

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS

IN RE: . Case No. 21-30085-HDH-11  
. .  
NATIONAL RIFLE . Earle Cabell Federal Building  
ASSOCIATION OF AMERICA . 1100 Commerce Street  
and SEA GIRT, LLC, . Dallas, TX 75242  
. .  
. . April 13, 2021  
Debtors. . 8:02 a.m.  
. . . . . A.M. SESSION

TRANSCRIPT OF TRIAL  
BEFORE HONORABLE HARLIN DeWAYNE HALE  
UNITED STATES BANKRUPTCY COURT CHIEF JUDGE

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1 THE COURT: Good morning. This is the Bankruptcy  
2 Court in Dallas in the National Rifle Association of America  
3 case. I'll take appearances first by just calling roll of  
4 those who registered, and then if you haven't registered if you  
5 can make your appearance.

6 Mr. Neligan, Buncher, and Gaither?

7 MR. GARMAN: Your Honor, this is Greg Garman. I was  
8 asked to make their appearance for them. They'll be on the  
9 line -- either they are or they'll be on shortly.

10 THE COURT: Thank you. Strubeck and Drake?

11 MR. STRUBECK: Yes, Your Honor; present.

12 THE COURT: Welcome. Taylor and Watson?

13 MR. TAYLOR: Good morning, Your Honor. Jermaine  
14 Watson and Clay are here.

15 THE COURT: Welcome. Mr. Garman and your group?

16 MR. GARMAN: Yes, sir. And for the record, Your  
17 Honor, Mr. Robichaux and his colleague, Mr. Morton, are here in  
18 the room with us. And then for rounding out, Mr. Ciciliano is  
19 in Trevor City, Michigan today for when we call the second  
20 witness who is Craig Spray.

21 THE COURT: Welcome. Mr. Gruber and your group?

22 MR. MASON: Good morning, Your Honor. This is Brian  
23 Mason. Mr. Gruber and Mr. Acosta, if they're not already on  
24 will be on shortly.

25 THE COURT: All right. Ms. Lambert, Mr. Salitore?

1 MS. LAMBERT: Good morning, Your Honor. We're both  
2 on the line.

3 THE COURT: Welcome.

4 Is there anyone else who wishes to make an appearance  
5 in the NRA case?

6 MR. PRONSKE: Good morning, Your Honor. Gerrit  
7 Pronske, Eric Van Horn, and Jason Kathman of Spencer Fane for  
8 the New York Attorney General. And on the screen with us is  
9 James Sheehan, Emily Stern, Monica Connell, and Stephen  
10 Thompson. Good morning.

11 THE COURT: Welcome back.

12 MR. GARMAN: And, Your Honor, it's Greg Garman. I  
13 was asked to make one more appearance for Mr. Kent Correll, Mr.  
14 LaPierre's personal attorney.

15 THE COURT: Welcome back.

16 Anyone else wish to make an appearance?

17 (No audible response)

18 THE COURT: All right. I appreciate very much your  
19 willingness to move this up one hour. This gives us another  
20 hour of court time. A couple of housekeeping things. At the  
21 end of the hearing yesterday, Ms. Lambert asked about admitted  
22 exhibits. And we'll be able to provide a list I think either  
23 today or tomorrow. We'll just send that to the United States  
24 Trustee and ask Ms. Lambert just to distribute it to you all.

25 We have a way of doing this. The court reporter has

1 the official list, and then we sometimes can check it against  
2 my informal notes to make sure that we're on the same page.

3           Second, I think my law clerk sent out an email.  
4 After the hearing, there was an inquiry about one witness who I  
5 think for sure we want to do the reading into the record as  
6 well as some snippets of testimony. And that's going to be  
7 fine. We'll be able to do that.

8           All right. Let's see, Mr. Mason, I think when we  
9 left last time, Mr. Acosta was going to examine the witness.  
10 And I'm going from memory. Is that right?

11           MR. MASON: I believe that is correct, Your Honor.  
12 And Mr. Acosta is telling me that he will be on in about one  
13 minute. I apologize for that. But I believe that we are up.

14           THE COURT: Okay. That's fine.

15           Ms. Rowling, can you hear me?

16           MS. ROWLING: Yes, I can hear you. I'm not sure if  
17 my video is working.

18           THE COURT: Yeah, I'm not seeing you yet. I think it  
19 may be about to, though. Can you see me?

20           UNIDENTIFIED SPEAKER: Your Honor?

21           MS. ROWLING: I can.

22           UNIDENTIFIED SPEAKER: Your Honor, Mr. Noall is going  
23 to assist with the camera to make sure we get that on.

24           THE COURT: Okay, thanks.

25           (Pause)

Rowling - Cross/Acosta

8

1 THE COURT: Would you raise your right hand, Ms.  
2 Rowling?

3 SONYA ROWLING, DEBTORS' WITNESS, SWORN

4 THE COURT: All right. We're waiting just a minute  
5 or so for Mr. Acosta.

6 (Pause)

7 MR. MASON: He should be on momentarily, Your Honor.  
8 I apologize.

9 THE COURT: That's okay, Mr. Mason.

10 (Pause)

11 MR. ACOSTA: Hello? Can the Court hear me?

12 THE COURT: I can.

13 MR. ACOSTA: Judge Hale, I apologize. I was having  
14 some technical difficulties this morning. But I'm ready to  
15 proceed if you would allow me.

16 THE COURT: First of all, that's okay. Second, yeah,  
17 we're ready, and I have sworn the witness in. So you may  
18 proceed.

19 MR. ACOSTA: Okay.

20 CROSS-EXAMINATION

21 BY MR. ACOSTA:

22 Q Ms. Rowling, you've had 20 years of experience with the  
23 NRA? You've worked at the NRA for 20 years?

24 A Twenty-one years.

25 Q Twenty-one. In the Finance Department?



1 A That's correct.

2 Q And until January of this year, you've never been a CFO  
3 before?

4 A That's correct.

5 Q How exactly did you go about learning how to be a CFO?

6 A Throughout my years of experience. You know, I've worked  
7 my way up through the organization, learned the entire  
8 organization, and have learned through that process.

9 Q Okay. Let's talk a little bit about the organization.

10 Are you familiar with the organizational structure of the NRA?

11 A Yes.

12 MR. ACOSTA: And I'm going to ask if we can pull up  
13 AMc Exhibit 152, if that's okay, Stephanie?

14 BY MR. ACOSTA:

15 Q Have you ever seen this chart before?

16 A Yes, I have.

17 Q Does this -- give or take one or two names changing, does  
18 this more or less accurately represent the organizational  
19 structure of the NRA?

20 A There are some areas where the lines might not represent  
21 fully what was -- what was the actual structure.

22 Q Well, let's start with the top. Do you see at the top  
23 there's the board of directors?

24 A Yes.

25 Q They're in charge of everything, right?

Rowling - Cross/Acosta

10

1 A Well, the membership is above the board of directors, but  
2 yes.

3 Q So -- and the membership allows the board of directors to  
4 govern the NRA?

5 A Correct.

6 Q Is that your understanding?

7 A Yes.

8 Q And underneath that, there's elected officials from the  
9 board, Carolyn Meadows, Charles Cotton, and Willes Lee. Do you  
10 know this?

11 A That's correct.

12 Q Okay. And underneath those elected officials who are  
13 board members, there's Wayne LaPierre. Do you see that?

14 A Yes, I do.

15 Q And then there's certain officers besides those officers.  
16 There's a treasurer, which used to be Craig Spray; is that  
17 right?

18 A That's correct.

19 Q And then there's a secretary, who's John Frazer all the  
20 way to the right?

21 A That's correct.

22 Q And then there's two other paid officers which are the  
23 NRA-ILA director who here is Jason Quimet; is that right?

24 A Yes.

25 Q And then there's John [sic] -- I can never pronounce his

Rowling - Cross/Acosta

11

1 name right, DeBergalis.

2 A Joe.

3 Q Joe DeBergalis?

4 A Joe DeBergalis.

5 Q Is general operator; is that right?

6 A Yes.

7 Q And those are the officers of the NRA under the bylaws?

8 A Correct.

9 Q So let's look at under Craig Spray for a second. Craig  
10 Spray has what we call the Treasury Department?

11 A That's correct.

12 Q Okay. And underneath the Treasury Department, there's  
13 various accountants that work for him.

14 A There are various people that work for him. Not all are  
15 accountants, but yes.

16 Q And you were one of those people that worked for him; is  
17 that correct?

18 A No. That's where I indicated this structure is slightly  
19 off in that my reporting structure prior to me becoming CFO was  
20 through Rick Tedrick.

21 Q Okay. So you weren't underneath the Treasury Department?

22 A I did not say that. I said I worked through Rick Tedrick  
23 in Financial Services up to Craig Spray.

24 Q Okay. And did Rick Tedrick work for Craig Spray?

25 A Yes, he did.

Rowling - Cross/Acosta

12

1 Q Okay. So, ultimately, Craig Spray was responsible for  
2 that department; wasn't he?

3 A Yes.

4 Q And that officer is called the treasurer of the NRA?

5 A That's correct.

6 Q And you're not the treasurer of the NRA, right?

7 A No.

8 Q That's an elected position that's elected by the board of  
9 directors?

10 A Correct.

11 Q And I believe you said you were at the March 28th board  
12 meeting?

13 A Yes, I was.

14 Q And to your knowledge, the board didn't elect you as a  
15 treasurer at that time?

16 A No, they did not.

17 Q So you don't currently have the powers of the treasurer?

18 A No, I do not.

19 Q You currently answer to Mr. LaPierre alone?

20 A That is correct.

21 Q He can hire and fire you whenever he wants; can't he?

22 A Yes, he can.

23 Q And you understand treasurers can't be fired by Mr.  
24 LaPierre?

25 A For treasurers appointed by the board, so yes.

Rowling - Cross/Acosta

13

1 Q And you know Mr. Spray was let go; don't you?

2 A I know Mr. Spray was -- has left for health reasons.

3 Q Okay. He's no longer the treasurer. He's no longer the  
4 acting treasurer of the NRA?

5 A That is not my understanding. He is the acting treasurer  
6 until the board -- elects a new treasurer.

7 MR. ACOSTA: Can I pull up New York Attorney General  
8 Exhibit Number 160, please?

9 BY MR. ACOSTA:

10 Q Do you recognize this email?

11 A Yes.

12 Q It's an email originally sent from your general counsel  
13 and your secretary, John Frazer?

14 A Yes.

15 Q And if you scroll down, it's an email regarding Craig  
16 Spray. Do you recall receiving this email?

17 A Yes.

18 Q And this is ultimately from your boss, Wayne LaPierre?

19 A Yes.

20 Q And the second line says, "This memo should advise you  
21 that Craig Spray is no longer CFO and treasurer of the NRA."

22 A Yes.

23 Q So we know that Craig Spray is no longer acting CFO or the  
24 treasurer of the NRA; don't we?

25 A This -- this was from Wayne, and through the -- through

Rowling - Cross/Acosta

14

1 the secretary's office. So it is not my place to say whether  
2 he is treasurer or not.

3 Q Okay. So you're not going to listen to the executive  
4 vice-president now; is that what you're saying?

5 A No, that's not what I said.

6 MS. PILATOWICZ: (Indiscernible).

7 THE COURT: I'm sorry, I just didn't --

8 MR. ACOSTA: Do you have any --

9 THE COURT: -- I didn't understand the comment.

10 Okay.

11 MS. PILATOWICZ: Your Honor, the objection was that  
12 that was argumentative.

13 THE COURT: Sustained.

14 BY MR. ACOSTA:

15 Q So do you have any other knowledge that contradicts with  
16 what Wayne LaPierre says in this email?

17 A My understanding has -- has been that he is still  
18 technically the treasurer until such time he is -- a new  
19 treasurer is elected.

20 Q And to your understanding, has he done anything in the  
21 office of treasurer since you were appointed CFO?

22 A I don't know.

23 Q Have you talked to him at all since you were appointed  
24 CFO?

25 A No, I have not.

Rowling - Cross/Acosta

15

1 Q Let's just talk about Craig Spray while we're on the topic  
2 here. Are you aware whether the board voted to retire Craig  
3 Spray?

4 A I do not know.

5 Q Okay. What was your impression of Craig Spray when he was  
6 in office?

7 A He -- he came in at a time when we needed a -- a treasurer  
8 to basically be there for the organization, to take on the  
9 challenges we were facing at that time. He instituted a lot of  
10 policies and procedures to help us get past what our issues  
11 were and to provide us a platform in order to -- to bring forth  
12 those issues.

13 Q And was he effective?

14 A Yes.

15 Q And was he generally praised for his efforts?

16 A For those efforts, yes.

17 Q He began a travel policy for board members?

18 A I'm not sure what you mean "he began a travel policy." We  
19 had a travel policy in place.

20 Q Okay. And how was that working prior to Craig Spray?

21 A Generally speaking, fine. Were there instances of people  
22 not following the policy? Yes.

23 Q Did he eliminate American Express cards for employees?

24 A He did not eliminate American Express cards for all  
25 employees. He limited the number of American Express cards

Rowling - Cross/Acosta

16

1 that would be handed out.

2 Q And did he encourage his staff, the folks who were working  
3 in the Treasury Department, to express their concerns?

4 A He did.

5 Q He did. And did you express your concerns?

6 A I did.

7 Q And was he different than Woody Phillips?

8 A Can you elaborate on what you mean by different than Woody  
9 Phillips?

10 Q Well, impression be that he was a positive change from  
11 Woody Phillips' past 20 years?

12 A I wouldn't say Woody Phillips for 20 years was not -- he  
13 was absent the last five or ten years of his employment. He  
14 was always very nice, but he was not always available or didn't  
15 seem to want to address any of the issues.

16 Q Okay. And you understand that Woody Phillips pled the  
17 Fifth Amendment when he was asked about discharging his duties  
18 as the treasurer of the NRA?

19 A I was informed of that by counsel.

20 Q And you're familiar with the Fifth Amendment, right?

21 A Yes.

22 Q You're familiar that a person can't self-incriminate  
23 themselves for a crime they may have committed?

24 A Correct.

25 Q Is that your understanding?



1 A Yes.

2 Q So I mean you would say that Craig Spray was a good  
3 treasurer; wouldn't you?

4 A In some ways, yes.

5 Q Okay. What were the ways that he wasn't a good treasurer?

6 A He did not have nonprofit experience. He approached the  
7 organization from the same way he might have a corporate  
8 manufacturing company. And when he wanted to cut, it was  
9 across the board without -- without any -- any discussion on  
10 whether it should be done that way. It was just a -- just kind  
11 of an across the board. He didn't -- didn't seem to value  
12 employees. And in a nonprofit, the employees pretty much are  
13 your -- that is your mainstay. That is your -- you have a  
14 program you have to put on for members. You have to support  
15 your membership, and the only way to do that is through your  
16 employees.

17 Q Well, let's talk about each one of those. The first one  
18 is he didn't have nonprofit experience. Last year Mr. LaPierre  
19 said that the NRA was able to shed \$50 million in debt and was  
20 \$33 million in the black. You don't think that that was an  
21 effective year for the NRA?

22 MS. PILATOWICZ: Objection, Your Honor; foundation  
23 for the statements made by Mr. LaPierre.

24 BY MR. ACOSTA:

25 Q What was the last year for the NRA in 2020, fiscally. How

1 did they perform?

2 A Fiscally, we performed well given the environments. The  
3 reason for that was we had to furlough a lot of employees.

4 MR. ACOSTA: Objection, Your Honor; non-responsive.  
5 Well, actually, I withdraw the objection, Your Honor. I'm  
6 sorry.

7 I'm sorry; please continue.

8 THE COURT: You may finish your answer.

9 THE WITNESS: Thank you. We had to no longer have  
10 programs due to COVID, so a lot of employees were -- were  
11 furloughed. We also -- there were some cuts that were made  
12 that were -- that also as -- as layoffs that were had. It was  
13 -- so to say that was effective, yes. But to say it was for,  
14 you know, just -- just to say we -- we made a lot of money that  
15 year doesn't make it, you know, appropriate.

16 BY MR. ACOSTA:

17 Q And you're not aware of the conversations that Mr. Spray  
18 would have had with the -- with Mr. LaPierre about cutting  
19 programs?

20 A Well, I didn't say that programs were cut. I said  
21 programs were not held because of COVID. But, no, I'm not  
22 aware of those conversations.

23 Q You're not aware of any budgetary-cuts conversations he  
24 had with the Audit Committee?

25 A No.

Rowling - Cross/Acosta

19

1 Q You're not aware whether those cuts had to occur because  
2 they had to fund litigation?

3 A No.

4 Q Okay. The second thing you said was he didn't value  
5 employees. And then previously, I think you had said that he  
6 allowed you to express your opinion. Would that be a form of  
7 value to employees in your opinion?

8 MS. PILATOWICZ: Objection; that misstates testimony.

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

10 THE WITNESS: He -- he valued people when it -- when  
11 it was -- when it served him to value them. You know, in those  
12 regards with respect to coming forward with issues, yes, he  
13 provided us a platform. In other ways, he did not. You can be  
14 both.

15 BY MR. ACOSTA:

16 Q Do you know where Mr. LaPierre valued him?

17 A I can't testify to Mr. LaPierre's opinion.

18 MR. ACOSTA: So back to AMc Exhibit Number 160, can  
19 you pull it up again?

20 BY MR. ACOSTA:

21 Q The very last line says, "I look forward to keeping you  
22 updated. In the meantime, please join me in thanking Craig for  
23 his service at the NRA." That's not kind of a message that an  
24 executive director sends when someone's leaving that's not  
25 valued; is it?

Rowling - Cross/Acosta

20

1 A That's a standard message that would be put on this type  
2 of -- of email. I can't testify to what Wayne really -- what  
3 Wayne thinks.

4 Q Okay.

5 MR. ACOSTA: Your Honor, I forgot to admit Exhibit  
6 Number 160. May I admit Numbers 160 and 152, please?

7 MS. PILATOWICZ: Your Honor, no objection to NYAG  
8 Exhibit 160.

9 MR. ACOSTA: And the other one was AMc Exhibit Number  
10 152.

11 MS. PILATOWICZ: Your Honor, no objection to AMc  
12 Exhibit Number 152 with the caveat that Ms. Rowling did testify  
13 that it's not entirely accurate.

14 THE COURT: And I understand there have been some  
15 changes to 152. 152 is in, and 160 is in.

16 (NYAG Exhibit Number 160 and AMc Exhibit Number 152  
17 admitted into evidence)

18 MR. ACOSTA: And I just wanted to clarify, Your  
19 Honor, one of them's AMc, Ackerman's, and the other one's New  
20 York AG's. New York AG's is 160.

21 THE COURT: Yeah. And I probably should say that  
22 each time, too. Mr. Acosta, you're right. AMc 152 is in.  
23 NYAG 160 is in.

24 BY MR. ACOSTA:

25 Q So, Ms. Rowling, what do you -- what's your interpretation

Rowling - Cross/Acosta

21

1 of your position with the NRA right now?

2 A I am acting as CFO.

3 Q And you understand that the acting CFO generally for the  
4 NRA works underneath the Treasurer's Office?

5 A The CFO usually is the treasurer, so this is slightly  
6 different in that respect.

7 Q Okay. So --

8 A I mean it's part of the Treasurer's Office.

9 Q So when Craig Spray was hired back in March of 2018, he  
10 was the acting CFO; is that correct?

11 A That's correct. And he was in the Treasurer's Office.

12 Q And there was a treasurer. His name was Woody Phillips?

13 A That's correct.

14 Q And Woody Phillips was the boss of Craig Spray?

15 A That's correct.

16 Q So the CFO is someone that acts underneath the Treasurer's  
17 Office?

18 A The wording of that I'm having -- I'm having problems with  
19 because that he -- yes, he is -- works for the treasurer. He  
20 is part of the Treasurer's Office.

21 Q And let's make it abundantly clear for you. The treasurer  
22 has more powers than the CFO; does he not?

23 A That is correct.

24 Q And the treasurer is the boss of the CFO?

25 A That is correct.

Rowling - Cross/Acosta

22

1 Q And the treasurer can fire the CFO?

2 A I'm guessing, yes, that he could.

3 Q And the CFO is not an officer of the NRA?

4 A That is correct.

5 Q And the treasurer is -- I mean and the CFO is not a  
6 beholden to the board of directors?

7 A That is correct.

8 Q So currently there is no acting treasurer; is there?

9 A I'm sorry.

10 Q Currently there is no acting treasurer; is that your  
11 understanding?

12 A No, that's not my understanding.

13 Q Your understanding is that Craig is still discharging his  
14 duties?

15 A My understanding is Craig Spray is still considered the  
16 treasurer. I can't speak to whether he's discharging his  
17 duties, between him and the board.

18 Q You would say that the highest officer of the company from  
19 a financial standpoint is the treasurer; would you not?

20 A That's correct.

21 Q And currently, you don't know whether the treasurer's  
22 discharging his duties to the board?

23 A I can't say whether he's discharging his duties to the  
24 board.

25 Q Okay. Does that concern you with running a \$300-million

1 nonprofit organization?

2 A No, because, you know, I'm acting as CFO. So, no, I have  
3 no concerns regarding that. I've been doing the job -- my job  
4 for 21 years. I have no issues with respect to that.

5 Q Okay. And, once again, you don't have all the powers or  
6 authority that a treasurer has?

7 A No, I do not.

8 Q Okay. I think in your deposition, you said as an acting  
9 CFO you currently focused on the bankruptcy, managing cash  
10 flow, budgeting processes, and accounting reporting. Is that  
11 accurate or --

12 A Well, I think we also discussed that there are other  
13 divisions including purchasing, information services within the  
14 purview of the CFO as well as the accounting departments in ILA  
15 and the accounting departments of the other entities, meaning  
16 the other C3 entities.

17 Q Okay. Well, can you answer my question first and then you  
18 can elaborate? The first statement that I made, is that  
19 accurate?

20 A Yes, but I didn't want that to be considered the only  
21 thing that I was (indiscernible).

22 Q And I'm about to object to nonresponsiveness. So if you  
23 could answer my questions, that would be great.

24 A Sure.

25 Q Now let's talk about managing cash flow. What does that

1 mean?

2 A We have an individual within the Financial Services  
3 Division that monitors cash going in, helps -- helps the AP  
4 department schedule payments. And I get daily emails with  
5 respect to cash, bank balance compared to budget compared to --  
6 with a forecast.

7 Q But you didn't know anything about this bankruptcy until  
8 after it was filed; is that accurate?

9 A I learned of the bankruptcy the day it was filed.

10 Q And you didn't know anything about the formation of Sea  
11 Girt until after it was formed?

12 A That is correct.

13 Q In fact, you didn't learn anything about Sea Girt until  
14 after the bankruptcy?

15 A That is correct.

16 Q So you don't know how Sea Girt was funded with \$50,000?

17 A I didn't say that.

18 Q Okay. Well, how was it funded with \$50,000?

19 A Sea Girt was funded through a trust account that was set  
20 up with the Brewer organization.

21 MR. ACOSTA: Yeah. And can you pull up AMc Exhibit  
22 Number 6, please, Stephanie?

23 BY MR. ACOSTA:

24 Q Have you seen this letter before, Ms. Rowling?

25 A Yes, I have.



Rowling - Cross/Acosta

25

1 Q And when did you see this letter?

2 A I don't recall the exact date.

3 Q Would it have been on the date that it was signed?

4 A I don't know what day it was signed.

5 Q Notably, there's no signature on there with your name on  
6 it; do you see that?

7 A Depending on when it was, there should not have been my  
8 signature on it.

9 Q Okay. And there's no signature on there --

10 MR. ACOSTA: -- can you expand it, Stephanie? I'm  
11 sorry. There's a couple of other signatures that are missing.

12 BY MR. ACOSTA:

13 Q There's no signature of Craig Spray on there?

14 A That's correct.

15 Q So the executive vice-president can take \$50,000 of the  
16 NRA and spend it whatever way he wants?

17 A No. There was acknowledgment by all three of those  
18 officers. You're not showing the entire document. And those  
19 three officers have been appointed as part of a special  
20 litigation committee --

21 Q Okay. So a special --

22 A -- who have those powers.

23 Q Sorry. So a special committee and the president can spend  
24 the NRA's money however they want? Is that how it works?

25 A No. I don't know how that part would have worked. I

Rowling - Cross/Acosta

26

1 wasn't part of that process.

2 Q Didn't ask your permission to spend \$50,000 to fund Sea  
3 Girt; did they?

4 A I'm not sure I would have been in a position for them to  
5 ask my permission for that sort of thing.

6 MR. ACOSTA: Objection, Your Honor; non-responsive.

7 THE COURT: Sustained.

8 BY MR. ACOSTA:

9 Q Ms. Rowling, my question was they did not ask for your  
10 permission? It's a yes or no question.

11 A No, they did not.

12 Q And how is it exactly that you were going to account for a  
13 new subsidiary of the NRA? How were you planning to do that?

14 A When I was requesting information regarding the balance in  
15 the trust accounts in order to account for the balance as of  
16 12/31, January 31 -- or, actually, it ended up being January  
17 15th because of the filing, I received all the support related  
18 to any transfers out of the Brewer Trust, which is how we  
19 accounted for that activity.

20 Q Okay. So did anyone ask you permission for Mr. Brewer to  
21 be paid \$1.2 million right before the bankruptcy filing?

22 A No.

23 Q They don't need your authority to do that?

24 A No, they did not need my --

25 Q Did anyone ask you for -- I'm sorry. I'm sorry; I

1 apologize.

2 A I was not in a position for them to be asking my  
3 permission at that time for anything.

4 Q Yeah. And did anyone ask -- or anyone else in accounting  
5 for that matter, did anyone ask anyone else in accounting to  
6 your knowledge for permission to pay Mr. Brewer \$1.2 million  
7 the day before filing?

8 A I don't -- I don't know.

9 Q Okay. Was anyone asked whether they could pay in  
10 accounting \$350,000 in December to the Neligan firm?

11 A I don't know.

12 Q How about the Garman firm which was appointed or engaged  
13 later after the filing? Did anyone ask accounting permission  
14 to pay the Neligan -- I mean the Garman firm, I don't know,  
15 \$600,000 as a retainer?

16 A I don't recall on that one exactly. I -- I know I saw a  
17 contract for them.

18 Q Okay. Did you see a contractor for Ankura?

19 A I don't -- I don't recall.

20 Q Did you see -- do you know what the terms for the  
21 engagement of Ankura are?

22 A I -- I don't know.

23 Q It's not the first time that they don't run things by  
24 accounting, that the management doesn't run things by  
25 accounting in terms of how they spend their money?

Rowling - Cross/Acosta

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1 A I -- I am not sure exactly what you're trying to say.

2 Q Well, let me get more specific. There was an organization  
3 called WBB Investments, LLC. Do you recall that entity?

4 A Yes.

5 Q Do you recall what the purpose of that entity was?

6 A It's to facilitate some transaction relating to I believe  
7 it was potentially buying a home.

8 Q To buy a home for Mr. LaPierre in Dallas, Texas?

9 A That was --

10 Q Does that sound more familiar?

11 A That sounds accurate.

12 Q And you had issues with that -- forming that entity;  
13 didn't you?

14 A I had issue with paying that entity.

15 Q Okay. Either way, what was your issue?

16 A That we were asked to cut a check without a W9 to verify  
17 the entity.

18 Q And you cut the check regardless of getting the W9; didn't  
19 you?

20 A Yes.

21 Q Because they told you to?

22 A Correct.

23 Q The management told you to, specifically? Mr. LaPierre  
24 told you to?

25 A No. Mr. LaPierre did not tell me to.

Rowling - Cross/Acosta

29

1 Q Craig Spray or someone that was your boss told you to cut  
2 the check regardless of following proper procedure?

3 A Woody Phillips and Craig Spray.

4 Q Okay.

5 MR. ACOSTA: I'm going to ask you to see AMc Exhibit  
6 Number 83, please. Can you pull that up, Stephanie?

7 BY MR. ACOSTA:

8 Q Have you seen one of these before?

9 A Yes.

10 Q How many times have you seen a Brewer bill?

11 A Every month since he's been --

12 Q Every month?

13 A -- hired.

14 Q For how long?

15 A Since he was hired.

16 Q Since March of 2018 you've seen a Brewer bill?

17 A That's correct.

18 Q Okay, great. So how much has Brewer been paid since March  
19 2018?

20 A I would have to add all of that up.

21 Q You don't have something in your mind? Is it a  
22 significant amount?

23 A It's significant.

24 Q Is it more than --

25 A He works on a lot of matters.

Rowling - Cross/Acosta

30

1 Q Go ahead.

2 A He works on a lot of matters for the organization.

3 Q I understand.

4 MR. ACOSTA: Your Honor, I would --

5 BY MR. ACOSTA:

6 Q Ms. Rowling, I really would rather you respond and me not  
7 have to object. My question was -- and your attorneys are  
8 going to get a chance to redirect you, by the way. My question  
9 was, was it a significant amount of money, and there's only a  
10 yes or no answer. I know what significant --

11 MS. PILATOWICZ: Your Honor? Your Honor, Mr. Acosta  
12 -- Your Honor, I would object. Mr. Acosta -- or Ms. Rowling  
13 responded it's significant. She then said he works on a lot of  
14 matters. Mr. Acosta then said "go ahead." So the suggestion  
15 that Ms. Rowling is not being responsive I think is  
16 inappropriate and would not be proper to strike any testimony.

17 THE COURT: Let's move on.

18 MR. ACOSTA: Okay.

19 BY MR. ACOSTA:

20 Q Would you say Mr. Brewer has been paid over \$50 million  
21 since he was hired?

22 A That's probably accurate.

23 Q Okay. And that's not a significant amount for the  
24 Treasury Department?

25 A I already testified that it was a significant amount.

Rowling - Cross/Acosta

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1 Q Now are your vendors usually paid on the same day that  
2 they request payment?

3 A I'm not sure what you mean by same day they request  
4 payment.

5 Q The same day they present an invoice.

6 A Not generally, but it has happened.

7 Q Okay. Does it happen a lot with the Brewer firm?

8 A No.

9 Q Okay. Well, you would agree with me that \$1.2 million is  
10 a significant amount of money, right?

11 A Yes.

12 MR. ACOSTA: And, Stephanie, can you scroll down to  
13 the email that's attached to these invoices? Go back up one  
14 page.

15 BY MR. ACOSTA:

16 Q It's an authorization by Mr. LaPierre that's dated January  
17 14th, 2021. Do you see that?

18 A It's very light, but -- yes, I see that.

19 MR. ACOSTA: Can you scroll down some further,  
20 Stephanie, please? One more. And just blow that up. One more  
21 down, actually.

22 BY MR. ACOSTA:

23 Q This is a request by Mike McCormick on January 14th to get  
24 the invoices of Brewer firm paid. Do you see that?

25 A Yes.

Rowling - Cross/Acosta

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1 Q So my question is is that the normal process for payment  
2 of invoices at the NRA?

3 A No, it is not.

4 MR. ACOSTA: And, in fact, if you scroll up a little  
5 bit, Stephanie.

6 BY MR. ACOSTA:

7 Q You'll see this person by the name --

8 MR. ACOSTA: -- one more page, please.

9 BY MR. ACOSTA:

10 Q You'll see this person by the name of Sarah. I'm not  
11 exactly sure who that Sarah is, but that could be Sarah Rogers.

12 MR. ACOSTA: And just one more -- a little bit more,  
13 Stephanie.

14 BY MR. ACOSTA:

15 Q You'll see that even the Brewer firm is acknowledging that  
16 this is out of the normal payment cycle of the NRA because the  
17 NRA seeks to pay them outside the ordinary course of the check-  
18 run process. Do you see that?

19 A Yes.

20 Q That's the last -- and you would agree with that, it's  
21 outside the normal course of your check-run process?

22 A That's correct.

23 Q Okay. Ms. Rowling, does the NRA have a budget for 2021?

24 A We have a budget that's been prepared. We have not had a  
25 meeting to approve it.



Rowling - Cross/Acosta

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1 Q Did you assist with the preparation of that budget?

2 A No, I did not.

3 Q Okay. Are you familiar with the numbers in that budget?

4 A I have not thoroughly reviewed the budget in my -- my role  
5 as CFO.

6 Q So we're four months into the year, and you're not sure  
7 the numbers that are in the budget?

8 A I have access to the budget, and I look at the budget as  
9 we have had our monthly reporting.

10 Q Okay.

11 A But we --

12 Q And are you over budget or under budget this year so far?

13 A We are currently -- I guess -- I guess in those terms  
14 under budget. Expenses are under, and revenue is ahead.

15 Q And how much revenue does the NRA expect to generate this  
16 year?

17 A I would have to check the figures on the -- on the total  
18 budget.

19 Q Can you give an approximation for the Court?

20 A No, I can't without -- without looking at the documents.

21 Q Was it close to \$300 million?

22 A Again, I would prefer to look at the documents to give  
23 figures.

24 Q I understand what you prefer, Ms. Rowling. But I'm asking  
25 you a question in front of the Court as to your understanding

Rowling - Cross/Acosta

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1 what the revenues will be in 2021. And if you can't give me an  
2 exact number, I just want to know an approximate number.

3 A It's going to be between probably 200 and 300 million.

4 Q Do you know what -- I believe there's a line item for  
5 legal expenses. Do you know how much that line item is?

6 A Somewhere around 30 million, I believe. It could be less;  
7 it could be a little more.

8 Q Was it more or less than last?

9 A I believe we budgeted --

10 Q Was it less?

11 A I was trying to speak. I believe we have budgeted less  
12 than last year.

13 Q Now I may have said this already. My outline's a little  
14 weird, but (indiscernible) NRA financially?

15 A Financially the numbers showed, yes, that we had a good  
16 year.

17 Q And I believe the NRA was able to pay down \$50 million in  
18 debt?

19 A That sounds accurate.

20 Q And I think the NRA was \$33 million in the black?

21 A That's close.

22 Q So let me ask you, Ms. Rowling, what's your opinion of why  
23 the NRA's in bankruptcy?

24 A Because what their financial statements don't reflect are  
25 potential litigation losses which could severely impact the

Rowling - Cross/Acosta

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1 financial position of the organization.

2 Q Okay. We'll get to that in a second. But is the NRA  
3 currently in any financial distress?

4 A From the dollar standpoint just strictly on what's in the  
5 financial statements, no.

6 Q Is the NRA solvent?

7 MS. PILATOWICZ: Objection; calls for a legal  
8 conclusion.

9 THE COURT: I'll sustain on legal, but this witness  
10 is certainly qualified to give her opinion.

11 BY MR. ACOSTA:

12 Q Can you offer your opinion, Ms. Rowling? Is the NRA  
13 solvent?

14 A Sure.

15 Q Is the NRA solvent?

16 A Exclusive -- exclusive of the litigation, yes, the NRA is  
17 solvent.

18 Q And does the NRA have plenty of liquidity right now?

19 A The NRA has liquidity, yes.

20 Q Is it cash-flowing on a monthly basis?

21 A We have income coming in, yes, on a monthly basis.

22 Q And does that income exceed the expenses of the NRA on a  
23 monthly basis?

24 A Currently, yes.

25 Q In fact, you're sitting on about \$60 million in cash as of

Rowling - Cross/Acosta

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1 the end of February; have you not?

2 A That's correct.

3 Q That's double the amount that you started with almost when  
4 you filed bankruptcy?

5 A That is correct.

6 MR. ACOSTA: I'm going to -- Stephanie, can you pull  
7 up AMc Number 125, please?

8 BY MR. ACOSTA:

9 Q Is that your signature, Ms. Rowling, on the first page?

10 A Yes, it is.

11 Q And before you signed that, did you review this document  
12 carefully?

13 A I reviewed this document.

14 MR. ACOSTA: Let's turn to page 2, if you don't mind,  
15 Stephanie.

16 BY MR. ACOSTA:

17 Q Lines 1, 2, 3 on this show the NRA started with \$36  
18 million in cash and now has 62 million.

19 A That's correct.

20 Q And still has the building worth \$80 million?

21 A I don't know that the building is worth 80 million. I  
22 thought it was 60.

23 Q Okay. Thank you; 60 million.

24 MR. ACOSTA: If you can drop down to the bottom,  
25 Stephanie.

1 BY MR. ACOSTA:

2 Q Lines 24, you show \$44.4 million in secured debt. That's  
3 the debt to Atlantic Union Bank?

4 A Yes. I believe that's the Atlantic Union Bank debt.

5 Q That's your only secured lender; is that accurate?

6 A Lender, yes.

7 Q You have a trade vendor that's also secured, and that's  
8 Quad/Graphics (phonetic). But I'm asking about this debt.

9 A Yes.

10 Q And the next line is priority debt. That's the debt to  
11 the IRS?

12 A That's the debt that they're claiming, yes.

13 Q And the IRS is -- I mean the NRA is actually disputing  
14 that debt?

15 A That's correct.

16 Q And then the next line is unsecured debt of 64 million.  
17 But that includes an unmatured debt to the PBGC of 48.4  
18 million; is that right?

19 A The exact dollar amount I'm not sure, but it would include  
20 the debt to the PBGC.

21 Q Is the PBGC debt around \$50 million, to the best of your  
22 knowledge?

23 A Somewhere around there.

24 Q And it's unmatured; is that accurate?

25 A That's correct.

Rowling - Cross/Acosta

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1 Q And you only -- you're only booking it because for  
2 accounting purposes, you have to book claim of the PBGC?

3 A Well, it's -- yes, it's an accounting requirement that we  
4 book debt that we owe the retired employees.

5 Q But in your 20 years at the NRA, has the NRA ever  
6 defaulted on its pension obligations to the PBGC?

7 A No.

8 Q And does the NRA expect to default on its pension  
9 obligations this year?

10 A No.

11 Q So if you back out the PBGC debt, you're left with about  
12 \$14 million in unsecured debt, trade debt. Is that something  
13 that the NRA would have normally paid in the ordinary course?

14 A We normally pay those in the ordinary course.

15 MR. ACOSTA: Okay. I'd like to ask the Court to  
16 admit Exhibit AMc Exhibit Number 125, please.

17 MS. PILATOWICZ: No objection, Your Honor.

18 THE COURT: AMc 125 is in.

19 (AMc Exhibit Number 125 admitted into evidence)

20 BY MR. ACOSTA:

21 Q Now you wouldn't have heard this testimony, so I will tell  
22 it to you. Mr. LaPierre said that but for the New York AG's  
23 enforcement action, they wouldn't have needed to file  
24 bankruptcy. Do you agree with that statement?

25 A I agree that that statement is accurate.

Rowling - Cross/Acosta

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1 Q Okay. Do you personally agree with that statement?

2 A I'd have to think about that -- that -- you know, that  
3 entire statement. There are other litigation that I would  
4 consider to be part of that --

5 Q Okay.

6 A -- consideration.

7 Q Well, at the 341 meeting, Mr. Warren -- he works for you,  
8 right, Mr. Warren, David Warren?

9 A Yes.

10 Q He said that they have plenty of money to prosecute and  
11 defense lawsuits. Do you agree with that statement?

12 MS. PILATOWICZ: Objection, Your Honor. I believe  
13 that misstates testimony. Mr. Acosta can certainly ask the  
14 question without representing prior testimony.

15 THE COURT: Why don't you just restate your question?

16 BY MR. ACOSTA:

17 Q Do you believe that the NRA has sufficient money to  
18 prosecute and defense lawsuits outside of the New York  
19 enforcement action?

20 A Currently the NRA has money to prosecute those.

21 Q That's not the reason why you're in bankruptcy; is it?

22 A I didn't say that we were in bankruptcy because of paying  
23 invoices.

24 MR. ACOSTA: Objection, Your Honor, non-responsive.

25 THE COURT: Sustained.

Rowling - Cross/Acosta

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1 MR. ACOSTA: My question was --

2 THE COURT: Sustained.

3 MR. ACOSTA: -- that is not the reason -- sorry, Your  
4 Honor.

5 THE COURT: It's okay.

6 BY MR. ACOSTA:

7 Q The defense and prosecution of lawsuits outside the New  
8 York enforcement action is not the reason why you're in  
9 bankruptcy -- NRA's in bankruptcy; is it?

10 A I'm sorry. Can you please repeat that? You were cutting  
11 out.

12 Q The defense and prosecution of claims and defenses of the  
13 NRA with lawsuits outside of the New York enforcement action is  
14 not the reason why the NRA is in bankruptcy; is it?

15 A The defense of those; is that what you're asking? I'm  
16 sorry, you're cutting --

17 Q Defense or prosecution of claims.

18 A I -- I don't believe that we are because of the defense.

19 Q The NRA's not -- didn't file bankruptcy because it's  
20 running out of money; is that right?

21 A I wasn't part of the discussions on why the NRA filed for  
22 bankruptcy before we filed for bankruptcy.

23 Q So it's your contention as the highest financial employee  
24 of the NRA that the NRA filed bankruptcy because it's running  
25 out of money?



Rowling - Cross/Acosta

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1 A No, I did not say that.

2 Q Okay. So this is not a financially-driven bankruptcy; is  
3 it?

4 A Not from a "financial reporting what's on our financial  
5 statements" perspective.

6 Q Ms. Rowling, do you know much about bankruptcy?

7 A I am learning every day about bankruptcy.

8 Q And can you answer my question? Do you know much about  
9 bankruptcy?

10 MS. PILATOWICZ: Objection, Your Honor. This is  
11 argumentative.

12 THE COURT: Overruled. And I do think the witness  
13 tried to answer the question the first time.

14 BY MR. ACOSTA:

15 Q You can answer the question, Ms. Rowling. Do you know  
16 much about bankruptcy?

17 A Not prior to us filing for bankruptcy. I did not know  
18 much about bankruptcy.

19 Q You've never taken a company through bankruptcy; have you?

20 A No.

21 Q Do you know what it means to reorganize or restructure?

22 A I am familiar with the process, and it's something we are  
23 working through currently.

24 Q Do you know you can reorganize and restructure outside of  
25 bankruptcy, right, then?

Rowling - Cross/Acosta

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1 A I'm not aware of all of those procedures.

2 Q So it's your contention that the only familiarity that you  
3 know about reorganizing and restructuring is inside of  
4 bankruptcy?

5 A I'm -- as I -- as I indicated, I am learning these  
6 processes as we are working through the bankruptcy.

7 Q So the ILA Division used to -- has its own accounting  
8 department, the ILA Division of the NRA?

9 A That's correct.

10 Q And recently, it was reorganized so that it could now  
11 report to the Treasury Department; is that accurate?

12 A Yes. There is a reporting to the Treasury Department now.

13 Q And the formation of Sea Girt, that occurred outside of  
14 bankruptcy; is that right?

15 A I'm not sure what the two had to do with each other. I  
16 apologize. The formation of Sea Girt happened prior to the  
17 bankruptcy.

18 Q Aren't these attempts to reorganize outside of bankruptcy,  
19 Ms. Rowling?

20 A I can't testify as to what the formation of Sea Girt was  
21 exactly for when I was not part of it.

22 Q Okay. But that would have been something that you the  
23 Treasury Department about filing bankruptcy, did you, to your  
24 knowledge?

25 A I can't -- I don't know if anyone talked to the Treasurers

Rowling - Cross/Acosta

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1 Department. I was not spoken to about bankruptcy.

2 Q And do you think that's a wise decision, assuming no one  
3 talked to anyone in the Treasury Department about filing  
4 bankruptcy?

5 A Well, that's an assumption. My understanding is that Mr.  
6 Spray knew about the potential for filing for bankruptcy.

7 Q Let's go on my assumption because I think the Court knows  
8 what assumption means. My assumption, if no one talked to the  
9 Treasury Department or anyone in the Treasury Department about  
10 bankruptcy, that would have been a mistake?

11 A Well, it would -- yes, it would be a mistake not to  
12 discuss it. But I'm not saying that's what happened.

13 Q I'm not asking you to say that. And why do you think that  
14 would be a mistake?

15 A Because what I've learned in this process is that there is  
16 a lot of financial information that needs to be gathered for  
17 this reporting process.

18 Q Let's talk about those duties, Ms. Rowling, for a second.  
19 Do you understand that when you file bankruptcy, it has to be  
20 filed in good faith?

21 A I am not aware of all of the rules surrounding filing for  
22 bankruptcy.

23 Q So you don't know whether a bankruptcy filing has to be  
24 done in good faith?

25 A I mean I can make assumptions on legal matters all -- all

Rowling - Cross/Acosta

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1 day, but I'm not going to assume.

2 MR. ACOSTA: Objection, Your Honor; non-responsive.

3 THE COURT: Sustained.

4 BY MR. ACOSTA:

5 Q My simple question was do you understand that a bankruptcy  
6 filing has to be done in good faith?

7 A I can assume that a bankruptcy filing must be done in good  
8 faith.

9 Q Do you understand what good faith means?

10 A Well, again, that's what I was trying to say that I mean  
11 it would -- that is there a legal definition of good faith?

12 Q My question is a yes or no question. If you understand  
13 it, you understand it. Do you understand what the definition  
14 of good faith is.

15 MS. PILATOWICZ: Your Honor, objection. This is  
16 calling for a legal conclusion with respect to a bankruptcy  
17 matter that's not a financial matter.

18 THE COURT: I sustain the objection.

19 BY MR. ACOSTA:

20 Q Do you know anything about the debtor's obligations in  
21 bankruptcy once you're in bankruptcy?

22 A I'm aware of obligations and those that I'm not, I seek  
23 counsel from our bankruptcy attorneys.

24 Q Has anyone told you that a debtor is a fiduciary?

25 A That sounds familiar.

1 Q Do you know what a fiduciary is?

2 A Yes. It's having responsibility over the financial  
3 matters and then there's -- there's all kinds of other legal  
4 discussions on fiduciary, as well. There were -- last I read,  
5 there were several distinct definitions within what fiduciary  
6 is.

7 Q Can you please give the Court your full understanding of  
8 fiduciary?

9 MS. PILATOWICZ: Your Honor, again, I would object.  
10 This is seeking a legal conclusion and, again, it's outside of  
11 the financial matters.

12 THE COURT: I believe this witness is -- certainly is  
13 found to -- going to be a legal conclusion, but the witness I  
14 think is able to answer the question based on her experience.

15 You may answer the question, ma'am.

16 THE WITNESS: So fiduciary, besides -- your  
17 responsibility lies within to -- at this point in a bankruptcy,  
18 it's going to rely -- your responsibility of -- of the  
19 finances, you must put the -- your -- your membership, your --  
20 everyone else first over personal responsibility or over  
21 personal decisions. And your -- your responsibility lies  
22 elsewhere with respect to the finances.

23 BY MR. ACOSTA:

24 Q Would it be accurate to say that your responsibilities --  
25 you put the interests of your constituents before your own

Rowling - Cross/Acosta

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1 interest? Does that sound about right?

2 A That was a more eloquent way of putting it, yes.

3 Q So you put the interest of creditors before the interest  
4 of the NRA?

5 A That's correct.

6 Q Do you understand that when you file bankruptcy, you have  
7 to make financial disclosures?

8 A Yes.

9 Q And that financial disclosure is under severe penalties  
10 for accuracy -- subject to severe penalties for inaccuracy?

11 A Yes.

12 Q So reviewed the bankruptcy schedules before you filed  
13 them; did you not?

14 A They were reviewed.

15 Q And did you review the line that said that you can be  
16 fined \$500,000 or 20 years imprisonment for filing them  
17 inaccurately?

18 A I believe I recall reading that.

19 Q So it's a serious business to report accurately to the  
20 bankruptcy court; is it not?

21 A Right. And it also says you reported to the best of your  
22 knowledge at the time.

23 Q So is that your reason for -- would that be a reason that  
24 you would look to for saying something was inaccurate?

25 A No. I'm just stating that information that comes in after

Rowling - Cross/Acosta

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1 a filing would -- would make a change to a filing, and it's not  
2 because you were purposely trying to be inaccurate.

3 Q But you know bankruptcy is about being transparent to the  
4 Court?

5 A And -- yes, I am aware that we will want to be  
6 transparent.

7 Q And if you're not transparent, you can get in trouble?

8 A Yes, that would be accurate.

9 Q Okay. So going back to the question of why you would ask  
10 the Treasury Department whether they need to file bankruptcy,  
11 wouldn't it have been a good idea to plan the financial  
12 disclosures that you gave to the Court (indiscernible) the  
13 Treasury Department?

14 A Yes, that would have been -- would have been helpful.

15 Q So let's turn a little bit to internal controls. I think  
16 Mr. Thompson talked about Mr. LaPierre's reimbursement of  
17 expenses for 2020. Do you recall that?

18 A Yes.

19 Q (Indiscernible) Thursday, I understand. But I believe Mr.  
20 LaPierre hasn't been reimbursed any money for his expenses in  
21 2020?

22 A He has not been reimbursed, no, for 2020.

23 Q Is there a reason for that?

24 A His invoice or his expense reports have not been approved,  
25 so we can't pay them.

Rowling - Cross/Acosta

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1 Q And how long does it usually take to approve Mr.  
2 LaPierre's expense reports?

3 A Considering that 2020 was the first year he put it through  
4 the department that I was in at the time, I -- I don't know how  
5 long that -- it shouldn't -- I wouldn't think it would take  
6 long. However, last year given COVID, there were -- his  
7 expense reports are -- are hand -- are physical documents and  
8 certain people were not physically in the building to approve  
9 those.

10 Q Okay. So you're saying the Accounting Department can't  
11 function because of COVID? Is that your -- is that what you're  
12 saying?

13 MS. PILATOWICZ: Objection; argumentative and  
14 misstates testimony.

15 THE COURT: Sustained.

16 BY MR. ACOSTA:

17 Q Do you know the Accounting Department is required to book  
18 expenses timely from an accounting perspective?

19 A Yes, from an accounting perspective.

20 Q From IRS guideline perspective?

21 A We -- yes, and we -- yes.

22 Q But your policy towards Mr. Spray -- I mean towards Mr.  
23 LaPierre don't appear to comply with those?

24 A That is inaccurate.

25 Q Okay. Well, how do they?



Rowling - Cross/Acosta

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1 A Because we accrued every month for the entire year of 2020  
2 potential expenses for Mr. LaPierre. And then at the end of  
3 the year, I also received copies of his expense reports so that  
4 I could accurately reflect the true balance that he was owed at  
5 the end of the year.

6 Q Okay. And what's that balance to the best of your  
7 estimation?

8 A Within the NRA side, there was \$12,000. On the ILA side,  
9 they were still estimated amounts over 100,000.

10 Q Okay. So you don't have an exact figure for the Court?

11 A I do not.

12 Q Mr. Spray implemented -- was executing a process for  
13 evaluating Mr. LaPierre's expenses prior to his departure in  
14 January; was he not?

15 A That is my understanding.

16 Q And do you know what the policy was?

17 A Well, again, it's procedure. But it was my understanding  
18 he was going to sign the expense reports and then one board  
19 member, president or Audit Committee chair.

20 Q And it was going to be done on a timely basis?

21 A That would be, generally speaking, what should happen.

22 Q Now, Ms. Rowling, have you ever expressed any concerns  
23 about how the NRA operates internally --

24 A If you are --

25 Q -- from an accounting perspective?

Rowling - Cross/Acosta

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1 A If you are referring to concerns we expressed in 2018,  
2 yes.

3 MR. ACOSTA: So I'm going to pull up AMc Exhibit  
4 Number 41, please, Stephanie.

5 BY MR. ACOSTA:

6 Q Now we agreed with the debtors' counsel that we will  
7 redact names. I think your name is on there. But this is an  
8 email from you to about five individuals in the Accounting  
9 Department; is it not?

10 A That's correct.

11 Q And this is the email where you attach the internal ten --  
12 the top ten audit concerns for the NRA in 2018?

13 A I -- I'm not sure there were ten, but this was concerns  
14 that we presented to the Audit Committee.

15 Q And I'm not going to be repetitive with the New York  
16 Attorney General.

17 MR. ACOSTA: Can you scroll down, Stephanie?

18 BY MR. ACOSTA:

19 Q In fact, attached to this email are the list of top  
20 concerns for the Audit Committee; is that right?

21 A Yes.

22 Q Okay. The first email -- the first concern says  
23 "financial conflict of interest at the senior management and  
24 board-director levels." And I believe you told the UCC counsel  
25 that you fixed all those problems?

Rowling - Cross/Acosta

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1 A I believe I told counsel that they were no longer  
2 concerns.

3 Q Okay. So let's look at Woody Phillips and Josh Powell and  
4 Ackerman McQueen and Associates to the (indiscernible). They  
5 are no longer with the NRA or working with the NRA; is that  
6 accurate?

7 A That's correct.

8 Q Tyler Schropp is the only one that's left working with the  
9 NRA?

10 A That's correct.

11 MR. ACOSTA: Can you scroll down a little bit more,  
12 Stephanie? Yes.

13 BY MR. ACOSTA:

14 Q "Senior management override of internal control." Again,  
15 we talked about WBB Investments, that you had concerns that  
16 they were being funded without a W9. That's no longer a  
17 problem because WBB Investments went away?

18 A That is no longer a problem for two reasons. They  
19 refunded the money, and WBB is no longer an organization.

20 Q And how did B get resolved -- 2B?

21 A We received all of the serial numbers and -- and location  
22 of where all of those firearms went.

23 Q Okay.

24 A And then the last line, Lisa Supernaugh no longer has use  
25 of the signature machines.

Rowling - Cross/Acosta

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1 Q And subpoint C, again Josh Powell is gone so that's not an  
2 issue. And subpoint D, are you hiring staff without HR  
3 knowledge anymore?

4 A Not to my understanding, we are not.

5 Q Okay. Let's move to subpoint 3, "management had  
6 subordinated its judgment to vendors." And I think at your  
7 deposition you said there was a concern about the influence  
8 that Ackerman McQueen exerted on the NRA. Is that accurate?

9 A Yes.

10 Q Is there any other vendor that you thought was exerting  
11 too much control?

12 A No.

13 Q And so it was just one vendor?

14 A At this time, yes, there was one vendor.

15 Q And it's not your opinion that the Brewer firm is exerting  
16 too much control over the NRA; is it?

17 A Not at this time, no.

18 Q Okay. Have you ever heard that concern expressed to you  
19 before?

20 A I have read that concern by another individual.

21 Q Okay. And we'll get to that in a second. And then vague  
22 and deceptive billing, there are four categories here.

23 Subpoint D is about MMP. You said the bills violate contract  
24 stipulations. Are you saying that that's no longer the case?

25 A I am saying that we -- we have written explanation behind

Rowling - Cross/Acosta

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1 the increase that MMP has. And it is my understanding that  
2 this was -- this contract is being -- was being looked at.

3 Q Okay. And I think at your deposition you said that the  
4 MMP contract probably needed to be revisited?

5 A It does.

6 Q Okay. And that hasn't happened since you've been in the  
7 Treasury Department?

8 A Not -- no.

9 MR. ACOSTA: So let's skip down a little more. If  
10 you don't mind, Stephanie, just --

11 BY MR. ACOSTA:

12 Q Number 6, "reimbursement for expenses for apartments." I  
13 believe you said that there was going to be a policy in place  
14 that was going to guide that?

15 A I'm not sure if there's a policy, but there were  
16 discussions on including as part of employment contracts what  
17 would or would not be allowed. But I have not seen any policy.

18 Q Okay. What about Number 8, "lack of controls over  
19 vehicles that are leased?" You said -- I believe you said that  
20 there was a policy in draft?

21 A That is correct.

22 Q It hasn't been implemented yet?

23 A No.

24 Q And all of these things, all of these concerns, I believe  
25 you told the UCC counsel that they were all fixed?

Rowling - Cross/Acosta

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1 A I said they were no longer concerns because of controls we  
2 have in place currently.

3 Q And that was under Craig Spray's watch; was it not?

4 A For the most part, yes.

5 MR. ACOSTA: Your Honor, I'd like to enter Exhibit --  
6 AMc Exhibit Number 41 into the record.

7 MS. PILATOWICZ: Your Honor, we would ask that the  
8 names in the first part be redacted before it is entered on the  
9 record. But otherwise, with that -- with the redaction, no  
10 objection.

11 MR. ACOSTA: I think we redacted the names. The only  
12 name that's not redacted is Sonya Rowling.

13 MS. PILATOWICZ: No, that -- within the body of the  
14 email, Mr. Acosta, it lists the first names. And just out of  
15 an abundance of caution, we'd ask that that be redacted, as  
16 well, please.

17 THE COURT: Any problem with that, Mr. Acosta?

18 MR. ACOSTA: I don't think there's a problem with  
19 that, Your Honor. We can redact those names.

20 THE COURT: Okay. With the redactions, AMc 41 is  
21 admitted. And I may be mistaken, but isn't this in through the  
22 New York Attorney General? I guess I could check on that with  
23 --

24 MR. ACOSTA: Just the memo, Your Honor, not the email  
25 from Ms. Rowling.

Rowling - Cross/Acosta

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1 THE COURT: Okay.

2 (AMc Exhibit 41 with redactions admitted into evidence)

3 BY MR. ACOSTA:

4 Q Let's talk about what other people told you.

5 MR. ACOSTA: Can you pull up AMc -- well, no.

6 BY MR. ACOSTA:

7 Q Let's talk about other things you might have expressed  
8 concerns about.

9 MR. ACOSTA: Can you pull up AMc Exhibit Number 67,  
10 please?

11 BY MR. ACOSTA:

12 Q I got this one right. Do you recognize this statement?

13 A I do.

14 Q Is it a statement by yourself, Ms. Rowling?

15 A It is.

16 Q And it's a statement I guess -- well, I won't characterize  
17 it. I think the statement speaks for itself. The first  
18 sentence says you're been a CPA employed for 19 years. Is that  
19 accurate?

20 A Yes.

21 Q And you've conducted yourself ethically with tenure,  
22 reconnaissance, and you speak with the goal of protecting the  
23 NRA's exempt status. Is that accurate?

24 A Yes.

25 Q Were you concerned about the NRA's exempt status as of

1 July of 2018?

2 A I was.

3 Q Let's go to the second paragraph. I don't want to focus  
4 on the first sentence. I think everyone can read. The second  
5 sentence says: "With that said, I do have knowledge and am in  
6 agreement with what 200 people" -- one of them's called  
7 "Whistleblower 3." And the first one is a gentleman whose name  
8 states with an M. Do you know who I'm referring to?

9 A I believe I know who you're referring to.

10 Q Okay. And you're saying you share some of their concerns?

11 A Some of their concerns, yes.

12 Q At the very bottom, very last sentence, second to last  
13 sentence, it says, "When Craig Spray was hired, those of us  
14 speaking out now immediately brought it to his concerns the  
15 concerns we have and the challenges being brought to you now.  
16 He encouraged us to speak out to Brewer, and that was the  
17 opportunity to have these issues resolved. In the past, our  
18 complaints and concerns were dismissed or expressed or  
19 explained away."

20 Is that an accurate statement?

21 A Yes.

22 Q So Mr. Spray was kind of an agent for change at the NRA in  
23 the Accounting Department; wasn't he?

24 A Yes, he was.

25 MR. ACOSTA: All right. Your Honor, I'd like to



1 admit AMc Exhibit Number 67.

2 MS. PILATOWICZ: Your Honor, we would just want to  
3 make sure that the version the Court has has been redacted.  
4 The version we have is not redacted. But with an agreement  
5 that the document made public will be redacted, we have no  
6 objection.

7 THE COURT: Mr. Acosta, there are a couple of names  
8 in there I think that there was an agreement before the trial  
9 started, at least one of them, that the name wouldn't be made  
10 public. Are you okay with redaction?

11 MR. ACOSTA: Yes, Your Honor. At least the version  
12 that's up on the board is the names that are redacted.

13 THE COURT: With redactions, AMc 67's admitted.

14 (AMc Exhibit Number 67 admitted into evidence)

15 BY MR. ACOSTA:

16 Q And there's a person by the name whose first name starts  
17 with an E, and we have agreed to refer to her as "Whistleblower  
18 3." There was another person in your accounting department  
19 that expressed concerns about the state of accounting back in  
20 2018; is that true?

21 A I'm sorry. There was another person; is that what you  
22 just said?

23 Q Yeah. I'm sorry I'm being vague. I have to protect the  
24 name. Why don't I just pull it up.

25 MR. ACOSTA: Can you pull up AMc Exhibit Number 33,

1 please?

2 BY MR. ACOSTA:

3 Q Okay. Do you know who wrote this memo?

4 A Yes.

5 Q The person who wrote that memo, we are referring to as

6 "Whistleblower Number 3." So whenever I refer to

7 "Whistleblower Number 3," can I have your understanding that

8 you know who that means?

9 A Yes.

10 Q Did she share this memo with you back in 2019?

11 A No, she did not.

12 Q She did not. Did she ever express these concerns to you

13 back in 2019?

14 A She -- well, she was -- she wasn't an employee at that

15 point. I spoke to her on the phone at one point, and she had

16 concerns but she -- but given she wasn't an employee, she

17 wasn't there to see what was happening at that particular point

18 in time.

19 MR. ACOSTA: Objector, Your Honor; non-responsive and

20 move to strike.

21 THE COURT: Sustained.

22 BY MR. ACOSTA:

23 Q My question, Ms. Rowling, was did she -- did

24 "Whistleblower Number 3" express these concerns to you back in

25 2019?

Rowling - Cross/Acosta

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1 A Not all of them.

2 Q Okay. Well, let's go through each one. The first  
3 sentence, "I'm standing up to say Oliver North was right to  
4 seek an independent account financial review of Bill Brewer's  
5 NRA invoices and expenses." Did she express that concern to  
6 you?

7 A She might have discussed that with me.

8 Q Okay. The second one, "I witnessed that Bill Brewer  
9 influenced members of the board of directors by selectively  
10 withholding information relevant to their decision-making."  
11 Did she express that concern to you?

12 A I don't recall if she did that one.

13 Q Okay. The third one, "I witnessed Bill Brewer effectively  
14 silence NRA staff on current issues needing board of directors'  
15 attention." Did she express that concern to you?

16 A Not that I recall.

17 Q The fourth one, "I witnessed how Bill Brewer used  
18 information gathered by the NRA staff to fit different purposes  
19 and frame a different story to the board of directors." Did  
20 she express that concern to you?

21 A I don't recall if it was specifically worded that way if  
22 she expressed that.

23 Q Well, how was it worded in your opinion?

24 A I -- I don't -- I don't recall if she expressly stated  
25 this to me. I -- I just don't recall. She wasn't an employee.

Rowling - Cross/Acosta

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1 Q I understand. I just want to know what she covered with  
2 you. The fourth one, "I witnessed that Bill Brewer intimidated  
3 NRA staff and threatened our professional livelihoods. I  
4 witnessed the NRA were told to fall in line to keep their  
5 jobs." Did she express that concern to you?

6 A She had that concern.

7 Q Okay.

8 A But if -- if I might add any -- any additional  
9 information, I would like to do so.

10 Q Your attorneys are going to have a chance to ask you  
11 questions, and if you could just answer mine, that would be  
12 great. Did she express the concerns that I just read to you?

13 A She had those concerns.

14 Q Okay. Fair enough. The next one says, "I witnessed Bill  
15 Brewer bill the NRA for efforts to investigate and pressure NRA  
16 staff." Did she express that concern to you?

17 A I don't recall if she expressed that concern to you.

18 Q The fourth one, "I witnessed that Bill Brewer complied  
19 with what became his burn books to accumulate enough knowledge  
20 of each individual pressure points in order to keep them  
21 acquiescent." Has she expressed that concern to you?

22 A She had.

23 Q The fourth -- the next one is, "I witnessed what happened  
24 to be unrealistic and (indiscernible) of Bill Brewer." Had she  
25 expressed that concern to you?

Rowling - Cross/Acosta

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1 A I believe so. I don't recall 100 percent.

2 Q And the last one, "I witnessed that Bill Brewer himself  
3 created 2018 cash-flow crunch by interfering with accounts  
4 payable, prioritize paying himself immediately versus other NRA  
5 vendors that had been providing goods and services for months  
6 without payment, also jeopardizing the NRA's biweekly staff  
7 payroll." Did she express that concern to you?

8 A I believe she expressed that concern.

9 Q Okay. So in the prior AMc Exhibit 67 which you said you  
10 shared the opinion of "Whistleblower 3" who wrote this memo,  
11 you didn't share all of the concerns that she had expressed?

12 A Some of these concerns came out after the July meeting, so  
13 you can't say that my statement at July reflected -- July of  
14 2018 reflects what she says here in July of 2019.

15 Q Fair enough. And I'm assuming you don't agree with most  
16 of these concerns?

17 A I at one point in time could have agreed, but as we -- as  
18 we continued our process of being heard as whistleblowers, I  
19 have no longer agreed with what she was stating.

20 MR. ACOSTA: Your Honor, I'd like to admit AMc  
21 Exhibit Number 33.

22 MS. PILATOWICZ: Your Honor, objection. There is no  
23 foundation. It is not a signed letter. I don't think it's  
24 appropriate to admit.

25 THE COURT: 33 is admitted. AMc 33 is in.

Rowling - Cross/Acosta

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1 (AMc Exhibit Number 33 admitted into evidence)

2 BY MR. ACOSTA:

3 Q Ms. Rowling, do you know when the NRA is going to hire a  
4 treasurer?

5 A I do not.

6 Q Do you know whether Mr. Spray had an opinion about how to  
7 hire the next treasurer?

8 A I have heard through counsel those discussions.

9 Q So counsel has told you Mr. Craig Spray's opinion about  
10 the next treasurer of the NRA?

11 A I'm not sure how to answer that question without revealing  
12 privilege. I apologize.

13 Q You're (indiscernible) counsel. It's okay. That's not  
14 privileged information.

15 A Well, I spoke with counsel.

16 Q Counsel told you -- right. And so then you know that Mr.  
17 Spray didn't recommend you to be the next treasurer of the NRA?

18 A Mr. Spray is -- is entitled to his opinion.

19 Q So my answer -- my question was you know that Mr. Spray  
20 did not recommend you to be the next treasurer of the NRA. Is  
21 that a yes or no?

22 A Yes.

23 Q And you know he didn't feel that you had the leadership  
24 skills to lead the NRA in that position?

25 A I don't know what his reasons were behind that statement.

Rowling - Cross/Taylor

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1 Q Do you know that he recommended someone from the outside  
2 to be the treasurer of the NRA; don't you?

3 A I -- I -- without revealing -- I know there were  
4 discussions that were had regarding hiring from the outside.

5 MR. ACOSTA: No further questions for this witness,  
6 Your Honor.

7 THE COURT: Thank you.

8 Mr. Taylor or Mr. Watson?

9 CROSS-EXAMINATION

10 BY MR. TAYLOR:

11 Q Good morning, Ms. Rowling. This is Clay Taylor  
12 representing Phillip Journey, et al. You were talking earlier  
13 regarding the solvency or not of the NRA. Do you believe the  
14 NRA to be solvent as we stand here today?

15 A Yes.

16 Q Do you understand what I mean when I use the term "capital  
17 stack?"

18 A No, I don't.

19 Q Okay. Do you believe that the NRA has enough money to pay  
20 back all of its secured creditors?

21 A Secured creditors?

22 Q Yes.

23 A I would have to look at what our restricted cash position  
24 is, as well, but I believe that we can pay secured creditors.

25 Q And --

Rowling - Cross/Drake

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1 A Although -- although I'm not sure about the PBGC with that  
2 -- with their liability.

3 Q The PBGC only holds a contingent claim; isn't that  
4 correct?

5 A That is correct.

6 Q And the NRA plans through or has a plan or is formulating  
7 a plan to pay back all of its unsecured creditors, correct?

8 A That is correct.

9 Q And it is intending on filing what is called a 100-percent  
10 plan. Are you aware of that?

11 A Yes, that is the intent.

12 Q So it's true, is it not, that in a for-profit corporation  
13 that equity would be "in the money?" Do you know what I mean  
14 when I say that?

15 A Yes, I know what you mean.

16 Q Okay. So in this case, were this a for-profit  
17 corporation, would equity be in the money?

18 A Yes.

19 Q Okay. And in this case, there is no equity, correct?

20 A No, there's no equity in a non-profit. It's net assets.

21 Q Okay. And so the most analogous to equity here would be  
22 the members who they -- who the NRA serves; is that correct?

23 A Well, you're -- you're taking an accounting term and  
24 putting it into something that's not, so I -- I struggle with  
25 that. Apologies, but, you know, our -- our goal is to support



Rowling - Cross/Drake

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1 the members so we are responsible to the members.

2 Q Okay. Thank you. No further questions.

3 MR. TAYLOR: Thank you.

4 THE COURT: Thank you, Mr. Taylor.

5 Mr. Drake?

6 CROSS-EXAMINATION

7 BY MR. DRAKE:

8 Q Yeah. Ms. Rowling, can you hear me okay?

9 A Yes.

10 Q Ms. Rowling, I just wanted to go back if you can look at  
11 AMc Exhibit 41.

12 A Yes, I have that up.

13 Q Mr. Acosta referenced some questions I had asked you. You  
14 recall I did get an opportunity to ask you questions at a  
15 deposition back in March?

16 A Yes.

17 Q I just -- could you describe briefly the process that you  
18 and the colleagues mentioned in your email on page 1 of Exhibit  
19 41 underwent to compile this list of top concerns for the Audit  
20 Committee?

21 A Sure. We individually had our concerns. As we spoke to  
22 each other, we created one list to incorporate all of our  
23 concerns to -- to accumulate them in a way that we could  
24 succinctly identify those to the Audit Committee.

25 Q And, Ms. Rowling, if you look at the actual list of top

Rowling - Cross/Drake

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1 concerns for the Audit Committee on the next two pages --

2 A Uh-huh.

3 Q -- you'll see that there are eight enumerated items. Do  
4 you see those?

5 A Yes.

6 Q And then do you see that under some but not all of those  
7 enumerated items, there's subparts that are set off by  
8 lowercase letters?

9 A Yes.

10 Q Am I correct in understanding from your deposition that  
11 the enumerated items listed by number are a list of the  
12 concerns that you and your colleagues identified?

13 A That's correct.

14 Q And then the subparts set off by lowercase letters, those  
15 were some examples of incidents of the concern; is that  
16 correct?

17 A That's correct.

18 Q And, Ms. Rowling, Mr. Acosta referenced some questions  
19 about whether or not you had these concerns presently. And  
20 just so the record is clear, do you personally sitting here  
21 today have any concerns that any of these eight identified  
22 concerns still exist today?

23 A I -- I do not have concerns about what is on this list.  
24 That's correct.

25 Q And, Ms. Rowling, when did you send this email just for

Rowling - Cross/Drake

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1 the record? I think it's on page 1 in your email.

2 A July 13th, 2018.

3 Q And then, Ms. Rowling, if you need to refer to your  
4 personal statement, that's Exhibit 67?

5 A Yes.

6 Q And that's dated July 30, 2018; is that right?

7 A Let me open that. Yes, it is.

8 Q So that would have been close in time, just a couple of  
9 weeks from when the list of top concerns for the Audit  
10 Committee was prepared?

11 A That's correct.

12 Q And, Ms. Rowling, why did you prepare your personal  
13 statement pursuant to the whistleblower policy?

14 A I prepared it, but I actually never presented this to the  
15 Audit Committee. I felt the Audit Committee actually listened  
16 to what we had to say, and I didn't feel it was necessary. But  
17 I -- I compiled it just as a precaution.

18 Q Was it important to you back in 2018 that the NRA  
19 addressed and examined what you believed were concerning  
20 conflicts and violations of procedures?

21 A Yes, it was.

22 Q Ms. Rowling, if you'll now pull up Exhibit 33, AMc Exhibit  
23 33.

24 A Okay.

25 Q Let me know when you have that.

Rowling - Cross/Drake

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1 A I have that up.

2 Q And I understand from your answers to Mr. Acosta's  
3 question you didn't prepare this Exhibit 33, correct?

4 A That's correct. I did not.

5 Q And -- but you've reviewed -- had you had a chance to  
6 review this document before today?

7 A Yes, briefly.

8 Q And I believe Mr. Acosta walked you through some of the  
9 statements made by I believe we're calling it "Whistleblower  
10 3." But the author of this document identified certain  
11 concerns about Mr. Brewer and his actions towards the NRA. And  
12 you were able to review those with Mr. Acosta; is that right?

13 A Yes.

14 Q Have you ever witnessed anyone from Mr. Neligan's firm  
15 display any of the characteristics that are alleged against Mr.  
16 Brewer here in this document?

17 A No, I have not.

18 Q Have you ever observed anyone from Mr. Garman's firm  
19 exhibit any of the characteristics described in this document?

20 A No, I have not.

21 Q Ms. Rowling, now I'd like you to turn to New York AG  
22 Exhibit 8. And please let me know when you have that document  
23 in front of you.

24 A I have it in front of me.

25 Q And could you just for the record identify what this is?

Rowling - Cross/Drake

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1 A This is the 2019 990 of the National Rifle Association.

2 Q And, Ms. Rowling, if you look about halfway down the first  
3 page, do you see the section that says "Revenue?" I believe  
4 it's lines 8 through 12. Do you see that?

5 A I do.

6 Q Okay. And just for the record, do you see it has two  
7 columns "prior year" and "current year?"

8 A Yes.

9 Q So in this particular Form 990, what would be the current  
10 year?

11 A 2019.

12 Q This will be one of the easier questions you get. So what  
13 then would be the prior year?

14 A 2018.

15 Q Okay. Thank you. And so, Ms. Rowling, again for the  
16 record, what was the revenue for the year 2019 as reported by  
17 the NRA? Total revenue?

18 A 291 million.

19 Q And for the prior year 2018, what was the total reported  
20 revenue?

21 A 352 million.

22 Q And, Ms. Rowling, if you look at the information on lines  
23 8 through 11, where does the majority of the total revenue for  
24 the NRA come from?

25 A Majority of the revenue here is the program service

Rowling - Cross/Drake

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1 revenue. But that includes membership dues, so that would be  
2 majority of our -- our revenue.

3 Q And so you're referring to line 9; is that correct?

4 A That's correct.

5 Q And then line 8 references revenues a little bit in excess  
6 of \$100 million each year; is that right?

7 A That's correct.

8 Q And are you familiar with what the source of line 8  
9 contribution and grants is?

10 A Majority of those are going to be donor contributions.

11 Q And, Ms. Rowling, if you'll turn with me to page 9 of this  
12 exhibit, which is part 8. Let me know when you're there.

13 A I'm there.

14 Q Okay. And so, Ms. Rowling, do you see the first section  
15 on this page which is 1A through H, the form states

16 "contributions, gifts, grants, and other similar amounts."

17 A That's correct.

18 Q Do you see that?

19 A Yes.

20 Q Are you familiar with what is meant by contributions,  
21 gifts, and grant?

22 A Yes.

23 Q Is that donations and fundraising? Is part of the monies  
24 reflected in this section from donations and fundraising?

25 A That's correct.

1 Q And then, Ms. Rowling, on the next section is program  
2 service revenue. Was that the number you were referencing that  
3 is line 9 on page 1?

4 A Yes.

5 Q And what is the bulk of the source for program service  
6 revenue?

7 A Membership dues.

8 Q Ms. Rowling, if there was to be a significant decline in  
9 either the revenue associated with contribution and grants or  
10 the revenue associated with program service revenue, which is  
11 largely member dues, are you aware of an alternative source for  
12 the NRA to make up for that decline in revenue?

13 A No.

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

15 THE COURT: Thank you, Mr. Drake.

16 Debtor?

17 MS. PILATOWICZ: Your Honor, thank you. We'll  
18 reserve for arguments.

19 THE COURT: All right. Just for the record, does  
20 anyone else have any questions of Ms. Rowling?

21 (No audible response)

22 THE COURT: You may stand down, Ms. Rowling. Let me  
23 just mention one thing to you. A rule has been invoked before  
24 the trial started, and you're instructed not to speak with  
25 anyone about your testimony until I've ruled. Do you

1 understand that?

2 MS. ROWLING: Yes, sir.

3 THE COURT: It could be that debtors' counsel is  
4 going to call you again in their case in chief. You can speak  
5 with them about the case in chief, but that's counsel only that  
6 are representing the NRA in this bankruptcy case.

7 MS. ROWLING: Yes, Your Honor.

8 THE COURT: All right.

9 Mr. Garman, you're standing up like you want to tell  
10 me something.

11 MR. GARMAN: Oh, no, sir. I don't have anything to  
12 say. It was just passed back to me.

13 THE COURT: Okay. All right.

14 Mr. Pronske, who do you all have next?

15 MR. TAYLOR: Your Honor, this is Clay Taylor on  
16 behalf of Judge Journey, et al. I believe that the parties  
17 have agreed that because of scheduling issues that Judge  
18 Journey was going to go next. And if we could perhaps take our  
19 morning break so that we can move Judge Journey into the  
20 witness room that we have set up here and get his monitor set  
21 up and do that?

22 THE COURT: That sounds good to me. Why don't we  
23 turn back in at 10 o'clock.

24 MR. TAYLOR: Thank you, Your Honor.

25 (Recess)



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1 THE COURT: We'll go back on the record in NRA.

2 Judge Journey, can you hear me?

3 MR. JOURNEY: (No audible response).

4 THE COURT: I think you may be muted.

5 MR. JOURNEY: You are right, as always.

6 Yes, Your Honor. I hear you loud and clear.

7 THE COURT: All right. We're going to have a  
8 turnabout for you. I'm going to swear you in, all right.

9 MR. JOURNEY: Yes, Your Honor.

10 PHILLIP JOURNEY, JOURNEY'S WITNESS, SWORN

11 THE COURT: Mr. Taylor?

12 MR. WATSON: Judge Hale, I'm handling Judge Journey's  
13 direct this morning.

14 THE COURT: Mr. Watson.

15 MR. WATSON: Thank you, Judge.

16 DIRECT EXAMINATION

17 BY MR. WATSON:

18 Q Good morning, Judge Journey.

19 A Good morning.

20 Q Can you please state your full name for the record?

21 A Phillip B. Journey.

22 Q What state do you live in?

23 A I live in the State of Kansas?

24 Q What's your highest level of education?

25 A Juris doctorate.

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1 Q In what discipline did you obtain your bachelor's degree?

2 A Bachelor of Business Arts with an emphasis in accounting.

3 Q What is your current occupation?

4 A I am serving as a district court judge in the Eighteenth  
5 Judicial District for the State of Kansas.

6 Q How long have you been a judge?

7 A I was re-elected in November to my fourth term of four  
8 years, so 12 years so far.

9 Q What other public service roles have you engaged in  
10 besides being a judge?

11 A Prior to my service as a judge, I served in the Kansas  
12 Senate for five years from 2003 to 2008.

13 Q What was your occupation before that?

14 A Well, while I was serving in the legislature, an attorney  
15 just like another 100 of them here.

16 Q When did you join the NRA?

17 A (Indiscernible) was in law school or immediately  
18 thereafter.

19 Q Approximately -- I'm not going to hold you to the date,  
20 but what year was that?

21 A 1983.

22 Q So do the math for me. How long have you been a member of  
23 the NRA?

24 A Seventeen and 21 would be 38 years.

25 Q What is your current membership level at the NRA?

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1 A It's the one above life. It's not benefactor or patron,  
2 endowment.

3 Q What's the distinction between an endowment member and  
4 other levels of membership?

5 A The amount of money provided.

6 Q And what's the next step below that, below (indiscernible)

7 --

8 A Life --

9 Q -- membership?

10 A Life membership.

11 Q And what's the distinction of a life member?

12 A Life members get to elect the board of directors. They  
13 receive benefits that are supposed to be provided through their  
14 lifetime.

15 Q What is the membership level below life member?

16 A They have an annual membership. They can be purchased in  
17 one- or five-year lots.

18 Q What duties or powers do annual members possess?

19 A The annual members have the ability to attend the meetings  
20 and receive the benefits from NRA. They have to be an annual  
21 member for five years without a lapse to be able to participate  
22 in the election of the board.

23 Q What role do you currently serve with the NRA besides your  
24 membership level?

25 A I was elected and installed to the board of directors

1 on -- in October of 2020.

2 Q Who do you serve as a board member?

3 A I believe I serve the membership.

4 Q And why is that important?

5 A I believe that's important because in assuming the duties  
6 of a member of the board of directors, I have a fiduciary duty  
7 to protect the membership and do what I believe is in the best  
8 interest of the membership and, in turn, the association.

9 Q How many directors serve on the board of the NRA?

10 A The by-laws provide for 76 members of the board.

11 Q And I believe you touched on this briefly, but could you  
12 explain in a little more detail on how board members are  
13 elected?

14 A Each year, there is a process of nomination. There are  
15 multiple paths for nomination. An individual can be nominated  
16 for election to the board of directors by a petition process or  
17 they can be placed on the ballot by the nominating committee.

18 Q Have you ever served on the board of directors prior to  
19 your current term?

20 A Yes. I served on the board of directors from 1995 to '98  
21 for a three-year term.

22 Q What educational programs are you aware of that the NRA  
23 sponsors?

24 A The NRA sponsors a plethora of programs, including youth  
25 development, competitive shooting, law enforcement support,

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1 Flint programs designed specifically for different levels of  
2 shooters, such as beginners or women or youth.

3 Q What educational programs related to the NRA are you  
4 directly involved in?

5 A I'm currently involved in, although I've had to take a  
6 short hiatus because of this, the 4-H shooting sports program  
7 in my county, Sedgwick County. And then the (indiscernible) --

8 Q And what are --

9 A I'm sorry, go ahead.

10 Q Sorry, Judge. I didn't mean -- I thought you were done.  
11 Go ahead.

12 A Okay. I'm also a certified instructor in basic handgun by  
13 NRA. I'm certified by 4-H in rifle and pistol instruction.  
14 And then I'm also -- I completed the certification course for  
15 the Civilian Marksmanship Program and attained the recognition  
16 of being a master high power rifle instructor.

17 Q Are these certifications determined by the NRA itself?

18 A That and by the organizations that also have their own  
19 programs.

20 Q Do those programs accept the NRA certifications as valid,  
21 or --

22 A Generally, they will want to supplement whatever you've  
23 learned with their own program so they know you learned their  
24 way.

25 Q With respect to the 4H, can you go into a little more

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1 detail about what group of individuals that program serves?

2 A The program that I'm involved in is in Sedgwick County  
3 that has the largest city in the state, Wichita. It's the  
4 second largest county. There's about half a million people  
5 that live there. We have, depending on which discipline we're  
6 shooting, between 30 or 40 kids practicing on a given evening  
7 to just a handful, for example, in air pistol.

8 Q What political function does the NRA serve in your home  
9 state of Kansas?

10 A Well, of course the political function would include the  
11 support or advocacy on behalf of candidates endorsed or  
12 supported by NRA ILA. They also provide direct contributions.  
13 They also provide NRA endorsements. And then, of course,  
14 everybody wants the little orange postcards to go out to the  
15 membership that NRA has endorsed a particular candidate.

16 Q Well, what is ILA?

17 A The Institute for Legislative Action.

18 Q And what are some of the things that ILA does on behalf of  
19 membership?

20 A They raise money. They donate directly to candidates.  
21 They have independent expenditures for or against individual  
22 candidates. They also provide grassroots support for the  
23 membership, so they provide training to the membership on how  
24 to get involved in grassroots at an introductory level. In  
25 working with campaigns going door-to-door, stuffing envelopes,

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1 running a phone bank, we have a grassroots division.

2 Q Well, what political function does the NRA ILA serve on a  
3 national level to your knowledge?

4 A Well, on a national level, of course, they're involved in  
5 435 House races, 100 Senate races over a six-year cycle. They  
6 also get involved in the Executive Branch and election for the  
7 President of the United States. They also work in thousands --  
8 every cycle, they work in thousands of state legislative races.

9 Q Well, what constitutional rights does the NRA protect?

10 A Well, I think it certainly protects the one that is its  
11 hallmark, and that of course would be the Second Amendment.  
12 But in turn, they also support the First Amendment rights of  
13 members who have been, shall we say, attempted to be silenced  
14 by our political opponents, whether it's a university or in a  
15 classroom.

16 Q Can you describe some of the situations in which the NRA  
17 protects First Amendment rights?

18 A They have been involved in lawsuits through the Firearms  
19 Civil Rights Legal Defense Fund for supporting, for example,  
20 students and their legal actions to exercise their First  
21 Amendment rights regarding the right to keep and bear arms.

22 Q How does the NRA promote gun safety?

23 A In a myriad of ways. It would depend on the target  
24 audience. For example, for children between three and 10 years  
25 of age, we have the Eddie Eagle Program, which has evolved over

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1 the decades. We also have hunter -- we also support hunter  
2 education training. There's a division that helps with that.  
3 We work with other organizations, such as the Boy Scouts and  
4 4H.

5 We supply funding through the NRA Foundation and the grant  
6 application process to help pay for those programs. And then,  
7 of course, there is the support that includes all levels of  
8 competition all the way up through the United States Olympic  
9 Team and our biathlon team.

10 Q So based on your testimony, the NRA also supports shooting  
11 sports?

12 A Yes. They manage the competitions. They schedule them.  
13 They announce them. They -- we write the rules for the  
14 competitions, whether it's the high-power competition all the  
15 way down to small bore air rifle and BB gun. That's where we  
16 start them out in 4H, about eight years old, is with a BB gun.

17 Q Can you describe in your own words, Judge Journey, the  
18 importance of the NRA to our society as well as your State of  
19 Kansas?

20 A I believe that the Second Amendment is the lynchpin, the  
21 ultimate guaranty, of all of our freedoms and liberties that  
22 are recognized in the Bill of Rights and in federal and state  
23 statute. Without the protection of the Second Amendment, the  
24 others would be at risk.

25 Q Thank you.



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1 Why are you involved in this Chapter 11 proceeding?

2 A Oh, my. Okay.

3 So, you know, if someone had told me on January 14th, I  
4 would be here doing this, I would have thought they were crazy.  
5 The reality is that after attending the board meeting on  
6 January 7th and then eight days later, the filing of the  
7 Chapter 11, I came to the conclusion that as a mandatory  
8 reporter due to the ethics rules that judges have to abide by  
9 in Kansas that I had to act.

10 Q Are you familiar with the New York Attorney General's  
11 petition?

12 A Yes. I read it the day it was filed.

13 Q And when was that?

14 A August 5, 2020.

15 Q Can you generally describe the allegations contained in  
16 the pleading, to your knowledge?

17 A To try to describe them is a tough thing. I could say  
18 that I reacted with shock and essentially had an epiphany about  
19 what I was faced with because I was set to be sworn in to the  
20 board of directors about a little less than three months later  
21 on October 24th at the annual meeting in Tucson.

22 Q What epiphany did you have? Could you go into more detail  
23 about that?

24 A That the allegations in the petition filed by the New York  
25 Attorney General were backed up by civil discovery that had

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1 already occurred. It's apparent -- it was apparent to me in  
2 reviewing the petition that depositions had already been taken,  
3 documents had already been provided as a result of civil  
4 process and discovery, that interviews had occurred by staff of  
5 the New York Attorney General, and that there were significant  
6 allegations and there appeared to be some documentary and  
7 evidentiary support for those allegations.

8 Q What does the New York AG's lawsuit reveal about the state  
9 of the NRA's corporate governance structure?

10 A That it was worse than I ever imagined.

11 Q What do you mean by worse than you ever imagined?

12 A In my prior experience on the National Rifle Association's  
13 board of directors, there were occasionally issues or  
14 transactions that came into question. And when I completed  
15 reading the petition, and it took me a while to read it because  
16 like about 40 pages in, I physically got sick I was so  
17 distraught by what I read in that. And then, once I got  
18 through it, it became apparent that the corporate governance  
19 and the balance of power, the checks and balance -- system of  
20 checks and balances was essentially non-existent.

21 Q What did the New York AG's lawsuit reveal about the state  
22 of the NRA's financial controls?

23 A That it essentially operated as a kingdom rather than a  
24 corporation.

25 Q Whose kingdom --

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1 A Wayne's kingdom.

2 Q -- does the NRA operate as? I'm sorry --

3 A Wayne's kingdom.

4 Q Okay.

5 What does the New York AG's lawsuit reveal about the  
6 oversight or the level of oversight of the board of directors  
7 with relationship to management?

8 A It became apparent to me in reviewing that that all the  
9 safety switches in corporate governance needed to be turned  
10 back on and that they were off.

11 Q Were there any abuses that you discovered?

12 A I would say that I was aware of many of the issues --

13 MR. NOALL: Objection, Your Honor.

14 Vague and ambiguous.

15 THE COURT: Sustained. Why don't you restate that?

16 MR. WATSON: Okay.

17 BY MR. WATSON:

18 Q With respect to the allegations, Judge, did you have prior  
19 knowledge of any abuses of the NRA?

20 A Extensive. I --

21 Q What are some of those -- what's the basis of your  
22 knowledge of those --

23 A Essentially media reports. You know, New York Times,  
24 Washington Post, even Bloomberg and The Trace.

25 Q And what effect did your reading of the New York AG's

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1 petition have on your understanding of those allegations?

2 A Essentially, it connected an awful lot of dots.

3 Q In what ways?

4 A Well, as I continued to be involved with NRA after my  
5 completion of my first term on the board, I continued to attend  
6 meetings, interact with leadership, you know, Friends of the  
7 NRA dinners or when we went to the Wanenmacher's Show. I saw  
8 Wayne there one time with Mr. Makris. And I've always tried to  
9 stay in the orbit and involved and aware of operations and  
10 activities by the NRA.

11 Q I'll move on.

12 You previously testified that you had served on the board  
13 of directors of the NRA before your current term, correct?

14 A Yes.

15 Q Can you describe how the board meetings were handled when  
16 you were first elected to the board of directors?

17 A We would generally meet at the Key Bridge Marriot and the  
18 board meeting would be three and a half or four days. We would  
19 have two days of committee activity. It operated just like a  
20 legislative body. I actually learned legislative procedure and  
21 how to work within the committee structure during that first  
22 term.

23 Then, we would follow that two days of committee action  
24 with two days of board action where each committee would  
25 present their request or their proposed resolutions. The board

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1 would debate them and then ultimately vote and decide whether  
2 to adopt or reject those requests.

3 Q How frequently did the board of directors go into  
4 executive session during this time?

5 A It was used sparingly. It was only upon a question or  
6 topic, such as a personnel question, that needed to be  
7 addressed by the board.

8 Q How was the financial information presented to board  
9 members during the previous time you served on the board?

10 A They'd be presented in the normal financial statements,  
11 cash flow statements, assets and liabilities, income.

12 Q When did board members typically receive written materials  
13 in advance of the board meeting?

14 A We would usually get about three inches of paper about a  
15 month ahead of the meeting so that we'd have time to review all  
16 of those committee agendas and find the issues that we wanted  
17 to get involved in.

18 Q You previously testified that you were recently elected to  
19 the board in October of 2020, correct?

20 A Yes. That's when I assumed office. I was sworn in like  
21 today.

22 Q Can you describe how the first meeting you attended was  
23 handled?

24 A It was the first time I had been able to attend in the  
25 executive session and it was run just like a consent agenda.

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1 They would say --

2 Q What do you mean by --

3 A Okay. They would --

4 Q I'm sorry. Go ahead. I didn't mean to cut you off,  
5 Judge.

6 A Okay. That's fine. That's fine.

7 When I say run like a consent agenda, they would tell the  
8 board this is your action item and then they would say  
9 unanimous acclimation are there any objections. And I was  
10 honestly aghast at the way the board operated on my  
11 second -- beginning of my second term.

12 Q Do you have any knowledge of when the materials for that  
13 board meeting were received?

14 A They would have a packet laying on the table where you  
15 would sit in the board meeting and then they may have a  
16 second -- a first -- a primary packet that you could pick up  
17 from the secretary's office when you arrived at the meeting.

18 Q Let's fast forward to the January 7, 2021, board meeting.  
19 When did you receive materials for that board meeting?

20 A Upon arrival and when we got in the room for the meeting.

21 Q I want to direct your attention to what's marked as  
22 Journey Exhibit Number 18 and New York AG Exhibit Number 2.

23 A All right. The employment agreement. Is that correct?

24 Q Yeah, that's one of them. And then there's a resolution.  
25 Do you have that one up?

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1 A Yes. Yes, the SLC resolution. Yes.

2 Q Okay. Thank you, Judge Journey.

3 Have you reviewed these documents before?

4 A Yes. I read them in the meeting.

5 Q So you understand what these documents contain and you're  
6 familiar with them?

7 A Yes.

8 MR. WATSON: Your Honor, I believe both are in  
9 evidence. New York AG's Exhibit Number 2 is already in  
10 evidence, but we'd move to admit Journey Exhibit Number 18 into  
11 evidence.

12 THE COURT: Mr. Noall.

13 MR. NOALL: No objection, Your Honor.

14 THE COURT: Journey 18 is in. I think it may be in  
15 already, and to the extent it's not, NYAG 2 is in also.

16 (Journey Exhibit Number 18 and NYAG Number Exhibit 2  
17 admitted into evidence)

18 MR. WATSON: Thank you, Your Honor.

19 BY MR. WATSON:

20 Q Are these two documents documents you received at that  
21 board meeting on January 7, 2021?

22 A I did not get my personal copies of them, no.

23 Q How did you first become aware of these two documents?

24 A The employment agreement was made available to members of  
25 the board to review at two stations in the board meeting while

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1 we were in executive session. You would have to sit there next  
2 to the station and sign in and read it and then hand it back to  
3 them so the next person could read it.

4 Q Generally, what matters do you recall that were discussed  
5 at this board meeting --

6 A There were some --

7 Q -- generally?

8 A There were some little things before we went into  
9 executive session, resolutions or whatever. But the employment  
10 agreement and the SLC resolution were both handled in separate  
11 executive sessions of the board.

12 Q Okay. Now with respect to Journey Exhibit Number 18, what  
13 was the purpose of this employment agreement, to your  
14 knowledge, at the time of the board meeting?

15 A It was intended to replace the previous agreement.

16 Q In what ways?

17 A There are significantly -- there are significant cost  
18 savings for the association based upon the differential between  
19 the two contracts. I had asked to review the previous contract  
20 and they said it was not available but I was aware of the  
21 contents of it and press reports of it because someone had  
22 released an audio recording of that executive session to -- the  
23 previous one when they adopted the previous contract -- to the  
24 media.

25 Q And what powers or duties did you believe this employment



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1 agreement would provide to Mr. LaPierre?

2 A I thought it was just normal course of business stuff.

3 Q Did you have any indication --

4 A (Indiscernible).

5 Q Did you have any indication at the time that this  
6 employment agreement would authorize the filing of a bankruptcy  
7 proceeding?

8 A No.

9 Q I want to direct your attention to what's marked as New  
10 York AG Exhibit Number 2.

11 A Yes.

12 Q When did you first become aware of this resolution?

13 A That was during the second executive session in the  
14 January 7th meeting.

15 Q Did you vote for this resolution?

16 A Yes. I voted in support of both.

17 Q Why did you vote for this resolution? What was your --  
18 well, why did you vote for this resolution?

19 A Well, I remember Mr. Cotton, who was the first vice  
20 president and leading the meeting as chair, explaining  
21 essentially that, you know, we have all these lawsuits all over  
22 the place, so we have a difficult time getting a quorum for the  
23 Legal Affairs Committee, which is a standing committee of the  
24 Association, and so we need this little SLC Committee to be  
25 able to do those day-to-day things that we have to do so we

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1 don't have to put everybody, like 20 people, on a Zoom meeting  
2 every two days.

3 Q That was your understanding of why you voted for the  
4 resolution?

5 A Yes. I thought it made sense. I could only imagine  
6 trying to juggle dozens of lawsuits all over the country and  
7 trying to get 20 people together every other day or every day  
8 to make routine decisions like should we do this or should we  
9 do that.

10 Q Was it your understanding that this resolution authorized  
11 the Special Litigation Committee to authorize a bankruptcy  
12 filing?

13 A No.

14 Q In reviewing the document, is there any statement that  
15 would lead you to the conclusion that the Special Litigation  
16 Committee had that ability to file a bankruptcy proceeding?

17 A Well, there are, of course, those in this case and in  
18 other circumstances that have said that a reorganization was  
19 that magic word.

20 Q But do you see anything else in there? Do you see the  
21 word bankruptcy in this resolution?

22 A No, of course not.

23 Q Do you see Chapter 11 in this bankruptcy resolution?

24 A No.

25 Q I mean, I'm sorry, in this resolution.

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1 A No.

2 Q Okay. And the same for -- let's go back to Journey  
3 Exhibit Number 18. Do you see bankruptcy anywhere in this  
4 employment agreement?

5 A To state the obvious, no.

6 Q Do you see the term "Chapter 11" in this employment  
7 agreement?

8 A No.

9 Q Thank you, Judge Journey.

10 A We're having an issue with Journey 3. It just popped up  
11 blank. I'm trying to find it on the jump drive again.

12 Q We're not there, Judge.

13 A Okay. I just wanted to give you a heads up.

14 Q Where was the January board meeting held?

15 A Here in Dallas at the Omni Hotel.

16 Q How many board members were present at this meeting?

17 A I believe the minutes reflect 37. I did not count noses.

18 Q How many NRA attorneys were present at this board meeting?

19 A Mr. Brewer, William Davis, Mr. Cotton, Mr. Frazer. There  
20 may have been others I can't identify by name. Then, there are  
21 several board members that are counsel, attorneys, licensed to  
22 practice or retired.

23 Q When did the management disclose to the board of directors  
24 that the NRA was filing for bankruptcy?

25 A Subsequent to the filing.

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1 Q When did management inform the board of directors that the  
2 NRA was seeking Chapter 11 protection?

3 A Subsequent to the filing of the petition.

4 Q When did you learn that the NRA had actually filed for  
5 bankruptcy protection?

6 A The day of filing the petition.

7 Q And what day was that?

8 A January 15, 2021.

9 Q Where were you when you learned the NRA had filed for  
10 bankruptcy protection?

11 A On my way home from work.

12 Q Who informed you that the NRA had filed for Chapter 11  
13 bankruptcy protection?

14 A I remember getting a couple of text messages. I think one  
15 of them was from one of my daughters. And then as soon as I  
16 got home, my wife had recorded the five o'clock news for me to  
17 show me when I arrived.

18 Q Can you describe your reaction at that time?

19 A I think it's accurate to reiterate what I've --

20 MR. NOALL: Objection. Relevance, Your Honor.

21 THE COURT: Overruled. I'll let him answer the  
22 question.

23 You may answer the question.

24 THE WITNESS: I was shocked. I think I described it  
25 at one of my interviews like you could have seen the top of my

1 car blow off with my head.

2 BY MR. WATSON:

3 Q Why did you feel this way?

4 A Because I knew what that meant. I knew that it meant that  
5 there was a real material fact that some of the attorneys in  
6 that room knew and that they failed to disclose that. I  
7 believe that was the -- probably one of the most flagrant  
8 violations of 1.03 and the Texas Ethic Rules and duty of  
9 attorneys to communicate with counsel. I mean, communicate  
10 with their clients. And I feel like I'm a client.

11 Q What did you do next after you learned that the case was  
12 filed?

13 A I read the petition. Pulled that down through one of the  
14 news reports. They had it, thankfully, you know, on their  
15 website. Read it. Read the addendums. And came to the  
16 conclusions that resulted from that. Then I reached out to  
17 lots of people.

18 Q Who did you reach out to?

19 A One of the first calls I made was to a really good friend  
20 who had served as one of the trustees from the District of  
21 Kansas, Ed Nazar. He had retired just a few months prior to my  
22 call and he was very helpful in providing me with research and  
23 basic knowledge involving Chapter 11 law.

24 Q And what was your takeaway from those discussions with  
25 your friend who was a former trustee for the District of

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1 Kansas?

2 A That the law required --

3 MR. NOALL: Objection to the extent it calls for  
4 hearsay, Your Honor.

5 THE COURT: I sustain it.

6 BY MR. WATSON:

7 Q What was your understanding after speaking with your  
8 friend who was the former trustee?

9 A Well, there were many others that I spoke with, too.

10 MR. NOALL: Same objection, Your Honor.

11 THE COURT: Same ruling. I think it's based on  
12 something that was told to him. Sustain the objection.

13 MR. WATSON: Okay. I'll move on, Judge.

14 BY MR. WATSON:

15 Q What's your understanding of the bankruptcy process?

16 A That for a corporation, it requires express authority of  
17 the board to file a petition.

18 Q Did the NRA have express authority before it filed this  
19 bankruptcy case?

20 A It was not requested or --

21 MR. NOALL: Objection. Calls for a legal conclusion.

22 THE COURT: I will --

23 MR. WATSON: Goes to state of mind, Judge.

24 THE COURT: I'll permit the witness to give his  
25 understanding. I know that Judge Journey did not practice

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1 bankruptcy law and is not a bankruptcy judge right now, but I  
2 think he's probably qualified to answer this question.

3 THE WITNESS: Okay. Restate the question for me so I  
4 make sure I get it right, please.

5 BY MR. WATSON:

6 Q I don't remember.

7 What is -- did the NRA have board approval to file this  
8 bankruptcy case?

9 A It was not requested or given.

10 Q Besides speaking with your friend in Kansas who is a  
11 former trustee, who else did you talk to?

12 A I reached out to counsel. I have other matters, for  
13 example, tax -- tax appeals on property taxes with -- I have  
14 counsel in a rather large firm in Wichita. I asked to speak  
15 with their bankruptcy counsel. I reached out to professors  
16 that work in law schools across the country and discussed  
17 the -- my understanding of the circumstances and the law with  
18 them.

19 I spoke with other attorneys that I was aware had had some  
20 practice in bankruptcy court and, you know, asked them  
21 referrals to others if they didn't feel comfortable with the  
22 topics. I reached out to lots and lots of people in the week  
23 following the bankruptcy filing.

24 Q What members did you discuss the bankruptcy filing with?

25 A I discussed it initially on the following Saturday with

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1 other members of the board, such as Mr. Rathner. And then, you  
2 know, I -- you know, when I go to a gun club meeting or a gun  
3 show or, you know, if I'm in the Kroger store, everybody asks  
4 me what's going on.

5 MR. NOALL: Objection, Your Honor. That's hearsay  
6 testimony and I move that it be stricken.

7 THE COURT: I think it's more not for the truth. I'm  
8 going to overrule the objection.

9 MR. WATSON: Thank you, Judge.

10 BY MR. WATSON:

11 Q What other board meetings did you attend this year?

12 A The emergency board meeting on March 28, 2021.

13 Q Where was that board -- I'm sorry.

14 A That was here in -- I'm sorry. That was here on Dallas.  
15 That was here in Dallas again. That was at the Sheraton.

16 Q Okay. Thank you, Judge.

17 Did management explain to you why this meeting was being  
18 called?

19 A Well, the email from President Meadows was to review and  
20 discuss the reorganization plan. They did not do that in that  
21 meeting.

22 Q What was discussed in that meeting?

23 A That I was the real threat to NRA.

24 Q In what ways was that made known to you?

25 A You know, Mr. Neligan and the other counsel there with all



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1 these people in the room --

2 MR. NOALL: Your Honor, I object to the extent it's  
3 calling for a hearsay answer.

4 THE COURT: I don't think it's going to be hearsay,  
5 so the objection as stated is overruled.

6 THE WITNESS: Said that I'm a real threat.

7 BY MR. WATSON:

8 Q Please continue, Judge.

9 A Thank you.

10 Said that I'm the threat. That my motion is the threat.  
11 I'm not sure what the threat is to.

12 Q What opportunity did you have as a board member to express  
13 your concerns about this bankruptcy case to the other board  
14 members during that meeting?

15 A One board member asked why I filed the motion. I was not  
16 given an opportunity during the executive session to speak. I  
17 stood up one time and went to the microphone and they chose to  
18 call on other board members rather than me. So I wasn't able  
19 to respond during the executive session.

20 Then after Mr. Neligan and Mr. Garman left, they -- we  
21 reported out of executive session and they were about ready to  
22 give the closing prayer, and I jumped up to the microphone  
23 again and did get recognized and asked for a point of personal  
24 privilege and attempted to answer that question, why I filed  
25 the examiner motion. And then I was shouted down.

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1 Q Who shouted you down?

2 A Mr. Willes Lee, the second vice president, who was  
3 chairing the meeting at the time, called me out of order and  
4 honestly, I forgot my Robert's Rules or I would have responded  
5 in a more appropriate way.

6 Q Why did you file the examiner motion, Judge Journey?

7 A Because I was compelled with the assertions of the New  
8 York Attorney General and the other lawsuits like the  
9 Washington, D.C., Attorney General lawsuits. And then I had  
10 heard Mr. Cotton's assessment that it's all politically  
11 motivated -- trying to say something appropriate for Court, but  
12 B.S. and I knew it was otherwise because I had read the  
13 petitions.

14 Q Well, what did that --

15 A And so --

16 Q I'm sorry, go ahead, Judge.

17 A All right.

18 And so, in the research that I completed in the four days  
19 following the surgery, it became apparent to me that to  
20 successfully file a motion for a trustee that that would  
21 require significant proof that I did not have. The examiner,  
22 though, would give us an opportunity to have a neutral  
23 objective finder of fact to go in and resolve the question of  
24 who was right and whether the attorney generals' allegations in  
25 their petitions had some merit.

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1 Q Who do you want the examiner, if appointed, to report his  
2 findings to?

3 A I would want the examiner to report his findings to the  
4 Court, to the parties, and ultimately to the members.

5 Q Why is it important to report any findings to the  
6 membership of the NRA?

7 A The membership deserves to know the truth.

8 Q In what other ways, to your knowledge, can the examiner  
9 assist the Court besides filing a report?

10 A I believe that depends upon the powers the Court might  
11 provide the examiner, but it's my understanding that the  
12 examiner would be able to make changes, relieve individuals of  
13 their employment responsibilities, to put safeguards in place  
14 until we can right the ship of governance.

15 Q How can the examiner assist the debtors in their  
16 reorganization in this Chapter 11 proceeding?

17 A I believe the examiner would provide reliable information  
18 that would be a basis for creating the plan to reorganize the  
19 organization and restart corporate governance safeguards and to  
20 operate it in the interim.

21 Q Now let's briefly discuss the Creditors Committee in this  
22 proceeding, okay.

23 A Sure.

24 Q Why can't the Creditors Committee perform the  
25 investigation duties of an examiner?

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1 A It's readily apparent to me that when we have, for  
2 example, Ackerman McQueen, as one of the official members of  
3 the Creditors Committee, that the interaction alleged in these  
4 petitions basically puts Ackerman McQueen in the same bed as  
5 with NRA and so you end up with one person that is alleged to  
6 be involved in these misfortunes actually investigating the  
7 other one involved in these misfortunes.

8 Then, of course, we have the motions filed by  
9 Mr. Dell'Aquila and by Ackerman McQueen that mirror the New  
10 York Attorney General's request in some form. Ackerman McQueen  
11 is much closer to the Attorney General's request in that they  
12 also wish to dismiss this bankruptcy for an allegation of bad  
13 faith and in the alternative appoint a trustee.

14 Mr. Dell'Aquila wants a trustee. The Committee wants kind  
15 of a neutered trustee. Well, the trustee has powers that the  
16 examiner does not. That gave me concern also, for example,  
17 moving forward with a Chapter 7 conversion that the examiner  
18 does not.

19 Q What knowledge do you have of the pending motion to  
20 appoint a chief restructuring officer that's been filed by the  
21 debtors recently?

22 A That it would leave the debtor in possession and it would  
23 leave current management in place.

24 Q If approved, what powers would you like to see an  
25 appointed chief restructuring officer have?

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1 A I would like to see that they have the opportunity and the  
2 ability to take action as the facts, when they are developed,  
3 warrant, which is in some ways the request we made for  
4 extraordinary powers.

5 Q Have you talked to membership, just the Rankin file  
6 members, about this bankruptcy case?

7 A Yes.

8 Q Where have you talked to NRA members about this bankruptcy  
9 case?

10 A At gun shows that I regularly attend in the State of  
11 Kansas, at gun club meetings. For example, I belong to Air  
12 Capital Gun Club, which was the D.C. -- which is the division  
13 of Civilian Marksmanship affiliated club. And then I also have  
14 Chisholm Trail Antique Gun Association, which is affiliated  
15 with Muzzleloaders and Black Powder and all that. I belong to  
16 both of those organizations.

17 I also spoke with the board on a zoom meeting of the  
18 Kansas State Rifle Association, which I have served as  
19 president of and a member of that board for 20 years, although  
20 I'm not on that board at this time, about the case and about  
21 the consequences of the filing.

22 Q How many NRA members have you talked to?

23 A I don't think I could count them. I didn't count them,  
24 but hundreds.

25 Q What is your understanding of the concerns that the

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1 members raised?

2 MR. NOALL: Object to the extent it's calling for a  
3 response which would be hearsay, Your Honor.

4 THE COURT: I'll sustain that.

5 MR. WATSON: Your Honor, I'm asking him for his  
6 understanding, his state of mind.

7 THE COURT: I --

8 MR. NOALL: But, Your Honor, that understanding is  
9 solely predicated upon the statements which he is claiming he  
10 had out of court for which there's no exception to the hearsay  
11 rule.

12 THE COURT: If it's based on comments made to him, I  
13 still sustain the objection.

14 BY MR. WATSON:

15 Q What is your understanding of the members concerns?

16 A You can look in so many places to see an expression of  
17 those concerns, whether it is message boards, for example, at  
18 AmmoLand, which seems to be the most active. Also, my  
19 conversations -- you know, people ask me questions, like about  
20 Wayne (indiscernible).

21 MR. NOALL: Your Honor, I object for the same reason.  
22 We're talking about what's -- out-of-court statements on  
23 message boards and things of this nature. I think you've ruled  
24 that it's inappropriate.

25 THE COURT: I sustain the objection.

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1 BY MR. WATSON:

2 Q Okay.

3 To your knowledge, Judge, what is your understanding of  
4 the problems that the NRA has in relationship to its members?

5 A I think the most comprehensive expression of those  
6 problems would be in the New York Attorney General's petition.

7 Q Have those concerns been communicated to you by other  
8 parties?

9 A Many, many times.

10 MR. NOALL: Your Honor, same objection. Counsel  
11 keeps trying to get at the same information the same way and  
12 it's inappropriate.

13 THE COURT: Same ruling.

14 BY MR. WATSON:

15 Q How have the members of the NRA responded to the filing of  
16 the examiner motion?

17 A They've had --

18 MR. NOALL: Same objection, Your Honor.

19 THE COURT: I think I have the same ruling on that.  
20 I think that he can talk about communications of substance to  
21 him like that -- at least like that question.

22 BY MR. WATSON:

23 Q Okay. What steps have the membership taken to support the  
24 examiner motion?

25 MR. NOALL: Objection. Foundation.

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1 THE COURT: Overruled. You may answer the question,  
2 Judge Journey.

3 THE WITNESS: They -- thank you so much, Your Honor.  
4 They have helped fund legal fees necessary to bring  
5 that motion to court and to advocate for it.

6 BY MR. WATSON:

7 Q In your estimation, what types of funds have been donated  
8 to your effort?

9 A Right now, we're probably at about 45,000. We have a  
10 GoFundMe page that has an excess of 12,000 on it as of today.  
11 We've also received checks from all over the country from  
12 people I have never met before who I've never talked to. They  
13 came as a result of either media appearances or media reports  
14 regarding the case and the motions. The checks have ranged  
15 from \$10 cash in an envelope with no return address to \$5,000  
16 payments to help fund this.

17 Q What is your understanding of this basis of -- withdraw  
18 the question.

19 What is your understanding of this level of support? What  
20 does that tell you?

21 A It tells me --

22 MR. NOALL: Objection. Foundation.

23 THE COURT: I'm sorry, Mr. Noall, I just didn't hear  
24 you.

25 MR. NOALL: I don't think there's been a proper



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1 foundation, Your Honor. I think the question calls for  
2 speculation.

3 THE COURT: Sustained. Why don't you go backwards  
4 just a little bit, Mr. Watson.

5 MR. WATSON: Okay.

6 BY MR. WATSON:

7 Q Has this level of support surprised you, Judge?

8 A It has not quite risen to the level I had hoped, but it  
9 was routine to open the letter and not only in the check -- and  
10 not only in the envelope was a check, but there's also a letter  
11 or a personal note of the individuals that sent the payment in  
12 support of what we're doing.

13 MR. NOALL: Objection, Your Honor, to the extent that  
14 the response included hearsay about support --

15 THE COURT: Sustained.

16 MR. NOALL: -- and what was contained in the letter.

17 THE COURT: Sustained.

18 BY MR. WATSON:

19 Q How many people have donated to your effort, Judge  
20 Journey?

21 A I believe there are over -- hundreds. Hundreds.

22 Q Where are these individuals located?

23 A All over the United States. I wanted to get one of those  
24 state order maps and like put a quarter in every state where  
25 we've received a donation.

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1 Q So the support is widespread.

2 A I think that's a fair statement. Yes.

3 Q Which party in this bankruptcy proceeding is operating in  
4 the best interest of membership?

5 A I believe that we are.

6 MR. NOALL: Objection. Calls for speculation.

7 THE COURT: I'll let him answer the question. You  
8 may answer the question, sir.

9 THE WITNESS: Thank you.

10 I believe that we are the sole people working in  
11 benefit of the membership.

12 BY MR. WATSON:

13 Q And when you say "we," which individuals are you referring  
14 to?

15 A Myself and the co-movants that have joined our motion.

16 Q Why don't you think that New York AG is operating in the  
17 best interest of membership?

18 A To belabor the obvious, she wants to dissolve the  
19 association.

20 Q Is that in the best interest of the membership?

21 A No.

22 Q Why do you think Ackerman McQueen is not operating in the  
23 best interest of membership?

24 A I think that Ackerman McQueen has one goal in mind and  
25 that is to restore their financial resources that they believe

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1 are due them in their lawsuits.

2 Q Why do you think the Creditors Committee isn't operating  
3 in the best interest of the membership?

4 A Well, with Mr. Dell'Aquila, of course, it's about his  
5 money and the people he hopes to have in a class some day.  
6 With the other two creditors, I want to say they are current  
7 vendors and they would probably like to have the status Quorum  
8 continue so they continue to earn income.

9 Q Why do you think the debtors-in-possession themselves are  
10 not operating in the best interest of the membership?

11 A It appears to me that the debtor-in-possession is in  
12 survival mode right now.

13 Q What do you mean by that?

14 A That they seek to avoid criminal prosecution that could go  
15 hand-in-hand following this case and the others.

16 Q Why do you think criminal prosecution is on the table?

17 A Well, it's apparent to me that with the 2019 filing, with  
18 the admission to the IRS of inappropriate payments, that there  
19 are problems there. With the civil assessment of the penalty  
20 as a result of that disclosure, it's obvious to me that the  
21 next step is a criminal investigation and I believe that is  
22 ongoing.

23 Q Judge Journey, I want to direct your attention at this  
24 time to what's marked as Journey Exhibit Number 3.

25 A That's the one I'm having issues with.

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1 Q Okay.

2 A Let me see if I can get it back off the jump drive. I  
3 don't know -- I just put this hard drive in this laptop and  
4 it's --

5 There we go.

6 Q Do you have it up, Judge Journey?

7 A I'm trying to get it up.

8 There we go.

9 All right. Global notes, methodology, statement of  
10 limitations, etcetera.

11 Q Okay.

12 What is this document to your understanding?

13 A It's Doc Number 286. It was filed on March 4th. That it  
14 is essentially a supporting document for the petition.

15 Q Who filed this document with the Court?

16 A I believe it was filed by the debtors.

17 Q I want to direct your attention to Page -- well, let me  
18 back up.

19 MR. WATSON: Judge, I want to move to admit Journey  
20 Exhibit Number 3 into evidence.

21 MR. NOALL: Your Honor, I think you can take judicial  
22 notice of it. I have no objection if it comes into evidence  
23 with the proviso that if it's admitted, that all amendments to  
24 the document be admitted as well that have been filed by the  
25 debtors.

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1 THE COURT: 3 is admitted.

2 (Journey Exhibit Number 3 is conditionally admitted into  
3 evidence)

4 BY MR. WATSON:

5 Q Judge, can I direct your attention to Page 139 of 236?

6 A My, this is a long one, isn't it? Okay.

7 139?

8 Q Yes, Judge. It's at the top of the page.

9 A I'm almost there.

10 All right.

11 Q Where are you listed on Page 139 of Journey Exhibit  
12 Number 3?

13 A Alphabetically, I'm at the bottom of the page.

14 Q What's the amount the debtors indicate that you are owed?

15 A \$4,193.63.

16 Q Where did the debtors check that your claim was  
17 contingent?

18 A They did not.

19 Q Where did the debtors indicate that your claim was  
20 unliquidated?

21 A They did not.

22 Q Where did the debtors indicate that your claim was  
23 disputed?

24 A They did not.

25 Q Why would the NRA owe you money, Judge Journey?

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1 A The only thing I can think of would be reimbursement for  
2 travel to the board meetings. I had submitted vouchers.

3 Q When did this travel occur?

4 A For the October 24th Board of Directors meeting and the  
5 annual meeting in Tucson, Arizona, and then for the January 7,  
6 2021, meeting here in Dallas at the Omni Hotel.

7 Q I want to now direct -- I want to now direct your  
8 attention to what's marked as Journey Exhibit Number 11.

9 A Thank you. Let me get that up. Yes, I have it.

10 Q What is -- What is this document?

11 A That is the check I received from NRA.

12 Q Have you reviewed this document before?

13 A Yes.

14 Q Can -- Have you seen this document before?

15 A Yes.

16 MR. WATSON: Your Honor, I move to admit Journey  
17 Exhibit Number 11 into evidence.

18 MR. NOALL: No objection, Your Honor.

19 THE COURT: Journey 11 is in.

20 (Journey Exhibit Number 11 admitted into evidence)

21 BY MR. WATSON:

22 Q What's the date of this check?

23 A The date -- The check is dated March 18th of 2021.

24 Q Have you performed any services for the NRA since this  
25 bankruptcy case was filed?

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1 A Not -- nothing other than my service on the board of  
2 directors.

3 Q Why did the NRA send you a check for \$1607.98?

4 A I had submitted those vouchers prior to the filing for the  
5 Tucson meeting and I -- I'd have to check my email to see  
6 whether the voucher for the travel on the January 7th meeting  
7 was immediately before or prior to the -- or after the filing  
8 of the bankruptcy petition. I think it was before.

9 Q In your personal knowledge, how are claims supposed to be  
10 paid in Chapter 11 bankruptcy proceedings?

11 A With the authority of the court, generally, unless they're  
12 routine like employee wages or 940 -- withholding forms  
13 requirements.

14 Q Are you an employee of the NRA?

15 A No, sir.

16 Q And you previously testified that the NRA listed you on  
17 their schedules; is that correct?

18 A Yes, sir.

19 Q Well, do you think that the NRA should have sent you a  
20 check for your claim at this time?

21 A Not without a court order.

22 MR. NOALL: Objection, Your Honor. It calls for a  
23 legal conclusion. It calls for speculation. There's no  
24 foundation that the witness can answer the question.

25 THE COURT: The witness may give his understanding if

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1 he has one, and he's answered the question.

2 A Thank you. I -- I do not believe that it would fall  
3 within the regular exceptions for payment and would require  
4 approval of a plan or approval of payment in the normal course  
5 of this case.

6 Q Judge, as a board member of the NRA, do you have  
7 confidence that the current management can fix the NRA's  
8 problem?

9 A Whether they could or not is probably better asked if  
10 whether they wish to or not. I -- I -- I don't see that  
11 happening.

12 Q Is this the reason why you asked that an examiner be  
13 appointed in this Chapter 11 case?

14 A That certainly was one of the many reasons. Yes, sir.

15 Q I pass the witness.

16 THE COURT: Thank you. Unless there's a strong  
17 feeling, I think we just continue to go in the order that we've  
18 been going so that would mean that the New York Attorney  
19 General goes next.

20 MS. CONNELL: Thank you, Your Honor. That's fine  
21 with us.

22 THE COURT: Okay.

23 CROSS-EXAMINATION

24 BY MS. CONNELL:

25 Q Judge Journey, good morning.



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1 A Good morning, Ms. Connell.

2 Q So -- so you beat me to my first statement. My name is  
3 Monica Connell. I'm an assistant attorney general. I'm  
4 representing the New York State Attorney General here and I'm  
5 going to ask you some questions this morning. Okay?

6 A Yes, ma'am.

7 Q Okay. But first I'd like to take you back to the board  
8 meeting of January 7, 2021. That board meeting wasn't very  
9 long, was it?

10 A None of them I've attended since I was installed were very  
11 long.

12 Q But the January 7, 2021, board meeting was only a couple  
13 of hours; is that right?

14 A That's accurate.

15 Q Okay. I'd like to draw your attention to Exhibit -- New  
16 York Attorney General Exhibit 2, which is in evidence. I  
17 believe your counsel pointed that out to you earlier?

18 A Yes. Let me get that back. I don't believe this has  
19 happened. Okay.

20 Q Are you able to pull it up, Judge Journey?

21 A I'm working on it. I'm working on it. Give me just a  
22 moment here. I think I have an issue.

23 UNIDENTIFIED SPEAKER: Do I need to go help him?

24 THE WITNESS: I'm working. I got it. I got it. I  
25 got it. I got it. There we go. Yes, the resolution for the

1 SLC.

2 BY MS. CONNELL:

3 Q So this is the resolution in which the (indiscernible)  
4 formation of the --

5 A Attorney --

6 Q This was the resolution for which the board approved the  
7 formation of the special litigation committee, correct?

8 A That's not an accurate description. The SLC was actually  
9 committed under the bylaws by President Meadows and that this  
10 resolution, I would say, empowered that committee.

11 Q Okay. So would reorganization --

12 A Your audio's really bad, Monica.

13 MR. NOALL: Your Honor -- Your Honor, I can't hear  
14 Ms. Connell.

15 THE COURT: Yeah, I think --

16 THE WITNESS: Especially -- especially when you move  
17 away from the microphone.

18 MS. CONNELL: I'm sorry --

19 THE COURT: You are breaking up, I think, for  
20 everybody in this room.

21 MS. CONNELL: I'm sorry, Your Honor. I can't believe  
22 this is happening to me yet again. Can you hear me now?

23 THE COURT: It's -- it's a little muted, but let's  
24 see -- yeah.

25 MS. CONNELL: Your Honor, can I have one moment just

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1 to switch microphones?

2 THE COURT: That's actually better, what you just  
3 said -- during that question. I don't know what you did, but  
4 if you want to switch mics, that's fine with me, too.

5 MS. CONNELL: Well, why don't we try for this and  
6 then if i need to switch, we'll do that. Would that work?

7 THE COURT: That works fine for me.

8 MS. CONNELL: Thank you, Your Honor. I'd like to  
9 move this along as quickly as possible.

10 BY MS. CONNELL:

11 Q So Judge Journey, does the word reorganization appear  
12 anywhere in the resolution relating to the special litigation  
13 counsel?

14 A As memory serves, it's towards the end.

15 Q And could you point out to me where that appears?

16 A I'm looking for it, but I'm not seeing it.

17 Q Okay. Judge Journey, I don't want to belabor the point.  
18 I'll represent to you that it does not appear. Can I draw your  
19 attention now to what has been marked as Journey Exhibit 18,  
20 please? Your Honor, I believe this is also admitted as NYAG  
21 Exhibit 5. This is Mr. LaPierre's employment agreement,  
22 correct?

23 A Yes.

24 Q Okay. I would -- well, strike that. The board went into  
25 executive session on January 7th to consider this employment

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1 agreement; is that correct?

2 A Yes.

3 Q And I'd like to draw your attention to language in

4 paragraph 2 of that employment agreement that says (reading)

5 "among his authorities, employees shall be empowered to

6 exercise corporate authority in furtherance of the mission and

7 interests of the NRA including without limitation to organize

8 or restructure the affairs of the Association for purposes of

9 cost minimization, regulatory compliance, or otherwise." Do

10 you see that?

11 A Yes, ma'am.

12 MR. NOALL: Your Honor, Ms. O'Connell [sic] misread

13 one of the words in the statement. I think the document speaks

14 for itself.

15 THE COURT: Okay.

16 MR. NOALL: I think that we know what the language

17 is, however.

18 THE COURT: Yeah. Just for the record, which word

19 was misread?

20 MR. NOALL: Said organize, Your Honor, instead of

21 reorganize.

22 THE COURT: Okay. With that understanding, Mr.

23 Journey, can you answer the question?

24 A Yes. I -- I do see the paragraph she's referenced.

25 Q (Indiscernible).

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1 A Now you're breaking up bad.

2 THE COURT: Yeah.

3 BY MS. CONNELL:

4 Q Judge, (indiscernible).

5 A I'm sorry, you're still breaking up bad.

6 THE COURT: You may need to switch mics.

7 MS. CONNELL: Your Honor, I'm going to have to ask --  
8 yeah, I'm going to have to ask for a minute to switch  
9 microphones, please.

10 THE COURT: Okay. Take a minute and switch. That's  
11 fine.

12 MS. CONNELL: Thank you.

13 (Pause)

14 MS. CONNELL: All right. Your Honor, is this better?

15 THE COURT: That's better, thank you.

16 MS. CONNELL: No, thank you for your patience. I  
17 appreciate it. And thank you, Judge Journey for waiting.

18 BY MS. CONNELL:

19 Q Going back to the language I pointed out in Journey 18,  
20 this language has been pointed out as giving Mr. LaPierre the  
21 authority to file for bankruptcy; is that correct?

22 A I understand some have advocated that interpretation, yes.

23 Q That's not an interpretation you advocated; is that right?

24 A No, I do not share that.

25 Q Okay. Regarding that language, the NRA, in your opinion,

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1 has reorganized frequently in the past; is that right?

2 A It happens very frequently.

3 Q Okay. And you believe the board did not authorize the  
4 filing of the bankruptcy protection at the January 7th meeting;  
5 is that correct?

6 A That is correct.

7 Q The filing of a bankruptcy raises issue of major  
8 significance to the NRA. Would you concur with that statement?

9 A I would concur with that, yes.

10 Q At the January 7th meeting, you were not given information  
11 showing that the NRA was in financial trouble, were you?

12 A No.

13 Q Okay.

14 A In fact, the opposite was stated.

15 Q To your knowledge, was the whole board informed about the  
16 formation of Sea Girt, LLC?

17 A I don't --

18 MR. NOALL: Objection to the extent it calls for  
19 speculation.

20 MS. CONNELL: Your Honor, I --

21 THE WITNESS: I certainly would --

22 THE COURT: Hold on just a second, Judge Journey.

23 Ms. Connell, response?

24 MS. CONNELL: Your Honor, I asked to his knowledge.

25 THE COURT: Overruled.

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1 A As I said, I certainly was not aware of the creation of  
2 Sea Girt until I read the petition for bankruptcy.

3 Q As of January 7th, 2021, have you been shown any  
4 information or data relating to the potential benefits the NRA  
5 moved to (indiscernible).

6 A I'm sorry? The potential benefits what?

7 Q Of an NRA move to Texas?

8 A It was not discussed as a topic during the board meeting.

9 Q As of January 7, 2021, were you aware that millions of  
10 dollars had been transferred to lawyers in connection with the  
11 potential filing of bankruptcy?

12 A No.

13 Q As of January 7, 2021, were you aware that hundreds of  
14 thousands of dollars had been paid to a firm for work relating  
15 to investigating, analyzing, and evaluating alternative legal  
16 strategies available to the NRA under Title 11 of the U.S.  
17 Code?

18 A No.

19 Q You believe that the board members were misled about the  
20 authority to file for bankruptcy at the January 7, 2021,  
21 meeting, correct?

22 A I believe that an omission of material fact misled the  
23 board.

24 Q And what was that omission of material fact?

25 A That the Chapter 11 filing was ready to go and that

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1 significant work had been completed. I would assume it takes  
2 months to create -- to develop the information and the data  
3 necessary to fill out the required documents.

4 Q And you believe that board member Charles Cotton and  
5 attorney Bill Brewer misled the board at that meeting, correct?

6 A That is the conclusion I've come to; yes, ma'am.

7 Q The first notice you received about the bankruptcy being  
8 filed from the NRA was an email sent by Mr. Frazer after the  
9 filing; is that correct?

10 A I saw the email after I saw the news on channel -- at the  
11 5 o'clock news.

12 Q You believe the board was denied information needed to  
13 carry out its fiduciary duties in regard to filing for  
14 bankruptcy at the January 7, 2021, meeting; is that correct?

15 A Yes.

16 Q Judge Journey, we have discussed that you filed a motion  
17 for an examiner, correct?

18 A Yes.

19 Q And in that motion, you allege that board members who  
20 question the governance of the NRA are -- have been admonished  
21 by board counsel; is that correct?

22 A Yes.

23 Q And you -- you've seen that with your own eyes?

24 A Yes.

25 Q Okay.



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1 A I was in Indianapolis in 2019.

2 Q And when you say Indianapolis in 2019, you're talking  
3 about the annual meeting held in Indianapolis of that year; is  
4 that correct?

5 A Yes.

6 Q That's when the so-called coup attempt occurred, right?

7 A I don't think I'd call it that, but yes.

8 Q Some have, yes?

9 A Obviously, yes.

10 Q After you filed for your motion for an examiner, you  
11 received some pushback from NRA management; is that right?

12 A Yes.

13 Q I'd like to draw your attention to NYAG 162, please.

14 A Oh, I'll try to find that one. Okay. Okay, give me a  
15 moment. You know what's terrible about having three screens is  
16 you can't find your cursor, so. Oh, it's all the way over  
17 there. Okay.

18 Q The cursor or 162?

19 A No, cursor, the cursor. I'm looking for the cursor so I  
20 can open your file.

21 Q (Indiscernible).

22 A All right. So there we go. One -- New York AG 162,  
23 ma'am?

24 Q Yes, please.

25 A Thank you. You're all so much more polite than in my

1 deposition.

2 Q Oh, I didn't (indiscernible), right? I'm always polite.

3 A There we go. Yes, Mr. Frazer's email. Yes, ma'am.

4 Q Thank you. So this is an email from Mr. Frazer

5 (indiscernible) message --

6 A Okay, you're breaking up again.

7 Q This is an email from Mr. Frazer attaching a message from

8 NRA president Carolyn Meadows; is that correct?

9 A Yes.

10 MR. NOALL: Your Honor, I cannot hear Ms. Connell.

11 THE COURT: Yeah, I'm having the same trouble, Ms.

12 Connell.

13 MS. CONNELL: Okay. Again, Your Honor, I -- I'll try

14 to keep up my voice. I thought we had fixed it. Is this

15 better?

16 THE COURT: That's better.

17 MS. CONNELL: Okay, thank you.

18 BY MS. CONNELL:

19 Q Excuse me if it sounds like I'm yelling, Judge Journey.

20 A You're not yelling at me. Don't worry about that.

21 Q So if (indiscernible) Exhibit 162, this is an email from

22 NRA general counsel John Frazer forwarding a message from NRA

23 president Carolyn Meadows; is that correct?

24 A Yes.

25 Q Okay. And in her message, she refers to your filing,

1 correct?

2 A Yes.

3 Q Okay. I'd like to draw your attention on page 1 where she  
4 says that -- where she comments on your filing and says that  
5 Wayne LaPierre has the authority to make these types of  
6 business decisions in the best interest of the Association.  
7 Further, Mr. Journey was present during the recent board  
8 meeting whereupon an agreement with Wayne was approved that  
9 expressly reaffirmed his authority. My question to you, Judge  
10 Journey, was was it your understanding as of January 7, 2021,  
11 that the executive vice president had the authority to place  
12 the NRA into bankruptcy whenever he wanted to?

13 A No.

14 Q And was it your understanding that in approving his  
15 employment contract, you were expressly reaffirming that  
16 authority?

17 A Not to file bankruptcy, no.

18 Q I'd like you to turn to page 2 of Ms. Meadows's letter,  
19 please.

20 A All right.

21 Q In this letter, Ms. Meadows refers to glaring errors and  
22 omissions in your filing and notes that she is saddened to say  
23 the legal filing includes many outright untruths. For example,  
24 Mr. Journey claims that board members are chastised during  
25 meetings. That is untrue. Judge Journey, again, I ask you,

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1 have you ever seen a board member chastised during a meeting?

2 A The fact is that Ms. Meadows misread the motion. The  
3 chastisement occurred outside of a board meeting at a social  
4 event.

5 Q And when you said -- when you referred to the  
6 chastisement, talking about --

7 A We lost you again, dear.

8 Q When you talk about someone being chastised, you're  
9 talking about a fellow board member who was yelled at; is that  
10 correct?

11 A That's what I have been told. I did not observe that  
12 incident. She is a co-movement in the motion and I expect she  
13 will be presented soon.

14 MR. NOALL: So Your Honor, I object to the extent Ms.  
15 O'Connell [sic] is trying to elicit a hearsay statement.

16 THE COURT: I sustain that.

17 MS. CONNELL: Judge --

18 THE COURT: We're -- let me just say, we're having --  
19 Ms. Connell, we're still having trouble with your breaking up,  
20 too.

21 MS. CONNELL: Okay. Do you think we could take a  
22 five-minute break and I'll switch computers and we'll see if  
23 that works?

24 THE COURT: Uh-huh. And didn't understand what you  
25 just said. That's how bad it was.

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1 MS. CONNELL: Your Honor, I apologize. I don't have  
2 much question. Maybe if we take a five-minute break, I could  
3 switch computers entirely and maybe that would fix it.

4 THE COURT: I think that probably would be better  
5 than us stopping and starting and it's fine. We have -- we  
6 have these things from time to time. There's nothing to be  
7 worried out, so during the break, Judge Journey, don't speak  
8 with anyone about your testimony. Do you understand that?

9 THE WITNESS: Yes, I do entirely, Your Honor.

10 THE COURT: Okay. We'll take about a five-minute  
11 break to get reorganized.

12 MS. CONNELL: Thank you.

13 (Recess)

14 MS. CONNELL: I am ready, Your Honor, and I hope you  
15 can hear me better?

16 THE COURT: I can.

17 MS. CONNELL: Thank you, and I want to thank your --  
18 your IT staff there at the courthouse who was very helpful as  
19 well.

20 THE COURT: You're welcome.

21 BY MS. CONNELL:

22 Q Judge Journey, I'd like you to look, please, at NYAG  
23 Exhibit 170. Your Honor, this has already been admitted.

24 A I'm looking. Thank you.

25 Q Judge Journey, this is a notice of a special meeting of

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1 the board directors; is that correct?

2 A Yes.

3 Q And that special meeting was supposed to be held on March  
4 14th, correct?

5 A Yes.

6 Q But it was not held on March 14th, right?

7 A It was canceled immediately before that, yes.

8 Q Okay. If you look at the first -- Did you receive a copy  
9 of this notice?

10 A Yes.

11 Q Okay. I'd like to direct your attention to the first full  
12 paragraph and the second sentence thereof.

13 MS. CONNELL: Oh, I'm sorry. Your Honor, I just  
14 learned that actually the document is not admitted. I would  
15 move it into -- I didn't move that it be admitted.

16 MR. NOALL: No objection from the debtors, Your  
17 Honor.

18 THE COURT: NYAG 170 is admitted.

19 MS. CONNELL: Thank you, Your Honor.

20 (NYAG Exhibit Number 170 admitted into evidence)

21 BY MS. CONNELL:

22 Q Judge Journey, I'd again draw your attention to the first  
23 full paragraph, the second sentence thereof. "The sole purpose  
24 of the meeting is to provide a briefing to the board regarding  
25 the NRA's reorganization plan and the legal matters overseen by

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1 the Special Litigation Committee and to take any necessary  
2 action related to those matters." Do you see that?

3 A Yes, ma'am.

4 Q Were you -- Was this the only information you received  
5 from the NRA regarding the purpose of the special board  
6 meeting?

7 A There was a second notice sent because of the meeting date  
8 change that, as I recall, reflected similar language.

9 Q Were you told in advance that a resolution would be  
10 proposed at the special board meeting?

11 A No.

12 Q Okay. You attended the special board meeting that was  
13 held on March 28, 2021, correct?

14 A Yes.

15 Q Okay. Through the open session of board meetings, minutes  
16 are taken; is that right?

17 A I'm sorry, state that again?

18 Q Regarding the open session or the open portions of a board  
19 meeting, minutes are taken; is that correct?

20 A Yes.

21 Q Okay. I'd like to bring up NYAG Exhibit 356, please.

22 MS. CONNELL: Your Honor, I will move for admission  
23 of Exhibit 356.

24 THE WITNESS: Yes, I have it.

25 MS. CONNELL: Thank you.

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1 MR. NOALL: Your Honor, we object to this admission  
2 as hearsay.

3 MS. CONNELL: Your Honor --

4 THE COURT: Overruled. 356 is admitted.

5 MS. CONNELL: Thank you. Thank you, Your Honor.

6 (NYAG Exhibit Number 356 admitted into evidence)

7 BY MS. CONNELL:

8 Q Judge Journey, at the meeting, the board went into  
9 executive session; is that correct?

10 A Yes.

11 Q Before it went into executive session, Charles Cotton told  
12 the board that they were going to get legal updates and get a  
13 chance to ask questions, right?

14 A I believe that's accurate.

15 Q Okay. Charles Cotton at one point said that those with  
16 adverse interests should not join the executive session; is  
17 that correct?

18 A Yes.

19 Q And did you understand to whom he was referring?

20 A He kept staring at me when he said it, yes.

21 Q Was there any further discussion as to whether you could  
22 or should join the executive session?

23 A I was not named.

24 Q Okay. Did anyone try and stop you from getting into the  
25 executive session?



1 A No.

2 Q Okay. When you went into executive session, a resolution  
3 was proposed; is that correct?

4 A Yes.

5 Q And prior to it being offered in executive session, you  
6 had not seen that resolution; is that correct?

7 A That's accurate.

8 Q Okay. Your Honor, I would ask that the witness call up  
9 NYAG 199. This is in -- This is in evidence already, Your  
10 Honor. Judge Journey, do you have NYAG 199?

11 A Yes.

12 Q And that is the resolution that was passed at the special  
13 board meeting; is that correct?

14 A Let me get over there. Yes.

15 Q Okay. You abstained from voting on this; is that right?

16 A Yes.

17 Q I would like to draw your attention to the seventh  
18 paragraph; do you see that? It begins "resolved that to the  
19 extent."

20 A Yes. They all start with that. Let me count. The  
21 pending -- it goes on to say the pending Chapter 11 case is  
22 dismissed.

23 Q That's right. That's --

24 A Okay.

25 Q That's the paragraph I'd like you to look at, please.

1 A Yes.

2 Q So the board voted at the March 28th special session that  
3 if the bankruptcy's dismissed, the board was authorizing the  
4 immediate recommencement of the bank -- of the bankruptcy  
5 petition; is that correct?

6 A That's essentially what it says, yes.

7 Q Regardless of the reason it's dismissed, correct?

8 A It's not delineated in the paragraph regarding a reason,  
9 true.

10 Q As of the March 28, 2021, meeting, did you know how much  
11 the bankruptcy had cost the NRA so far?

12 A I'm not sure any of us know.

13 Q And do you know how much that special meeting cost?

14 A No.

15 Q It was held --

16 A I could guess, though.

17 Q No guesses, please. It was held in-person, correct?

18 A I'm sorry?

19 Q It was held in-person, correct?

20 A Yes. There were no virtual attendees that I'm aware of.

21 Q So I would like to go back for a second to the meeting.  
22 You said that you tried to speak at that meeting; is that  
23 correct?

24 A That I -- that I what?

25 Q You tried to speak at the March 28th special meeting?

1 A Yes, twice.

2 Q And the first time was in executive session, right?

3 A Yes.

4 Q And you weren't called on, right?

5 A That's correct. I sat back down.

6 Q Who was -- who was calling on people?

7 A The chair of the meeting and at that time, I believe it  
8 was Mr. Cotton.

9 Q Okay. So you waited until after the executive session was  
10 over and then you asked to speak as a point of personal  
11 privilege, correct?

12 A Yes.

13 Q And you were able to speak for some period of time; is  
14 that right?

15 A Not very long, but that's correct.

16 Q Okay. At -- When you spoke, you referred to statements  
17 that Marilyn -- Marion Hammer had made in executive session,  
18 right?

19 A I believe I did.

20 Q In executive session, Ms. Hammer really let you have it,  
21 right?

22 A She tried.

23 Q Because of your filing of the Examiner Motion; is that  
24 right?

25 A I think Marion thinks everyone thinks like her.

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1 Q She was mad that you filed a Motion for Examiner, right?

2 A She said other things than that, but that's essentially  
3 where we were.

4 Q So at that point, Ms. Meadows had accused you of untruths  
5 and glaring admissions, right?

6 A And that was surprising because she wasn't at any of these  
7 three meetings that I've been at.

8 Q Right. And then in executive session, you weren't called  
9 on, right?

10 A Yes.

11 Q And then you had to put up with Marion Hammer voicing her  
12 opinions to you about your filings, correct?

13 A I'm -- I'm kind of used to that after 25 years of  
14 interaction, yes.

15 MS. CONNELL: Your Honor, I -- I move to strike that  
16 answer.

17 THE COURT: Sustained.

18 THE WITNESS: I'm sorry. I'm sorry. I'm sorry.

19 BY MS. CONNELL:

20 Q And you had to listen --

21 A That's correct.

22 Q Thank you.

23 A That's -- that's a good assessment, yeah.

24 Q And would you describe Marion Hammer as a LaPierre  
25 loyalist?

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1 A I think many have described her as that.

2 MR. NOALL: Objection, Your Honor. That calls for  
3 speculation and I object to the characterization.

4 THE COURT: Overruled. You may answer the question,  
5 sir.

6 A I think that's a fair assessment of her position in these  
7 issues.

8 Q But there are other people within the NRA who are not  
9 LaPierre loyalists; is that right?

10 A Their numbers tend to be diminished over time, but that's  
11 true.

12 Q Okay. You referenced before AmmoLand.com, right?

13 A Yes, ma'am.

14 Q And you spoke to AmmoLand when you were campaigning for a  
15 position on the NRA board, right?

16 A I actually wrote a piece about being an independent board  
17 member and what I hoped to accomplish if elected, yes.

18 Q Right. And in that piece, you referenced different  
19 bribes, some that were pro-Wayne and some that were anti-Wayne;  
20 is that right?

21 A I think that's --

22 MR. NOALL: Objection, Your Honor. It's calling for  
23 hearsay, not subject to exception.

24 THE COURT: It's a statement --

25 THE WITNESS: I think it's what I wrote.

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1 THE COURT: It's what Journey wrote. Overruled,  
2 then.

3 MS. CONNELL: Thank you, Your Honor.

4 THE WITNESS: Thank you.

5 A That -- that is -- Yes, that's an accurate assessment of  
6 what I wrote, yes.

7 Q Okay, Judge Journey, I'd like you to look back at NYAG  
8 356, please.

9 A I'm sorry, the number again?

10 Q NYAG 356. This is the board minutes for the March 28th  
11 meeting.

12 A 356.

13 Q Yes, please.

14 A Thank you. All right.

15 Q If you could turn to page 18, please.

16 A All right. I'm -- I'm getting there. Sorry. I'm trying  
17 to find the page numbers. They seem to be hidden in the upper  
18 right-hand -- upper right-hand corner, so that took me a little  
19 while to locate that. Okay, I'm at 10. There's a bunch of  
20 black-out stuff.

21 Q Actually, Judge Journey, it's page 19. I made a mistake.

22 A Oh, okay. All right. I'm there. I'm there. Yes, ma'am.

23 Q Okay. You mentioned when you asked to speak that you --  
24 your honor had been impugned or your character had been  
25 impugned; is that right?

1 A Yes.

2 Q And impugned in relation to your decision to file a Motion  
3 for an Examiner, right?

4 A Yes.

5 Q And you said before that you -- that Willes Lee tried to  
6 shut you down when you spoke about why you filed the Motion for  
7 an Examiner, right?

8 A Yes.

9 Q So you weren't able to finish your speech, correct?

10 A That's correct.

11 Q Okay. And you stated at page 23 that "the fault for all  
12 this lies with the liars and they've lied to this board time  
13 and again, and they did today." What lies were you referring  
14 to there?

15 A I don't know that we have enough time to go through them,  
16 but I will do my best. I think that essentially it falls back  
17 on the lie of omission of the intent to file the bankruptcy. I  
18 think that we were lied to about the reason Craig Spray had  
19 been removed from the CFO position. I believe we were lied to  
20 about the -- the original CRO who was appointed in the petition  
21 when I was told that he did not enter his appearance because of  
22 health reasons. I could go on.

23 Q So do you believe that the NRA was receptive to your  
24 concerns about these issues, these lies that you were trying to  
25 raise?

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1 A That's a fair statement.

2 Q Do you think they were receptive?

3 A No. Oh, I thought you said deceptive. I'm sorry. Your  
4 microphone kind of went flaky on me. They are anything but  
5 receptive.

6 Q In fact, they're deceptive; is that correct?

7 A That's what I thought you said originally.

8 Q That's what I should have said probably. Judge Journey,  
9 you have said the filing of the bankruptcy in the NRA is the  
10 symptom of a disease, correct?

11 A I'm sorry. You're going to have to say that again. You  
12 got a little garbled.

13 Q You have said that the filing of bankruptcy by the NRA is  
14 the symptom of a disease, correct?

15 A Yes.

16 Q And the disease that you were referring to was bad  
17 governance, right?

18 A That's certainly part of it, yes.

19 MS. CONNELL: Thank you, Judge. I'm done and I will  
20 pass the witness.

21 THE COURT: Ackerman?

22 MS. CONNELL: Thank you, Judge Journey.

23 THE WITNESS: Thank you.

24 THE COURT: Ackerman?

25 MR. MASON: Yes.



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1 CROSS-EXAMINATION

2 BY MR. MASON:

3 Q Good afternoon, Judge Journey.

4 A Hi again.

5 Q Good to see you. Judge Journey, have you been -- have you  
6 been sitting through and -- and observing this -- this hearing,  
7 this trial?

8 A Yes.

9 Q Did you -- did you see Mr. Frazer's testimony?

10 A Most of it.

11 Q Did you see where Mr. Frazer testified that as of January  
12 7th, he was aware that bankruptcy was being considered as an  
13 option?

14 A I think that's close to what he said, yes.

15 Q And are you aware that Mr. Frazer testified that he was  
16 aware that there was some research being done relating to  
17 bankruptcy as of January 7th?

18 A I believe that's accurate.

19 Q And -- and Mr. Frazer was obviously present during the  
20 January 7th executive session where Mr. LaPierre's employment  
21 agreement was discussed, correct?

22 A Yes, he was.

23 Q And you saw that Mr. Frazer testified that at that time,  
24 he did not understand that the reorganize and restructure of  
25 the affairs of the Association for purposes of cost

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1 minimization, regulatory compliance, or otherwise in Mr.  
2 LaPierre's employment agreement, you heard him testify that Mr.  
3 Frazer did not understand that that language would purportedly  
4 be authorizing Mr. LaPierre to file for Chapter 11 bankruptcy,  
5 correct?

6 A I believe so. The -- the question's a little tough, but  
7 yeah, I think so.

8 Q Based -- based on those facts, Judge Journey, would you  
9 agree that the general counsel of the NRA would be in a better  
10 position to understand the meaning of that language in Mr.  
11 LaPierre's employment agreement than the NRA board?

12 MR. NOALL: Objection, Your Honor. Calls for an  
13 impermissible opinion and also counsel stated that the  
14 statements were -- were -- that he's alluding to are the basis  
15 of that opinion.

16 THE COURT: Mr. Mason, you want to respond?

17 MR. MASON: I'm asking for -- I am. Your Honor,  
18 these are facts that are already in evidence and I'm asking for  
19 his personal opinion.

20 MR. NOALL: I don't think -- I don't think the  
21 opinion is appropriate, Your Honor. Judge Journey is a judge.  
22 He's -- he's not an expert on bankruptcy and I don't think that  
23 he's qualified to give an opinion on this matter.

24 MR. MASON: I think he's absolutely qualified, Your  
25 Honor, and I think he's more than qualified because he is a

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1 judge and he's a sitting board member.

2 THE COURT: I'm going to sustain the objection.

3 BY MR. MASON:

4 Q Judge Journey, you have described the filing of the  
5 bankruptcy as a -- as a fraud perpetrated on the Court,  
6 correct?

7 A Yes.

8 Q You've also described the board as supine; is that  
9 correct?

10 A Yes.

11 Q Can you explain for the Court what you mean by that?

12 A Supine would mean that they acquiesce to the desires and  
13 requests of those they are supposed to oversee.

14 Q And you believe that that is a concern -- you believe that  
15 that is the current status of the board, in your opinion?

16 A I think a common vernacular would be the tail is wagging  
17 the dog.

18 Q We've talked about the March 28th board meeting where the  
19 board ratified the bankruptcy filing. Do you believe that the  
20 NRA's board was put in an untenable position when it was asked  
21 to ratify the bankruptcy filing after the fact?

22 A If they had failed --

23 MR. NOALL: Your Honor, same objections I made  
24 before. We're asking Judge Journey to give opinions on matters  
25 for which the opinion -- He's not qualified and the opinion

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1 testimony is inappropriate.

2 THE COURT: Overruled on that one. The question was  
3 whether the board was placed in an untenable position. He's a  
4 board member. I think he can answer the question.

5 A I believe that is true because had they failed to ratify  
6 that resolution, if they had voted it down, I think that would  
7 have placed the Association in a very difficult position and  
8 they really had no alternative but to ratify the resolution and  
9 ratify the bankruptcy.

10 Q If you would, Judge Journey, if you could pull up New York  
11 AG 162 again for me briefly?

12 A Yes.

13 Q If you go down to the second page.

14 A Yes.

15 Q The first paragraph where Ms. Meadows states, "For  
16 example, Mr. Journey claims that board members are chastised  
17 during meetings." Do you see that?

18 A Yes.

19 Q During the March 28th executive session, were you  
20 chastised as a board member?

21 A Yes.

22 Q If you go to the second paragraph, Ms. Meadows states, "I  
23 have presided over numerous NRA board meetings and assure you  
24 that every member of the NRA board is treated with respect."  
25 Do you see that?

1 A Yes.

2 Q Were you treated with respect --

3 A Well, she wasn't there.

4 Q -- at the March 28th executive session?

5 A She was not present.

6 Q Sure.

7 A So others didn't, but...

8 Q And let's talk about those others a little bit more. I  
9 believe you testified that Mr. Neligan specifically told you  
10 that you and your motion were a threat to the NRA?

11 A That was my impression. I did not know there was a  
12 transcript. I would have loved to have the opportunity to  
13 refresh my recollection with that prior to testifying.

14 Q So as you sit here today, you understand that there's a --  
15 there's a transcript of Mr. Neligan's comments to and about you  
16 from that March 28th board meeting?

17 A I believe that that statement was made during the  
18 executive session and it's part that's blacked out.

19 Q But is it true that Mr. Neligan specifically told you that  
20 you and the fact that you have brought the -- your Motion for  
21 an Examiner is a threat to the National Rifle Association?

22 MR. NOALL: Your Honor, to the extent that the  
23 question is calling for matters which might be protected by the  
24 attorney-client privilege, I would invoke privilege.

25 THE COURT: I sustain that.

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1 BY MR. MASON:

2 Q Mister -- Judge Journey, you also testified that Mr.  
3 Garman also made threats or expressed concerns to you about you  
4 and your motion being a threat to the NRA; is that correct?

5 MR. NOALL: Your Honor, I don't know what -- at what  
6 point this took place, but to the extent it calls for an answer  
7 protected by the attorney-client privilege, I would raise the  
8 same objection.

9 THE COURT: I sustain that. Mr. Mason, there's  
10 already in the record some conversation that wasn't subjected  
11 to for hearsay purposes and I overruled that, so you might --  
12 you'd like to go any further on what the lawyers told him?

13 BY MR. MASON:

14 Q Judge Journey, did you feel threatened during the March  
15 28th executive session?

16 A Not physically.

17 Q Did you feel threatened in other ways?

18 A Reputationally.

19 Q Who made you feel that way?

20 A Ms. Hammer, others.

21 Q Anyone else?

22 A Yes. I don't know all of them very well. I've only been  
23 on -- with them for six hours in the last six months so, you  
24 know, there's a lot of new people on the board that were not  
25 there when I was there 25 years ago.

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1 Q How did -- What did Ms. Hammer specifically tell you to  
2 make you feel threatened during that March 28th meeting?

3 A I can remember my impressions, but I'm sorry, I do not  
4 remember the exact wording.

5 Q What were your impressions?

6 A My impressions were that I was accused of being an enemy  
7 by Ms. Hammer of those in support of the position of a debtor  
8 in possession.

9 Q I believe you testified that Willes Lee shouted you down  
10 at the executive session on March 28th; is that correct?

11 A He -- Yes, he certainly got closer to the microphone and  
12 much louder.

13 Q And Mr. Lee is the second vice president of the National  
14 Rifle Association, correct?

15 A Yes, and was chairing the meeting at that time and  
16 declared me out of order.

17 Q And he's also a member of the special litigation committee  
18 as well, right?

19 A Yes.

20 Q Do you believe it was appropriate for Mr. Lee to attempt  
21 to silence you from voicing your thoughts and opinions during  
22 that March 28th executive session?

23 A I think I should -- I think I should have appealed the  
24 ruling of the chair to the body, but I neglected to do so. I  
25 thought it was a fruitless effort after my observation of what

1 occurred during that meeting.

2 Q You testified a few minutes ago about some various lies  
3 that you believe that have been told to the NRA's board. Do  
4 you recall that?

5 A Yes.

6 Q And one of the lies that you mention was with respect to  
7 the chief restructuring officer?

8 A The one originally appointed in the petition, yes.

9 Q And that was Mr. Marshall Smith; is that correct?

10 A I don't remember his name.

11 Q And you testified that part of the lie was with respect to  
12 Mr. Smith stepping aside because of health reasons; is that  
13 correct?

14 A That's what Mr. Frazer told me in a telephone  
15 conversation, yes.

16 Q And why do you believe that -- that what Mr. Frazer told  
17 you was a lie?

18 A Because of other information that basically led me to the  
19 conclusion that he did not want to assume those duties because  
20 of the issues involved and the requirements that would be made  
21 if he served in that position.

22 Q When you say the issues involved, what are you referring  
23 to?

24 A I'm speculating at that point, but I have found no  
25 confirmation --



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1 THE COURT: Don't -- Judge Journey, don't speculate,  
2 please.

3 THE WITNESS: Yeah.

4 THE COURT: Thank you.

5 THE WITNESS: I won't.

6 A I have found no confirmation of Mr. Frazer's  
7 representation in any of my review of the documents or other  
8 information that I've had regarding this suit.

9 Q Prior to learning of Mr. Smith's potential appointment as  
10 chief restructuring officer, are you aware of yourself or  
11 anyone else on the board being advised of Mr. Smith's prior  
12 relationship with Phil Brewer?

13 A No.

14 Q Judge Journey, you've closely followed the NRA's various  
15 press statements and press releases with respect to the New  
16 York Attorney General; is that fair to say?

17 A Yes.

18 Q And you're aware that the NRA has claimed that the New  
19 York Attorney General has weaponized her powers against the  
20 National Rifle Association; is that correct?

21 A I'm aware of the characterization, yes.

22 Q And I believe you testified earlier that you believe that  
23 that characterization is BS?

24 A No. I think that it was Charles Cotton that told us that  
25 at the board meeting repeatedly.

1 Q Do you believe that as a board member -- a current board  
2 member of the NRA, do you believe that the New York Attorney  
3 General has improperly weaponized her powers against the NRA?

4 A I have not found information that would substantiate that  
5 to a clear and convincing standard, no. I do know that what  
6 she campaigned on, I do know that she certainly was predisposed  
7 because she wants to keep her campaign promise which was to  
8 destroy the terrorists like me, in her estimation.

9 Q And you've also testified that you believe that there's a  
10 lot of truth to the allegations that were being asserted in the  
11 New York AG's complaint that was filed in August of last year,  
12 correct?

13 A I believe what I testified to, that my review of the  
14 petition told me that there was civil discovery that had  
15 occurred including sworn statements and depositions of  
16 officers, documents collected in response to her request for --  
17 by use of subpoena, and interviews that occurred with over a  
18 hundred board -- past board members by her staff.

19 Q And you're not aware, as you sit here today, of there  
20 being any false statements or representations that are made in  
21 that -- the complaint that was filed in August, correct?

22 A I know that they were sworn to by her or her staff as  
23 being true and correct. Whether the evidence ultimately bears  
24 them out, we'll just have to see.

25 Q Fair enough. And we've talked, one of the -- one of the

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1 remedies, one of the requests for relief that is being sought  
2 in that New York enforcement action is the dissolution of the  
3 NRA, correct?

4 A I think that's the only remedy asked for in that petition.

5 Q Is it your understanding that whether or not that remedy  
6 is appropriate will be made by the state court judge up in New  
7 York?

8 A That's usually how things work; yes, sir.

9 Q And that will happen after -- And you've heard the  
10 testimony that that presiding judge is Judge Joel Cohen,  
11 correct?

12 A I am aware that it is in the Manhattan, I think they call  
13 them Superior Courts there.

14 Q So the New York Attorney General cannot just go and  
15 unilaterally dissolve the NRA, right?

16 A It would take a court order; yes, sir.

17 Q As a board member of the NRA, do you believe that Judge  
18 Joel Cohen has weaponized his powers against the NRA?

19 A No.

20 Q Do you believe that Judge Joel Cohen can fairly hear all  
21 of the evidence that is presented by the New York Attorney  
22 General and by the NRA and be fair and impartial when  
23 determining whether the dissolution of the NRA is an  
24 appropriate remedy?

25 A I think it's a fair statement to say that I presume that

1 is true unless it's shown otherwise.

2 Q And as you sit here today, you have no reason to question  
3 his ability to do that or his integrity, correct?

4 A That's correct.

5 Q As you sit here today, do you have any belief as to  
6 whether other New York state courts have illegally weaponized  
7 their powers against the NRA?

8 A I do not believe the courts have done so.

9 Q That would also include the state appellate courts and the  
10 highest state courts in New York, right?

11 A My review of the appellate courts' opinions on these  
12 similar topics tells me that's true.

13 Q Is it your understanding that the dis -- the involuntary  
14 dissolution of a nonprofit is a fairly unusual remedy that is -  
15 - that is granted in New York?

16 A It did happen for President Trump's charity, but that was  
17 by agreement.

18 Q So that was not an involuntary dissolution then if it was  
19 by agreement, correct?

20 A That's true.

21 Q And you're not aware that -- The NRA's not going to enter  
22 into an agreement as you sit here today? You're not aware of  
23 any agreement that the NRA is going to reach to involuntarily  
24 dissolve itself, correct?

25 A I'm not sure I got your question there. I'm sorry.

1 Q Sure. Sure.

2 A Why don't you say it again. It was a little awkward for  
3 me.

4 Q Fair enough. Fair enough. Judge Journey, you're also  
5 aware that New York has -- I'm sorry. You're also aware that  
6 the NRA has exercised its rights and brought federal lawsuits  
7 up in New York Federal Court, correct?

8 A I'm aware of the First Amendment claims, yes.

9 Q And some of those claims are claims against Governor  
10 Cuomo, correct?

11 A Well, that would come out of the financial services case;  
12 yes, sir.

13 Q And there's also another lawsuit that's currently pending  
14 against the New York Attorney General, correct?

15 A Yes, I believe there's a similar lawsuit regarding the  
16 enforcement petition filed by Ms. James.

17 Q As a board member of the NRA, do you believe that those  
18 federal judges up in New York will be fair and impartial to the  
19 NRA?

20 A I have no indication otherwise --

21 Q Do you believe --

22 A -- and would presume so.

23 Q And if the NRA ultimately needed to exercise its appellate  
24 remedies or appellate rights if it got an unfavorable ruling  
25 from those federal district judges, it would have the ability

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1 to -- to make appeals to the second -- Federal Second Court of  
2 Appeals, correct?

3 A As any other litigant may.

4 MR. NOALL: Your Honor, I just want to interpose an  
5 objection to that question. I don't -- Counsel can ask Judge  
6 Journey his personal opinion, but he's not an expert on these  
7 matters.

8 THE COURT: I understand, and I'm not inferring that  
9 he is an expert on New York appellate law. You may answer the  
10 question, Judge Journey, to the extent you have it.

11 A Thank you. I have no information that would indicate that  
12 the New York courts, regardless of jurisdiction, whether it's  
13 federal or state, have any predisposition as Attorney General  
14 James has.

15 MR. MASON: Your Honor, I see it's 12:00. I'm at a -  
16 - I'm at a good stopping point. I don't believe I have a lot  
17 left, but does it make sense to take our lunch break right now  
18 or?

19 THE COURT: Let me ask you, how much longer do you  
20 think you have?

21 MR. MASON: I would say hopefully no more than 15 or  
22 20 minutes.

23 THE COURT: Yeah. I'd say why don't you go a few  
24 minutes more because I have a 1:30 matter that I'm going to  
25 have to call first before the NRA, so we'll probably break at

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1 around 12:15 so possibly if you could speed up your examination  
2 and be finished in the 15-minute range, it would help everybody  
3 I think. It will still give everybody an hour and 15-minute  
4 break, but we'll start back at 1:30 then. Does that work?

5 MR. MASON: Okay. It does. I will do everything I  
6 can, Your Honor.

7 THE COURT: I have confidence in you, Mr. Mason.

8 BY MR. MASON:

9 Q Judge Journey, you've also heard the discussion  
10 surrounding a receiver in this trial, haven't you?

11 A Yes.

12 Q And you're not aware of the New York Attorney General in  
13 the complaint that was filed in August asking for a receiver,  
14 are you?

15 A I think a receivership would be partial, part of the  
16 dissolution.

17 Q And the New York Attorney General cannot just unilaterally  
18 appoint a receiver. The NRA has due process rights, correct?

19 A Yes.

20 Q Prior to January 15, 2021, you don't have any personal  
21 knowledge of any imminent threat of a receiver being appointed,  
22 do you?

23 A Not an imminent threat, no.

24 Q Aside from --

25 A A contingent one, yes.

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1 Q And that's based upon the -- the dissolution that you just  
2 referenced, right?

3 A I think that's based upon the orders of the New York  
4 District Court, yes.

5 Q And are you aware whether there's a trial that's been set  
6 in the New York enforcement action?

7 A I thought they were still in discovery, but I have heard  
8 there's been a request for an accelerated schedule.

9 Q Aside from the actual filing of the New York Attorney  
10 General enforcement action in August of 2020, are you aware of  
11 any action that was taken by the New York Attorney General  
12 between August of 2020 and January 15, 2021, that would lead  
13 you to believe that the New York Attorney General was going to  
14 even ask for the appointment of a receiver?

15 A All I know is what was in the petition, sir.

16 Q And nowhere in that petition was there any request for a  
17 receiver, correct?

18 A When I looked at the statutes, that seemed to be the next  
19 step after the dissolution order's entered.

20 Q But you're not aware of that request being made as you sit  
21 here today, correct?

22 A I think it's part and parcel of the original plea for  
23 relief.

24 Q Judge Journey -- Your Honor, I'm going to object as non-  
25 responsive and move to strike.



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1 THE COURT: Sustained.

2 BY MR. MASON:

3 Q Judge Journey, as you sit here today, you are not aware of  
4 the New York Attorney General making a specific request that a  
5 receiver be appointed in the New York Attorney General  
6 enforcement action; isn't that true?

7 A That is true.

8 Q Throughout this trial, have you -- you have heard the  
9 allegations made with respect to Mr. LaPierre's spending --  
10 prior spending, correct?

11 A Yes.

12 Q Do you have concerns of Mr. LaPierre regularly using a  
13 yacht owned by somebody that earns approximately \$800,000 a  
14 year from the NRA?

15 A Yes.

16 Q Prior to the bankruptcy filing, what was -- what was your  
17 understanding of the Brewer Law Firm's role with respect to the  
18 NRA?

19 A That they participated in the defense of the plethora of  
20 suits pending.

21 Q Besides the litigation, did you have an understanding of  
22 other regulatory or compliance-related legal tasks that the  
23 Brewer Firm was doing with respect to the NRA?

24 A I'm not sure what you're referencing there.

25 Q Sure.

1 A They did do more -- they do more than simple legal  
2 representation.

3 Q Sure. And that's what I'm trying to get at. What -- what  
4 is your understanding of -- of kind of the Brewer Firm's role  
5 with respect to the NRA?

6 A That they replaced Ackerman and McQueen.

7 Q As the public relations group for the NRA, right?

8 A Yes.

9 Q Anything else besides replacing Ackerman McQueen?

10 A I think that that is a very broad job to assume. Perhaps  
11 if you were more specific, I could address that.

12 Q Sure. Do you have an opinion as to the influence that the  
13 Brewer Firm currently has within the National Rifle  
14 Association?

15 A Yes.

16 Q And what is that opinion?

17 A That their reach and their grasp far exceeds their  
18 appropriate exercise of authority.

19 MR. MASON: Your Honor. I am going to heed the  
20 court's advice and pass the witness at this time.

21 THE COURT: Well, that wasn't advice. That was  
22 confidence I had in you, Mr. Mason. All right, this is  
23 probably a good stopping place. Y'all can come back right at  
24 1:30. The matter that's already had been on the docket, I  
25 think I mentioned this the other day when we set this day, it's

1 more of in lines of an announcement. I think it's going to  
2 take just a few minutes and then we can move into the next  
3 examination. I think that would be you, Mr. Drake. Are you  
4 going to examine Judge Journey?

5 MR. DRAKE: Yes, Your Honor. We're prepared to go  
6 forward right after your 1:30 matter and I expect that, you  
7 know, that I can keep it relatively brief as we've done with  
8 the prior witnesses.

9 THE COURT: Okay. And then Mr. Noall, you'll up.  
10 We'll recess until 1:30, but understand there'll be something  
11 else that we'll take ahead of you and Judge Journey, during the  
12 break if you'd not speak with anyone about your testimony since  
13 you're in the middle of your examination.

14 THE WITNESS: Thank you.

15 THE COURT: We'll be in recess.

16 (Proceedings recessed at 12:09 p.m.)

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**C E R T I F I C A T I O N**

We, DIPTI PATEL and KAREN WATSON, court approved transcribers, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter, and to the best of our ability.

/s/ Dipti Patel

DIPTI PATEL

/s/ Karen Watson

KAREN WATSON

LIBERTY TRANSCRIPTS

DATE: April 14, 2021