre complemented you when you  
11 left, or effectively left?

12 A Yes.

13 Q So, given the role of the treasurer as important and the  
14 measures that you took, in your opinion, wasn't filing  
15 bankruptcy without consulting you a mistake?

16 MR. CICILIANO: Objection; calls for speculation.  
17 Calls for a legal conclusion.

18 THE COURT: I think the witness may give his  
19 understanding, if he has one. He's certainly not qualified  
20 to give a legal conclusion. Overruled.

21 You may answer the question, sir.

22 THE WITNESS: In my opinion, I believe that, yes, I  
23 should have been brought into the loop and helped develop the  
24 plan and help understand why that was the right choice for  
25 the NRA and -- you know, but again, it wasn't a financial --

1 it wasn't driven by a financial need, and I cannot -- I just  
2 can't -- I can't, as I sit here, I can't tell you what anyone  
3 was thinking and why that choice was made. I just don't  
4 know.

5 BY MR. ACOSTA:

6 Q You were surprised by the bankruptcy, in fact, right?

7 A Yes, sir.

8 Q Okay. Now, you had mentioned before that people started  
9 keeping you out of the loop sometime in 2020?

10 A Yeah, I don't know -- if I said that, I didn't -- that's  
11 not what I meant to say. But I believe the key thing I was  
12 kept out of the loop on we've already touched on, which was  
13 the bankruptcy filing itself. There were other things that I  
14 was very much in the loop on. But overall, that was a pretty  
15 tough pill for me to swallow.

16 Q Okay. Well, did everyone tell you about trips that they  
17 were going to and expenses that they were incurring?

18 A Well, within the context of the travel policy and the  
19 reimbursement policy, they -- that wouldn't necessarily come  
20 to me. But organizationally, it would come through my -- my  
21 function to be paid. Depending on how much and who was the  
22 approval authority.

23 Q Okay.

24 MR. ACOSTA: Stephanie, can I pull up AMC Exhibit  
25 114, please? Can you scroll down to Page 51, please?

1 BY MR. ACOSTA:

2 Q And I think I'm at -- I think I'm at Line #2. The  
3 question was, "Apart from not being informed of the  
4 bankruptcy, are there other examples of you not getting  
5 information that you needed to do your job?" And your answer  
6 is, "I can't think of anything as I sit here right now. That  
7 was the top-of-mind issue for me. It's, you know, a pretty  
8 significant item."

9 MR. ACOSTA: Scroll down a little more. I think  
10 we've got a little more information. There we go.

11 BY MR. ACOSTA:

12 Q On -- starting on Line 12, it says, "Oh, I know, I mean,  
13 I just -- I don't mean minor items. I don't -- different  
14 things about, you know, trips being planned and canceled and  
15 people not letting me know."

16 Is that in reference to the trips where they were going  
17 to bring you in the loop?

18 A Correct.

19 Q Okay. Okay. But this kind of stuff made it difficult to  
20 manage cash flow, just these kinds of things where people  
21 didn't tell you. Is that accurate?

22 A Ultimately, not really, because, you know, I think my  
23 cash forecast was pretty much right on, regardless. We had  
24 the \$5 million in the trust account which was being drawn  
25 down for any of the additional costs. So that was accounted

1 for. And, frankly, you know, we were in such a good cash  
2 position that it wasn't like it was causing any type of, you  
3 know, issues with banks or covenants or anything like that.  
4 So, you know, I think, you know, part of this was just I  
5 thought was professionally embarrassing and I thought it was  
6 not something -- I thought it was a lack of trust that I  
7 didn't deserve, was probably the bigger issue for me to get  
8 past than the actual practicalities of the cash flow.

9 Q Fair enough.

10 MR. ACOSTA: Stephanie, can you put back -- pull up  
11 the deposition again? Exhibit #114. And if you can go to  
12 Page 55, starting at Line 9. So, no, hold up. Scroll back  
13 up, please.

14 BY MR. ACOSTA:

15 Q Here, you say, "And I was going to be brought into the  
16 loop, and it was just very difficult not knowing what was  
17 going on." And then the last sentence says, "Difficult for  
18 me to put a strategy together to support whatever was going  
19 on, not knowing what was going on."

20 So, it did make your job more difficult when people  
21 didn't bring you in the loop?

22 MR. CICILIANO: I would just object to -- I would  
23 object to the fact it's a partial reading of the answer.

24 MR. ACOSTA: You can answer the question. Oh, I'm  
25 sorry.

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1 THE WITNESS: Yeah, I mean, --

2 MR. ACOSTA: Wait for the question.

3 THE WITNESS: Sorry.

4 THE COURT: Overruled.

5 THE WITNESS: I apologize.

6 THE COURT: Go ahead. Answer the question.

7 THE WITNESS: So, from my perspective, cash  
8 forecasts are challenging in the best of circumstances, and  
9 when you -- if you -- even if you had perfect information,  
10 which you never have, it would be difficult to manage cash.  
11 It's just the nature of the beast.

12 But in this case, what we haven't talked about was there  
13 was -- there was additional cash that was requested that we  
14 move \$10 million into another bank account, and I was moving  
15 these dollars around, I was feeling uneasy about it. I  
16 didn't believe there was anything wrong with it, but, you  
17 know, the way I set up our controls around cash, I can't go  
18 move cash, I don't want to have the ability to move cash by  
19 myself, which means I have to bring along other members of my  
20 staff to do that and need to provide an explanation to them  
21 that was logical, because they were concerned about being  
22 party to transferring cash.

23 And so this is what I was referring to in that particular  
24 instance. Just not knowing what's going on makes it  
25 different from a leadership perspective, makes it difficult

1 from, you know, certainly, cash management perspective, but  
2 it just, again, it was more of a lack of trust that was the  
3 biggest issue that I just didn't -- I just didn't understand.  
4 I still don't understand to this day.

5 MR. ACOSTA: And I'm sorry, Stephanie. I told you  
6 to put the deposition down. Can you go back to the same  
7 page? Can you scroll down, please? Right there. There we  
8 go.

9 BY MR. ACOSTA:

10 Q And because you aren't receiving -- Line 19. "Because  
11 you aren't receiving the information, it's fair to say that  
12 it was difficult to manage cash flow?" "Well, it made my job  
13 more difficult along many lines, even stopping all the rumors  
14 with staff."

15 That was actually probably the quote that I needed.

16 MR. ACOSTA: And keep on scrolling down. Okay.  
17 Here we go.

18 BY MR. ACOSTA:

19 Q Starting on Line 5. "Were you able to kind of make a  
20 forecast that you would usually make on a timely basis?"  
21 "Well, I made them. Whether or not they were accurate or  
22 correct is a different question, given that, you know, it's a  
23 windshield you're looking at and you're trying to predict the  
24 future, but if you don't know things that the rest of the  
25 organization knows, it's, you know, I mean, it's -- it's

1 challenging, to say the least. Challenging to say it's  
2 accurate or not accurate."

3 So it did make it difficult when you didn't get timely  
4 information from top management, did it not? To discharge  
5 your duties?

6 A The better information you have, the better is your cash  
7 forecasting. There's no doubt about that.

8 Q Okay. And then I believe you mentioned -- we talked a  
9 lot about the 990, but one question I'm curious. The 990  
10 discloses a -- certain excess benefits that officers and  
11 directors receive? Are you aware of that? The nine --

12 A Yes.

13 Q The 2019 990?

14 A Yes.

15 Q Okay. And if you were an officer that you had to  
16 disclose that you received \$300,000 in that particular year,  
17 would you have signed that 990?

18 A I think the exactly-right guy signed it, given it was a  
19 self-reporting situation, self-correcting. It's much better  
20 than it be viewed as me somehow reporting on Wayne. I don't  
21 think that would have been appropriate.

22 MR. ACOSTA: Objection, Your Honor. Nonresponsive.  
23 Move to strike.

24 THE COURT: Overruled.

25 BY MR. ACOSTA:

1 Q My question, Mr. Spray, is, if the 990 had disclosed, in  
2 a hypothetical world, that you were the one who had received  
3 \$300,000 in excess benefits, would you have signed the 990 on  
4 behalf of the NRA?

5 A I think I would have.

6 Q Okay. Fair enough. Now, I think we went over the NRA  
7 has no problems paying its debts, normal trade debts?

8 A With the exception of some of our invoices that are in  
9 litigation.

10 Q Okay. Let's talk about one of them.

11 MR. ACOSTA: Can you please pull up AMC Exhibit #83,  
12 please, Stephanie?

13 BY MR. ACOSTA:

14 Q Did you see this invoice?

15 A I -- January 14th? I don't know if I have or not.

16 Q Okay.

17 A It should be --

18 MR. ACOSTA: Could you scroll down --

19 BY MR. ACOSTA:

20 Q Sorry. Go ahead.

21 A I'll say, my -- if I had, I would sign off on it. So I  
22 -- this doesn't appear to be one I've reviewed.

23 Q How long does it take to review an invoice like this, let  
24 me ask?

25 A It's -- it's actually a fairly arduous process because of

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1 the different issues, some of which -- you know, when a  
2 Brewer invoice comes in, sometimes it's issues that involve  
3 John Frazer or Wayne LaPierre, in which case we have  
4 different processes for review and approval. But as you've  
5 seen, these invoices are extremely detailed, and they do take  
6 quite a bit of time to go through.

7 And there's exceptions to that, obviously. Sometimes  
8 things are expedited. Sometimes they're not. But overall,  
9 it does take some time to review the Brewer invoices.

10 Q Fair enough.

11 MR. ACOSTA: Stephanie, can you please scroll down?

12 BY MR. ACOSTA:

13 Q And this invoice is for \$1.2 million total. Is that  
14 fair? Do you see that?

15 A That's what it says. Yes, sir.

16 Q Okay.

17 MR. ACOSTA: And please scroll down, Stephanie.  
18 Keep on going until you get to Page 5, if you don't mind.  
19 Okay. There it is.

20 BY MR. ACOSTA:

21 Q From Mike McCormick at 3:51 p.m. He asked Mr. Frazer to  
22 take a look at the invoices. Do you see that?

23 A Yes.

24 Q Okay.

25 MR. ACOSTA: Now, Stephanie, can you please scroll

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1 up? No. Keep on going. Right there.

2 BY MR. ACOSTA:

3 Q By 11:26 p.m. -- or, no, I'm sorry, by -- my eyesight is  
4 horrible. Can you --

5 A I'm sorry. Can you -- can somebody blow that up? I have  
6 no chance of reading that.

7 Q Yeah.

8 MR. ACOSTA: Yeah. Please.

9 BY MR. ACOSTA:

10 Q By 8:11, that invoice is approved by Carolyn Meadows. Do  
11 you see that?

12 A Yeah, I do see that.

13 Q And by 7:34 it was approved by Mr. Willes, 7:45, and then  
14 Mr. Cotton at 7:34.

15 MR. ACOSTA: Scroll down, Stephanie, please. No,  
16 no, I'm sorry, back up.

17 BY MR. ACOSTA:

18 Q Okay. There's Mr. Willes' approval. There's Ms.  
19 Meadows'. And then right there is Mr. LaPierre's approval.  
20 So, in a matter of four hours, you can get an invoice  
21 approved of that magnitude?

22 A I don't -- I don't know. I wasn't involved in this  
23 approval process.

24 Q Okay. Fair enough. Can you please put up Journey  
25 Exhibit #12, please?

1 I'm assuming that -- while you do that, I'll continue to  
2 ask you questions. I'm assuming, when you were treasurer,  
3 that you often talked to vendors.

4 A I did talk to the vendors as part of my normal course of  
5 business, yes.

6 Q And sometimes you have those -- vendors have to do  
7 something to their invoice to justify what they got paid,  
8 right?

9 A If there's questions on an invoice, then they will need  
10 to answer those, provide appropriate backup, prior to --  
11 prior to paying.

12 Q And you also said that you implemented a lot of reforms  
13 for paying vendors; is that right? Am I accurate in saying  
14 that?

15 A I can't read that, what's up on the screen. Is that  
16 something I can access on --

17 Q I should -- I should lay the predicate before I should  
18 have put it up there, so I'm sorry about that. You don't  
19 have to read it now. Let me -- let me lay the predicate  
20 first. And so you would have to work with vendors to get an  
21 invoice correct or validated before you paid it. Is that  
22 right?

23 A Correct.

24 Q Do you recall working with Ackerman McQueen's personnel  
25 about validating their invoices?

1 A I'm sorry, but I want my daughter's name redacted off  
2 this.

3 Q I -- I believe it. I will -- I will absolutely redact  
4 anything like --

5 A I'm having trouble focusing on the question right now.  
6 This is upsetting to me.

7 Q Okay. Take it down. What was your impression of the  
8 relationship with Ackerman McQueen?

9 A I'm sorry, can you --

10 Q I didn't mean to offend you, Mr. Spray.

11 A Can you repeat the question?

12 Q What was -- what was the -- what was your impression of  
13 the relationship with Ackerman McQueen while you were  
14 treasurer?

15 A I worked very hard at that relationship. Ackerman  
16 McQueen was our largest and one of our most important  
17 vendors, and I was very engaged in trying to develop a good  
18 relationship with them.

19 Q Okay. And so would you say you had a good impression of  
20 the personnel that worked with you in trying to get invoices  
21 paid?

22 A I think I had -- I actually enjoyed most of the Ackerman  
23 McQueen team very much and respected them and liked them.

24 Q Fair enough. You're making my job a lot easier, Mr.  
25 Spray. I don't have to pull up exhibits anymore.

1 Mr. Spray, are you familiar with a person named Millie  
2 Hallow?

3 A I am.

4 Q Are you familiar whether she had an incident at the NRA  
5 that was -- probably would have been an infraction of human  
6 resources policy?

7 A I know of a disclosure in a 990 that related to Millie  
8 Hallow, if that's what you're referring to.

9 Q She took \$40,000 and diverted it for her son's wedding  
10 and other personal purposes?

11 A I don't know all the detail behind it. It's disclosed in  
12 the 990. And I believe it was paid back in full with  
13 interest.

14 Q And you -- do you think that it's okay she still works at  
15 the NRA?

16 A That's a decision above my pay grade.

17 Q Okay. Let's talk about Sonya Rowling real quick. You  
18 said you haven't worked with her in the transition yet. Is  
19 that right?

20 A That's correct.

21 Q Okay. And I believe, when you were hired at the NRA, you  
22 got the opportunity to work with Woody Phillips?

23 A I know Woody Phillips, yes.

24 Q So, but he was the treasurer at the time that you were  
25 hired?

1 A That's correct.

2 Q And you were hired as the CFO?

3 A Correct.

4 Q And that was underneath Mr. Woody Phillips?

5 A Correct.

6 Q Did he help you transition into the position of  
7 treasurer?

8 A Woody wasn't around the office very much. However, on  
9 the occasion when I did call Mr. Phillips, he was very  
10 helpful, yes.

11 Q Okay. And do you think you could have been helpful,  
12 helpful to Ms. Rowling in transitioning to her role?

13 A I believe so.

14 Q Now, Mr. LaPierre asked you who should take over your  
15 role when you left, didn't he?

16 A He asked me for recommendations, yes.

17 Q And you went outside your existing pool of accountants in  
18 the treasury department in response, did you?

19 A No, I actually had been talking to a gentleman for about  
20 a year, trying to recruit somebody to my position.  
21 Unfortunately, he, as I was getting closer to -- started  
22 thinking about leaving, he -- I talked to him and he declined  
23 to throw his name in the hat. So when Mr. LaPierre asked me,  
24 I said I unfortunately didn't have an external candidate  
25 ready to go. So that was that conversation.

1 Q Now, you think Sonya Rowling is a good accountant, don't  
2 you?

3 A I think very highly of Sonya.

4 Q Yeah. But you don't -- you didn't -- you don't think that  
5 she would -- you haven't seen that she -- at the time you  
6 were asked, you hadn't seen that she demonstrated the role --  
7 the qualities that you would look for as the treasurer?

8 A As the number one finance person, I think there's other  
9 qualifications besides accounting ability that are important.  
10 My hope is that Sonya has risen to that occasion. I just  
11 haven't been there to know.

12 MR. ACOSTA: I'm going to call back AMC Exhibit 114.  
13 And go to Page 61, Stephanie, if you don't mind.

14 BY MR. ACOSTA:

15 Q Okay. I think you're going to have to go up, up to 60 if  
16 you want to get a full context.

17 MR. ACOSTA: Can you please scroll up to 60? A  
18 little higher, please. Okay. Right there.

19 BY MR. ACOSTA:

20 Q (reading) "Do you feel" -- okay. "Did you recommend  
21 Sonya Rowling as acting CFO?" Answer, "No." "Do you feel  
22 she's ready to take on the role of CFO?"

23 MR. ACOSTA: You can move that.

24 BY MR. ACOSTA:

25 Q (reading) "I think, given the circumstances" -- that's

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1 not -- I just wanted to get -- make everyone sure that we're  
2 talking about Sonya Rowling.

3 MR. ACOSTA: Scroll down, please. Okay.

4 BY MR. ACOSTA:

5 Q (reading) "So you don't feel Ms. Rowling would be a  
6 suitable permanent CFO; is that fair?" "Well, prior to my  
7 departure, I would say she didn't necessarily display the  
8 characteristics that I would be looking for. I can't speak  
9 to how she may have stepped up in my absence. I hope it's  
10 exactly what she does."

11 MR. ACOSTA: Scroll down more. Line 14.

12 BY MR. ACOSTA:

13 Q "What were the qualities that she didn't display prior to  
14 your departure?" And the last sentence says, "I didn't" --  
15 well, the second sentence, third sentence says, "So, in terms  
16 of driving business strategy, in terms of driving analysis  
17 and meeting with teams to complete those analyses, I didn't  
18 see anything in those areas. And I personally believe that  
19 is, you know, critical in terms of CFO/Treasurer."

20 So, we don't know whether she has those qualities or not.  
21 Right?

22 A Correct.

23 Q You just didn't see them?

24 A Correct.

25 Q Okay. Thank you very much, Mr. Spray. I think -- I

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1 think that's all I have right now.

2 THE COURT: Mr. Acosta?

3 THE WITNESS: Thank you.

4 THE COURT: Mr. Acosta, thank you for doing that  
5 efficiently.

6 Mr. Watson?

7 MR. WATSON: Your Honor, Judge Journey -- we've  
8 decided to pass the witness, subject to recall after Mr.  
9 Ciciliano's direct.

10 THE COURT: Okay. Mr. Ciciliano?

11 MR. CICILIANO: Thank you, Your Honor.

12 CROSS-EXAMINATION

13 BY MR. CICILIANO:

14 Q Mr. Spray, prior to January 15, 2021, did you have an  
15 understanding whether the NRA was investigating issues  
16 surrounding bankruptcy?

17 A I had a conversation, which is what precipitated the --  
18 the legal trust, and in that conversation I was told or I  
19 understood that we may engage a firm that has bankruptcy as  
20 one of its main areas of expertise. And my concern with that  
21 was that, when they invoiced us, that there'd be a false --  
22 that would create a false concern with my staff when they  
23 Googled the name and it would create this false emergency,  
24 because I didn't believe that we would ever file bankruptcy,  
25 given the conditions of the financials.

1 Q Now, when you testified as to the condition of the  
2 financial reasons, did you consider whether or not  
3 dissolution -- or, did you consider -- well, pardon me.  
4 Would the dissolution of the NRA impact the finances of the  
5 NRA?

6 A It would devastate the finances of the NRA.

7 Q And how would removing Mr. LaPierre as -- from the  
8 organization impact the finances of the NRA?

9 A What I have witnessed is that Mr. LaPierre is critical to  
10 fundraising at the NRA. And whether it's membership  
11 workstream or through donations or even for the Foundation,  
12 Mr. LaPierre is the absolute critical person to be engaged in  
13 that, and I just think that would be -- that would be a real  
14 problem.

15 Q When you began at the NRA, how long did you plan on being  
16 there?

17 A This was never meant to be a long-term role. In fact, I  
18 even communicated that during the interview process.  
19 Somewhere around three years would -- was what I was  
20 targeting.

21 Q And, in fact, you started in March of 2018, from your  
22 prior testimony. Is that right?

23 A Correct.

24 Q And I believe Mr. Acosta had asked you a question about  
25 whether or not you had already been searching for a

1 replacement a year or so before you left. Is that right?

2 A Correct.

3 Q Okay. And what was your goal when you joined the NRA?

4 A Well, I didn't know about a lot of the financial or  
5 control issues when I joined the NRA. So, initially, it just  
6 seemed like something very interesting, something very  
7 different. I like to learn new things. I thought it would  
8 be interesting and engaging.

9 After arriving at the NRA and realizing some of the  
10 challenges that we faced, my goals changed and they became  
11 much more serious. I had a personal goal of turning around  
12 the financial picture of the NRA, as well as introducing a  
13 control environment and seeding that control environment so  
14 that we could have future success.

15 And so I felt like, you know, the last two and half,  
16 three years, with some of my health issues, et cetera, I feel  
17 like I have accomplished those things. Are they perfect?  
18 Absolutely not. But the team has really developed and, you  
19 know, I just thought it was -- it was time. And Wayne and I  
20 have had -- I've kept Wayne very informed of my health. I've  
21 kept Wayne very informed of my timelines. And we've had very  
22 open dialog about this continuously over the last couple  
23 years.

24 So, you know, while the time, the date chosen by the NRA  
25 was certainly not the date I would have chosen, I would like

1 to have seen audited financials come through, I would have  
2 liked to have gotten 2020 wrapped up and presented and kind  
3 of taken a victory lap, but nevertheless, it -- it wasn't --  
4 you know, it wasn't my choice on those dates, but I think  
5 that the, you know, the discussion was probably a good  
6 discussion.

7 Q Did your health play an impact in how long you were going  
8 to stay at the NRA?

9 A I think -- I think it's definitely something Wayne thinks  
10 about, because every conversation we had, he'd always ask  
11 about keeping me safe from COVID and those kinds of things,  
12 knowing, you know, some of my preexisting conditions. And  
13 then, from my perspective, you know, we talk about a very  
14 serious health issue. In '18, it was -- it was as serious as  
15 you can get. And I'm very fortunate to be here, and I think  
16 that does change some of your work-life balance priorities,  
17 and that's -- that definitely played in -- that plays into  
18 everything in my thought process.

19 Q And is it correct you testified earlier -- it got chopped  
20 on my side -- but at the time you took the position at the  
21 NRA, you had the financial independence that you didn't need  
22 the job?

23 A That's correct. I'd already retired and -- and didn't --  
24 I didn't need to have it, no.

25 Q Okay. When did you move to Michigan?

1 A We established residency in August. But we were still  
2 actually paying rent in -- both Pennsylvania and D.C., I had  
3 an apartment.

4 Q August of what year?

5 A August of 2020.

6 Q And, in fact, prior to paying rent -- well, prior to  
7 paying rent in Pennsylvania, did you own a house there?

8 A Yes.

9 Q And when did you sell that house?

10 A I sold the house, be fall of '18.

11 Q After your heart attack?

12 A Correct. I -- it was a big house, and it was one of  
13 those things I just felt like I could let go of and reduce  
14 some physical workload and not have to worry about that.

15 Q And after you moved to Michigan, how frequently would you  
16 travel to Northern Virginia?

17 A Well, again, that was just in August. So I would travel  
18 to Virginia, certainly, whenever needed. Most recently was,  
19 again, that November trip, and I -- that's when I moved out  
20 of my apartment and I moved, for the most part, out of my  
21 office.

22 Q Now, in November, when you moved out of your apartment  
23 and moved out of your office, did Mr. LaPierre see you do  
24 that?

25 A Yes. Mr. LaPierre met me in my office one day, and it

1 was obvious. I'd, you know, taken pictures of my kids down  
2 and that sort of thing. And we had a very good, candid  
3 conversation about -- about timing and how much longer I had.  
4 And my first commitment was to get through the election in  
5 November. So I felt like I'd made that commitment, and I was  
6 going to stick to that. So we were past there, so he was,  
7 you know, naturally curious about my thoughts from there.  
8 And he was actually there with Mr. Brewer, and it was asked  
9 by one of them if I could stick with them another six months,  
10 and I -- I said I could -- I could do that, with the caveat  
11 that I was brought into the loop and I knew what was going  
12 on. And that's when we set up yet another meeting to do just  
13 that, but that never happened.

14 Q And so that was in November of 2020; is that right?

15 A Yes, sir.

16 Q And at the time -- and sorry, sorry to jump around, but  
17 I'm trying to streamline it. If you get confused as to what  
18 time period I'm talking about, please ask. But at the time  
19 you joined the NRA, what was the status of its banking  
20 relationships?

21 A Well, even prior to showing up the first day, I was  
22 dialing into banking meetings, and it was very obvious to me  
23 that the banks were giving every sell signal that they could,  
24 and the staff seemed very positive that they weren't going to  
25 abandon us. I felt just the opposite. I felt like, you

1 know, that relationship was -- was not going to work out  
2 long-term.

3 So I didn't know exactly what the catalyst was for their  
4 angst, but it was definitely a tenuous relationship that I  
5 felt like was unraveling fast.

6 Q And --

7 A On the insurance side, -- I'm sorry?

8 Q Yeah. On the banking side, did you work to resolve those  
9 issues?

10 A Yeah. That was one of my immediate kind of stopgap  
11 initiatives, was to get us what I felt would be better and  
12 more enthusiastic banking support. And it's nontrivial, when  
13 you put those out to bid and you have move accounts and get  
14 your loans renegotiated and moved and -- it was a nontrivial  
15 evolution, so it did take some time. But yeah, that was a  
16 focus point, because, without banking, I wouldn't be able to  
17 receive cash from members or donors and pay bills and -- so  
18 just the basics of existence of a corporation were, I felt,  
19 at risk without -- without changing those banking  
20 relationships.

21 Q And at the time you joined the NRA, how was the NRA's  
22 relationship with insurance companies?

23

24 A This was another one that was -- it was a problem then,  
25 and it's gotten worse, and it was a problem as of January

1 28th. And I expect it to continue to be a problem.  
2 Insurance at any price was becoming very difficult to get,  
3 specifically around the D&O lines. And, you know,  
4 effectively, it's -- you know, there's more than one way to  
5 kill an organization, and certainly no D&O insurance, the  
6 leadership just can't afford to serve. And that was my  
7 concern. And so we -- we continued to put strategies  
8 together to mitigate that, but that was a real -- a real  
9 challenge.

10 Q And are you familiar with the fact that the NRA has sued  
11 the State of New York over allegations that it had contacted  
12 insurance companies --

13 MS. FUCHS: Your Honor, objection. Leading.

14 THE COURT: I'll permit the --

15 MR. CICILIANO: Your Honor, --

16 THE COURT: -- witness to answer. I overrule.

17 You may answer the question, sir. Are you familiar with  
18 --

19 BY MR. CICILIANO:

20 Q Are you aware of the fact that -- yeah. Sorry. Are you  
21 aware of the fact that the NRA has sued the State of New York  
22 over alleged interference with its banking and insurance  
23 relationships?

24 A I am aware of that. However, I work very hard to not get  
25 caught up in the quagmire of these things, and I really kept

1 my focus in my tenure as a go-forward in how to fix and  
2 improve things in the present and the future. So I didn't  
3 spend a lot of time. However, you know, I sat in on meetings  
4 and so I do know tangentially some of those -- some of those  
5 issues.

6 Q Now, when you started at the NRA, how would you describe  
7 its internal controls?

8 A I think they definitely needed improvement. There were  
9 processes in some cases defined but not followed, or not  
10 followed consistently. And so there were -- there were a lot  
11 of areas that we needed to really jump into. And really, I  
12 felt like it was a cultural challenge that we needed to  
13 address, which can be more difficult and more -- more time-  
14 intensive than even getting policy written and then  
15 disseminated. So there was a lot of work to do on  
16 compliance.

17 Q Did Mr. LaPierre support your proposed changes to  
18 compliance?

19 A Yes. I don't think very -- we were very successful in  
20 implementing change, and I can't see anything of that  
21 magnitude happening if Mr. LaPierre wasn't supporting it.  
22 Not just in front of me, but publicly and then behind closed  
23 doors, if he was, you know, kind of rolling his eyes at the  
24 thought of improved compliance or whatever, there's no way I  
25 would have been able to accomplish what -- what I -- what the

1 team accomplished.

2 And so he was very supportive to me, both in person and  
3 in action in front of me, but even more importantly, I felt  
4 supported on those areas when he -- when I wasn't in the  
5 room.

6 Q And you said that the -- what changes were implemented?

7 A Well, there's -- there's so many. You know, from  
8 educating the staff on compliance and process and approval  
9 levels, to making sure that suppliers understood requirements  
10 for payment, whether it's backup or an approved contract.  
11 Making sure our contracts were written appropriately, with  
12 appropriately -- appropriate escape clauses and lengths of  
13 time. And we had this issue where we were doing these  
14 evergreen contracts, which just re-up annually every year  
15 with no activity, that was turning a lot of what should have  
16 been variable costs into fixed costs, and we had to eliminate  
17 those or renegotiate those.

18 So there were so many -- it was a target-rich  
19 environment, and the team really responded. I'm very proud  
20 of what the team did.

21 I think the biggest thing, though, is cultural, and  
22 that's one of the more challenging areas. And, you know, we  
23 worked really hard on that area as well. You know, we  
24 already brought up today the testimony around the "Wayne  
25 said" kind of culture. There was, you know, sometimes a

1 group of people who would get direction from Wayne and then  
2 they would propagate that to the rest of the team. It proved  
3 problematic because they didn't always interpret Wayne's  
4 direction, or put a twist in it, and so we find out, you  
5 know, the team's moving in a direction, we weren't moving in  
6 lock-stop.

7 But, you know, those cultural things were addressed in a  
8 variety of ways, through mass training events to Wayne  
9 starting staff meetings regularly and made sure that they  
10 understood his priorities.

11 So that's why, you know, in my email you saw I was so  
12 strong, I was probably unfair or unkind to John's staff, but  
13 I view the general counsel as a partner to compliance, a  
14 strong partner, and I wanted to make it very clear I wasn't  
15 going to tolerate him and his staff kind of moving off that  
16 vision that we had laid out.

17 And so, you know, in retrospect, when I read that, I'm,  
18 you know, a little bit embarrassed at how aggressive I was,  
19 but it was coming from the right place. It was trying to  
20 make sure we didn't backslide with these initiatives. And  
21 so, you know, those are -- those are many of the changes.  
22 I'm sure we can sit and talk about them all day in a  
23 different forum.

24 Q With respect to the email you'd sent to Mr. Frazer, was  
25 that an aberration at that point in time?

1 A I think you'll find a pretty aggressive --

2 MS. FUCHS: Objection, Your Honor. Vague.

3 THE COURT: Sustained. Do you want to restate your  
4 question?

5 MR. CICILIANO: And I can -- I can move on.

6 BY MR. CICILIANO:

7 Q As CFO and treasurer, did you make financial changes to  
8 the -- to the Association?

9 A Well, again, I hate to say I made them. I certainly  
10 didn't do anything without the support of the team. But, you  
11 know, overall, we took, net of this significant increase in  
12 legal costs, we took -- I haven't seen the final audited  
13 numbers in 2020, but I would say over a hundred million  
14 dollars per year of costs out of the cost structure. And we  
15 were aggressively moving into the variable costs and the  
16 channel margins on the revenue streams and had significant  
17 improvements for those areas teed up as well.

18 So, there were -- there were very significant financial  
19 improvements. And the nice thing about it was we did it  
20 without significantly or materially impacting the services  
21 provided by the NRA. So the critical services, the core  
22 services to members, we didn't negatively affect. We just  
23 got more efficient. We did more with less. We brought  
24 things internal, or we outsourced. We competitively bid  
25 things. Or we dropped, if they had low cost-benefit, or low

1 benefit-to-cost ratios, we would -- we would truncate  
2 different services.

3       So, you know, in the end, the team really did a nice job.  
4 I put the organization through a lot of change in a short  
5 amount of time, and, you know, I got -- commented earlier  
6 about organizational exhaustion. I do think there was some  
7 of that with my leadership. I was pushing. I was pushing  
8 hard. And I think, you know, people were probably ready to  
9 move into a little calmer environment.

10 Q   And do you know if auditors had looked at the NRA's  
11 internal controls at any time?

12 A   I believe I specifically requested them to do that, and I  
13 may be -- I'm sure there's something in the record. But if I  
14 recall, they presented in the Audit Committee on looking at  
15 those exact items. So I believe that they did. I believe  
16 strongly they did.

17       I don't want to sit here and off the top of my head tell  
18 you exactly what they said. But, yes, it's my recollection  
19 that that's the case.

20 Q   And which auditors were those?

21 A   That was the new -- the new auditor, Aronson, I asked to  
22 look at that. And I asked RSM to look at that, too, prior to  
23 that.

24 Q   And did Aronson ask you questions about the internal  
25 controls at the NRA?

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1 A I don't -- I don't want to start to tax my memory. I  
2 believe it was mainly more of an audit internally of the  
3 processes, but I did ask them to look at certain specific  
4 things, like the -- I know I asked RSM to look at the Amex  
5 process and some things of that nature, just to help me with,  
6 organizationally, effecting change. It's helpful if you have  
7 an auditor, you know, supporting your recommendations to the  
8 organization and things of that nature.

9 Q Speaking of Aronson, you were asked questions regarding  
10 their retention pursuant to the 990. Did you ever ask  
11 Aronson why or whether they were going to sign the 990?

12 A They told -- they told me they weren't going to. They  
13 met with us in I want to say August, maybe September, fairly  
14 early, and they took us through why they weren't going to --  
15 they told me they weren't going to sign it, which initially I  
16 wasn't very happy about. Then they went through their logic  
17 and --

18 MS. FUCHS: Your Honor, this is --

19 A VOICE: Your Honor, objection.

20 MS. FUCHS: This is hearsay.

21 THE COURT: Sustained.

22 MS. FUCHS: Move to strike.

23 THE COURT: Sustained.

24 BY MR. CICILIANO:

25 Q Mr. Spray, were you personally concerned with the fact

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1 that Aronson was not signing the 990?

2 A Initially, yes.

3 Q Okay. Did you come to believe that they were not signing  
4 it because it was inaccurate?

5 A Absolutely not. I would really have been concerned then.

6 Q What was your understanding of why they weren't going to  
7 sign it?

8 A If you read the verbiage, and I don't have it in front of  
9 me, but it says something along the lines of --

10 MS. FUCHS: Your Honor? Your Honor, I object again.

11 This is calling for testimony --

12 THE COURT: I'd like --

13 MS. FUCHS: -- based on hearsay.

14 THE COURT: I think -- we'll carry that. I want to  
15 hear what the answer is first.

16 Go ahead and finish your answer, sir.

17 THE WITNESS: The certification was that they had  
18 prepared the 990. And we had moved into a new system which  
19 allowed us to actually prepare that ourselves and then they  
20 would review it and audit it.

21 THE COURT: What is the purpose --

22 THE WITNESS: So the verbiage didn't line up with  
23 their role. I'm sorry, sir. I interrupted you.

24 THE COURT: And I stepped on your answer. What's  
25 the verbiage that you're talking about? In what?

1 THE WITNESS: The verbiage at the -- where they  
2 certify the 990, where they didn't sign.

3 THE COURT: Okay. Thank you very much.

4 I sustain the objection.

5 A VOICE: Your Honor, for the record, I'd move to  
6 strike his answer --

7 THE COURT: Same.

8 A VOICE: -- as well. I think that's --

9 THE COURT: Same ruling.

10 MR. CICILIANO: Your Honor, and I just want to be  
11 clear on what part -- if they're going to strike that, I  
12 think it's -- and how far they're going to go, and then I  
13 think you would have to strike the testimony they elicited  
14 that they didn't sign the 990, because he's explaining why  
15 they didn't sign it.

16 THE COURT: Well, I sustained the objection to the  
17 question that's pending. All right.

18 MR. CICILIANO: Perfect. I appreciate that, Your  
19 Honor.

20 THE COURT: You're welcome.

21 BY MR. CICILIANO:

22 Q Mr. Spray, are you familiar with the NRA's conflict of  
23 interest policy?

24 A I am.

25 Q And how did the implementation of that conflict of

1 interest policy change in the time you were at the NRA?

2 A Well, this -- you're getting into more of John Frazer's  
3 specific area in terms of how he -- how he managed  
4 disclosures. But when I arrived, the disclosure process was  
5 not nearly as robust as what I would have expected. And over  
6 the next couple of years, John worked very hard to improve  
7 that, to the point where we had significant numbers of  
8 nonresponses or incomplete responses to -- by the end of last  
9 year, we had, I think, all but one board member had adhered  
10 to the policy in terms of disclosures.

11 Q With respect to the compliance changes, did the NRA  
12 review its agreements with vendors?

13 A Yes.

14 Q And upon joining the -- or, upon your joining the NRA,  
15 was the NRA receiving all of the backup for expenses being  
16 paid to third parties?

17 MS. FUCHS: Your Honor, lack of foundation and  
18 vague.

19 THE COURT: Overruled.

20 You may answer the question, sir.

21 THE WITNESS: No, they were not receiving what I  
22 would consider the appropriate backup in all cases.

23 BY MR. CICILIANO:

24 Q And is there any significant cases in which they weren't  
25 receiving backup?

1 A There were -- there were several. Since I just spoke to  
2 the Ackerman McQueen guys, they're top of mind, but we didn't  
3 receive all the backup to those invoices. And I believe that  
4 some of them have still been requested to this day.

5 Q Did you have concerns with the documentation that had  
6 been provided by Ackerman McQueen?

7 A You know, from the fall of '18, when we reestablished our  
8 processes, until this -- that -- that relationship going into  
9 litigation in -- and was a very short amount of time, so I  
10 really -- I really don't have a lot of information around  
11 specifics in that area. So I -- you know, the record is what  
12 it is. You can see what the backup is. It's in file or not.  
13 I would -- I would -- let's say we should work from the  
14 facts.

15 Q Did you ever go to meet with AMC or Ackerman McQueen upon  
16 your arrival at the NRA?

17 A I did.

18 Q On how many occasions?

19 A I met with Ackerman Queen in Dallas on two different  
20 occasions.

21 Q And what was -- what precipitated the first occasion?

22 A The first occasion was more of a meet-and-greet. I was  
23 the new guy. I went down with -- or, I met Woody down in  
24 Dallas and we visited the Ackerman McQueen corporate offices.

25 Q Was there a good report upon your leaving that meeting?

1 A Oh, I certainly thought it went well. I learned a lot,  
2 and they had some really interesting PR work that they had  
3 done over the years that I was able to watch. So I left  
4 there feeling really good when I got on the airplane.

5 Q Okay. And when you landed, did you have an understanding  
6 that Ackerman McQueen had a different perception?

7 A When I landed, my phone had numerous voicemails from Josh  
8 Powell, Andrew McKenna, the headhunter that brought me in,  
9 Woody Phillips, and all of them had the same message, which  
10 was that --

11 MS. FUCHS: Your Honor, this is, again, eliciting  
12 hearsay.

13 THE COURT: Response on that?

14 MR. CICILIANO: It goes to his state of mind and how  
15 he was treating the relationship, Your Honor, especially at  
16 this time.

17 THE COURT: Sustained on hearsay.

18 BY MR. CICILIANO:

19 Q All right. And did you discuss -- well, did you ever  
20 discuss those issues with Ackerman McQueen directly, or did  
21 you ever discuss any issues arising from that meeting with  
22 Ackerman McQueen directly?

23 A No.

24 Q Would Ackerman McQueen communicate directly with -- well,  
25 did you have -- did you have a second meeting with Ackerman

1 McQueen?

2 A I did.

3 Q I think you -- I think you testified you had a second  
4 meeting. When did that meeting occur?

5 A Fall of '18. Early fall of '18.

6 Q And what was the purpose of that meeting?

7 A In the fall of '18, the NRA was in a serious cash  
8 situation. And so Ackerman McQueen, being our largest vendor  
9 and largest use of cash, we went to them. Wayne and I flew  
10 down to see how we could take out scopes remaining in Q4 of  
11 '18 and understand the implications of any scope reduction in  
12 the 2019 planning cycle.

13 Q And did Ackerman McQueen attend that meeting then?

14 A Yes.

15 Q And were --

16 A There were numerous people from Ackerman McQueen at the  
17 meeting.

18 Q And who from Ackerman McQueen were there?

19 A I know Angus was there. Sun was there. It slips my mind  
20 right now. Melanie Montgomery was there. The CFO was there.  
21 And there were several others as well.

22 Q Was Ackerman McQueen receptive to removing money from the  
23 budget?

24 A No, they were -- they were not.

25 Q And what did they say?

1 A Well, they were very upset, and it was -- it was very  
2 surprising to me to see a supplier treat a customer the way  
3 that Wayne and I were treated in that meeting. I thought it  
4 was unprofessional. I thought it was uncalled for. And it  
5 was -- it was not, you know, not a good experience.

6 So it was so bad that at the end of the meeting, once  
7 everyone calmed down, we actually moved through and we did  
8 take some costs out. We did -- we eventually got there. But  
9 (indecipherable) because Angus actually apologized for his  
10 behavior to me during the meeting. He made some comments  
11 about me personally, and he, you know, apologized for that.

12 Q And are you familiar with ILA?

13 A I am.

14 Q And what is ILA?

15 A ILA is our legislative group. Was --

16 Q And did you -- oh, pardon?

17 A I was going to say, used to be headed by Chris Cox.

18 Q And did you ever develop a concern with ILA?

19 A Early on, I identified a concern with --

20 MS. FUCHS: Objection. Vague.

21 THE COURT: Overruled.

22 You may answer the question, sir.

23 THE WITNESS: Early on, I identified what I  
24 considered to be challenges, not that I knew were problems,  
25 but the organizational structure was not one that I was

1 comfortable with. And what I mean by that is it was  
2 effectively a closed loop. They had their own finance team,  
3 own accounts payable, own expense reporting process, you  
4 know, payments. Not something that I believe is appropriate.

5 And so early on I started talking to Wayne about changing  
6 that and improving that. Eventually, once Chris left, we  
7 were able to officially change those reporting structures.  
8 But, frankly, I never got comfortable with -- with the  
9 transparency in that organization from a finance perspective  
10 and the level of command and control.

11 Now, we did have some things in the works. They were  
12 going to move to our IT platform basically now, and that  
13 would allow me to audit real time and understand real time  
14 what was going on in the organization. And my vision for  
15 that was to roll accounts payable into one group, so we had  
16 one, you know, one group with one set of controls and set of  
17 eyes.

18 The problem is, with the finance person reporting  
19 directly to the director of ILA, it just became a very  
20 challenging process in terms of getting the right signoffs on  
21 travel and signoffs on accounts payable and making sure  
22 contracts had, you know, appropriate vetting.

23 And the reason I bring this up is maybe cathartic more  
24 than anything else, but that ended up manifesting in this  
25 990. Even though I had no idea this was actually going on, I

Spray - Cross

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1 felt it was an environment that was ripe for inappropriate  
2 behavior, and so that compounded my frustration of receiving,  
3 late in the 990 process, this -- these issues with ILA. I  
4 just, you know, I felt like I -- this was something I had  
5 warned the organization about and I felt like we hadn't moved  
6 fast enough. And now most of these factually predated me,  
7 but it was still an environment that we should have changed  
8 more aggressively.

9 BY MR. CICILIANO:

10 Q And with respect to ILA, was anyone affiliated with the  
11 NRA reviewing ILA at any point in time?

12 A Well, I specifically requested RSM to audit them more  
13 tightly, because I was signing off, as part of the 990s, ILA  
14 financials, and I really wasn't getting any transparency.  
15 They came back with a glowing report the first year, no  
16 issues.

17 I again talked to the next auditor and said, look, I want  
18 you to look at them with zero materiality. I want \$1 if  
19 there's an issue. And again, they came back with -- I'm  
20 trying to recall -- I don't think there was anything material  
21 they came back with. But as it turns out, in previous years  
22 there were some issues of the funds being used  
23 inappropriately. So, --

24 Q Who discovered that funds in previous years were being  
25 used inappropriately?

1 A This was an investigation through counsel that I can't  
2 speak to.

3 Q All right. And who was that counsel?

4 A I don't know. I believe John Frazer and -- had worked  
5 with the Brewer firm, and they had other forensic accountants  
6 working through that.

7 Q Now, did you have, you personally, have the opportunity  
8 to review the Brewer firm's bills prior to their being paid?

9 A I have.

10 Q And were you able to review their descriptions?

11 A Yes.

12 Q And I believe you were showed earlier a cover sheet with  
13 the name of several matters that were being pursued. Do you  
14 recall that?

15 A Yes.

16 Q Are you familiar with where the Brewer firm's  
17 investigation of ILA was being billed?

18 A Yeah. Everything as it related to ILA, from my  
19 recollection, was under the heading Chris Cox, because he was  
20 head of ILA.

21 Q And in your review process of the Brewer firm's fees, did  
22 you do anything to satisfy yourself as to the amounts  
23 charged, that they were reasonable?

24 A Well, I guess reasonable from a simple Midwestern guy is  
25 different than reasonable on the East Coast, but I always

1 felt like it was extremely high and it was very concerning.  
2 So I did contact other -- another firm to get their opinion  
3 about it, and eventually they did write a written opinion,  
4 but I had numerous conversations with them as well.

5 And, you know, in terms of the signoff process, I relied  
6 on my internal general counsel, both from the NRA side as  
7 well as the board side, as well as the Special Litigation  
8 Committee, to make sure that they were working on the things  
9 that they had been tasked to do and it was reasonable.

10 My reviews were more around ensuring the cash flow was  
11 forecasted, we had it correct, we were in accordance with  
12 contract. Those types of -- those types of reviews was what  
13 -- was what I was primarily focused on. I don't feel I was  
14 the best qualified to say, for a certain legal process, what  
15 the hours and the rate should be. But I did -- I did -- I  
16 did discuss the rates again with another law firm to get  
17 their opinion about it.

18 MR. ACOSTA: Your Honor, if I may, I hate to  
19 interrupt, but it's -- we're five minutes until 6:00 o'clock  
20 and there's a high chance of a recross because things have to  
21 be clarified for the Court's mind.

22 So I'm not sure what the Court wants to do. I know that  
23 the Debtor hasn't had the witness on for as long as the  
24 Movants have. But I just wanted to point that out to the  
25 Court.

1 THE COURT: Okay. We're still going to let my staff  
2 go starting at 6:00, Mr. Acosta, as the Marshals have warned  
3 and recommended.

4 Mr. Ciciliano, how much longer do you have with this  
5 witness?

6 MR. CICILIANO: Your Honor, I certainly have longer  
7 than five minutes, and I will tell you I do have a phone here  
8 in which I'm talking to Mr. Garman, and I think we will work  
9 it out to make sure everyone has more time on Friday. We'll  
10 make that happen.

11 THE COURT: All right. Why don't we go ahead and  
12 stop here. Just, I've said twice why we need to. This is an  
13 unusual circumstance. I was hoping we'd go a little bit  
14 longer tonight. Of course, my plans don't always happen like  
15 I want them to.

16 Mr. Spray, during the break you're not to speak with  
17 anyone about your testimony. That includes your lawyers,  
18 because you're in the middle of your examination. Do you  
19 understand that?

20 THE WITNESS: Yes, sir.

21 THE COURT: And you're also under -- or there has  
22 been a rule invoked. You're not to speak with anyone else  
23 about your testimony until I've ruled on the trial. Do you  
24 understand that?

25 THE WITNESS: Yes, sir.

1           THE COURT: Okay. All right. We're going to be in  
2 recess until 8:00 o'clock on Friday. And I have added to the  
3 docket on Friday the motion to appoint the restructuring  
4 officer. I was asked, I think, by Committee counsel  
5 yesterday. We're not going to be getting into that until the  
6 Debtor's case in chief. I do want responses on Friday  
7 morning, because I'd like to see where the parties sit on  
8 that sort of thing so I can get my head around it. But  
9 there's no reason for you all to prepare for that. I expect  
10 the Debtor to put that on in its case in chief, which  
11 hopefully will start sometime next week. And I think we'll  
12 have another full day on Friday, so you need to prepare for  
13 that.

14           I would ask -- we have to go to Wichita Falls tomorrow,  
15 and we return on Thursday afternoon. If you all could be  
16 prepared on Friday pretty early in the day to give me a  
17 realistic projection on where we are with the Movants' case  
18 so we have a realistic projection on where we're going to  
19 land on that so we'll know when the NRA can start its case in  
20 chief and we can figure out if we need additional days and  
21 things like that. That will be the sixth day of the hearing  
22 that was estimated to take six days. So if you all could be  
23 ready on that to talk with me on Friday, I would appreciate  
24 it.

25           We'll be in --

1 MR. GARMAN: So, Your Honor, this is Greg Garman.

2 THE COURT: Yes.

3 MR. GARMAN: Your Honor, my first witness is not  
4 local. So my understanding of where we sit right now is I'm  
5 not going to have that witness come to Dallas to be prepared  
6 to open my case on Friday. Unless the Movants tell me  
7 otherwise, it's my expectation they're going to consume  
8 Friday and I'll -- I would begin next week.

9 THE COURT: All right. Mr. Acosta, I just see you  
10 on the screen. I think that's realistic by Mr. Garman, don't  
11 you? But you tell me. Do you think that the Movants will  
12 finish? I think even Judge Journey has several more  
13 witnesses to put on.

14 MR. ACOSTA: Yes, Your Honor, especially if the  
15 Court finds, which I think we -- that highly motivates us,  
16 and so I think Friday might be the last day for us.

17 THE COURT: Okay. Mr. Garman, I think that's fine  
18 for you. If we actually run out of hearings with the  
19 Movants, I won't hold it against you that you don't have your  
20 witness ready, all right, on your first witness.

21 MR. GARMAN: Thank you.

22 MR. TAYLOR: Your Honor, this is Clay Taylor. If  
23 I'm understanding this right, we should have our witnesses  
24 ready to go on Tuesday. Is that -- am I reading the tea  
25 leaves correctly?

1 THE COURT: Well, let's, I guess, why don't we take  
2 a minute. But again, I really would like to get my staff out  
3 of the building. So, --

4 MR. TAYLOR: I'm sorry.

5 THE COURT: It's okay. No, it's okay. Really, it's  
6 okay.

7 Mr. Acosta and Mr. Pronske, do you think Friday will be  
8 taken up with y'all's case?

9 MR. PRONSKE: Your Honor, we believe we will be done  
10 on Friday.

11 THE COURT: Okay. Mr. Acosta?

12 MR. ACOSTA: We would agree with Mr. Pronske, Your  
13 Honor.

14 THE COURT: Okay. I would think, Mr. Taylor, then  
15 maybe on -- it sounds like on Tuesday. Again, if we've  
16 misconnected on this, I'm not going to get irritated with  
17 anyone. We're trying just to figure out how to finish up the  
18 Movants' case in chief. I would think probably Tuesday is  
19 when your additional witness would be testifying.

20 MR. TAYLOR: Thank you, Your Honor.

21 THE COURT: Okay. All right. I hope that's  
22 helpful.

23 All right. We'll be in recess until 8:00 o'clock on  
24 Friday. I'm going to be in Wichita Falls for two days. I'm  
25 going to miss you all very much and enjoy it. Thank you.

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MR. CICILIANO: Thank you, Your Honor.

MR. GARMAN: Thank you, Your Honor.

(Proceedings concluded at 5:57 p.m.)

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CERTIFICATE

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

**/s/ Kathy Rehling**

**04/14/2021**

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Kathy Rehling, CETD-444  
Certified Electronic Court Transcriber

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