

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:) Case No. 21-30085-hdh11
) (Jointly Administered)
) Chapter 11
)
NATIONAL RIFLE ASSOCIATION) Courtroom 1
OF AMERICA AND SEA GIRT LLC,) 1100 Commerce Street
) Dallas, Texas 75242-1496
Debtors.)
) April 20, 2021
) 8:04 a.m.
) (MORNING SESSION)

TRANSCRIPT OF CONTINUED HEARING RE: MOTION FOR APPOINTMENT OF EXAMINER FILED BY CREDITOR PHILLIP JOURNEY (114); MOTION TO DISMISS CASE FILED BY CREDITOR ACKERMAN MCQUEEN, INC. (131); MOTION TO DISMISS CASE FILED BY INTERESTED PARTY ATTORNEY GENERAL OF THE STATE OF NEW YORK (155); MOTION TO APPOINT TRUSTEE FILED BY INTERESTED PARTY ATTORNEY GENERAL OF THE STATE OF NEW YORK (163); MOTION TO APPOINT TRUSTEE FILED BY CREDITOR DISTRICT OF COLUMBIA OFFICE OF THE ATTORNEY GENERAL FOR THE DISTRICT OF COLUMBIA (214); MOTION TO DISMISS CASE MOTION IN SUPPORT OF STATE OF NEW YORK'S MOTION TO DISMISS FILED BY CREDITOR DISTRICT OF COLUMBIA OFFICE OF THE ATTORNEY GENERAL FOR THE DISTRICT OF COLUMBIA (423)
BEFORE HONORABLE JUDGE HARLIN DeWAYNE HALE
UNITED STATES CHIEF BANKRUPTCY COURT 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.

4 I'm going to call the roll of the folks that have
5 made appearances already, and then take appearances of others.

6 Ms. Miranda?

7 MS. MIRANDA: Good morning, Your Honor.

8 THE COURT: Welcome back.

9 Mr. Salitore and Ms. Lambert?

10 (No audible response heard)

11 THE COURT: Mr. Strubeck, Drake, and Hendrix, and
12 Laura Smith.

13 UNIDENTIFIED ATTORNEY: Good morning, Your Honor;
14 we're here.

15 THE COURT: Welcome.

16 Neligan, Buncher, Gaither?

17 UNIDENTIFIED ATTORNEY: Your Honor, Mr. Neligan, our
18 quarterback, is standing over my shoulder here.

19 MR. NELIGAN: I'm here, Your Honor.

20 (Laughter)

21 THE COURT: Just watching.

22 Mr. Mason and group.

23 MR. MASON: Good morning, Your Honor; we are here.

24 UNIDENTIFIED ATTORNEY: Good morning, Your Honor
25 (indiscernible).

1 THE COURT: Welcome back.

2 Mr. Garman?

3 MR. GARMAN? Yes, sir, we're here, and in the room is
4 Mr. Robichaux, our proposed CRO, and his colleague, Mr. Morton.
5 And I'll note Mr. Correll's appearance for the record, also.

6 THE COURT: Welcome back.

7 Mr. Watson and Mr. Taylor?

8 UNIDENTIFIED ATTORNEY: Good morning, Your Honor;
9 we're present.

10 THE COURT: Welcome.

11 Does anyone else wish to make an appearance?

12 MR. BUNCHER: Good morning --

13 MR. PRONSKE: Good morning --

14 MR. BUNCHER: Go ahead.

15 MR. PRONSKE: Good morning, Your Honor. Gerrit
16 Pronske, Eric Van Horn, and Jason Kathman of Spencer Fane for
17 the State of New York and the Office of the New York Attorney
18 General. With us are (indiscernible) New York, Jim Sheehan,
19 Monica Connell, Emily Stern, and Steven Thompson.

20 THE COURT: Welcome back.

21 MR. BUNCHER: Your Honor, Doug Buncher for the
22 Neligan firm, as well; thank you.

23 THE COURT: Welcome to you.

24 Anyone else wish to make an appearance?

25 (No audible response heard)

1 THE COURT: All right. As I understand what we're
2 going to accomplish today, Mr. Taylor and Mr. Watson are going
3 to put on the Journey witnesses that are left, and that will
4 probably take the morning.

5 And then in the afternoon we have, I think, whatever
6 portions of the deposition from the other day that the NRA
7 wants to put into the record, and then a 17-minute snippet from
8 that deposition's going to be played. And there may be another
9 deposition -- snippets from the Attorney General. And then
10 Ackerman may have several portions of depositions that it wants
11 to read into the record.

12 And my goal is to finish the movant's case today. So
13 why don't we turn it over to you, Mr. Taylor.

14 MR. TAYLOR: Thank you, Your Honor.

15 For the record, my name is Clay Taylor representing
16 Phillip Journey, et al.

17 We would like to call Owen Buz Mills to the stand,
18 Your Honor.

19 THE COURT: All right.

20 Can you hear me?

21 MR. MILLS: I can -- I can hear you, Mr. Taylor.

22 THE COURT: All right. Would you raise your right
23 hand, sir?

24 OWEN MILLS, SWORN

25 THE COURT: All right, Mr. Taylor.

Mills - Direct/Taylor

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1 DIRECT EXAMINATION

2 BY MR. TAYLOR:

3 Q Good morning, Mr. Mills. Could you please state your full
4 name for the record?

5 A Yes, my name is Owen Price Buz Mills.

6 Q And where do you live?

7 A I live in Paulden, Arizona.

8 Q And so it's 6 o'clock in the morning there for you,
9 correct?

10 A Yes, it is.

11 Q All right. Well, on behalf of myself -- and I think for
12 all the parties, we appreciate you getting up so early to be
13 prepared for this, and so that we can get this trial on the
14 road.

15 How are you employed?

16 A I am -- I operate Gunsite Academy, which is the world's
17 oldest, largest privately owned tactical firearms training
18 facility.

19 Q And how long have you done that?

20 A Twenty-one years.

21 Q And prior to that, how were you employed?

22 A I was in the communications and electronics industry. My
23 last 20 years in that was spent in developing and deploying
24 cellular telephone systems across the Eastern/Southern United
25 States.

Mills - Direct/Taylor

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1 Q Do you have any experience on serving on boards of
2 directors, either in the profit or nonprofit world?

3 A Only in the nonprofit world.

4 Q Okay. And could you describe what your roles have been on
5 boards of directors for the Court?

6 A Well, I've spent 12 years on the NRA Board, and I have
7 spent a couple of years on our Fire District Board here in
8 Arizona as -- operates fire district boards for first
9 responders to the public.

10 Q Okay. And when did you first join the NRA Board?

11 A First elected to the NRA Board in 2009.

12 Q And are you a current Board member?

13 A I am. Yes, I am.

14 Q Okay. When did you first join the NRA as a member?

15 A It was probably the late '50's, I was -- I was in high
16 school.

17 Q And so you've been a member for 60 plus years?

18 A Yes, I have.

19 Q And what is your membership level?

20 A I'm a benefactor member.

21 Q Okay. And let's turn to Committee meeting --
22 approximately how many committees does the NRA have?

23 A Approximately 40, there's special and then there's
24 standing committees.

25 Q Okay. Have you ever served on any NRA committees?

Mills - Direct/Taylor

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1 A Yes, I have. I've served on half a dozen different
2 committees over the years.

3 Q Okay. And could you -- could you name some of those for
4 this Court?

5 A Yes, I've served on the Finance Committee, the Education
6 and Training Committee, the Bylaws Committee, and the Public --
7 the Publications Policy Committee.

8 Q Could you generally describe how NRA Committee meetings
9 are conducted for this Court?

10 A Yes, they're usually scheduled for a day or two prior to
11 the -- to the Board meetings. You arrive for the meeting, and
12 the information that is proposed to be discussed at that
13 meeting will be at your place, or the information will be
14 passed out immediately upon commencement of the meeting.

15 Q And, for instance, in the Finance Committee meeting, how
16 much information was distributed to you prior to those
17 meetings, as far as the volume of information?

18 A You could probably -- it was quite a bit of information,
19 maybe a quarter pound of it, half-inch thick stack of
20 documents.

21 Q Okay. And just to reinforce, how far in advance of the
22 meeting would you get those materials?

23 A They weren't in -- they weren't -- I don't recall them
24 ever being distributed prior to the meeting.

25 Q Okay. Did you have time to ask questions before items

Mills - Direct/Taylor

11

1 were brought for the committees to pass resolutions and make
2 recommendations?

3 A No, there wasn't -- there wasn't enough time for the
4 plethora of information that was presented to discuss in much
5 detail any of -- any of the information. It was pretty much
6 sat in front of you, we ran through it. An overview was
7 presented, but as far as a detailed examination, an opportunity
8 to -- to ask a detailed question, there just wasn't time to
9 cover that.

10 Q Did this give you any -- cause you any concern?

11 A Yes, quite a bit. It -- I didn't feel like I could truly
12 execute my fiduciary duty in the time allotted. But the
13 information was never available prior to the meeting.

14 Q Ultimately, did those concerns lead you to take some
15 actions regarding your sitting on the Finance Committee?

16 A Yes. When I was on the Finance Committee, the NRA
17 operated in the red consistently. I don't ever remember an
18 annual statement where we were in the black, we were always
19 operating in the -- in our line of credit, and it got to the
20 point from not getting answers and seeing the direction that we
21 were headed, that I asked to be reassigned from the Finance
22 Committee. I spoke to the then President of the NRA, Allan
23 Cors, asked to be reassigned, that I didn't feel that I was
24 able to provide an honest -- any honest input at the -- the way
25 that the meetings were conducted.

Mills - Direct/Taylor

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1 Q So you ultimately were reassigned to another committee,
2 correct?

3 A Yes, I was, uh-huh.

4 Q To your knowledge, has the NRA changed any policies about
5 how its committees are run because of the concerns that you
6 expressed?

7 A No, I never noticed any difference in the direction of the
8 conduct after I was reassigned from Finance.

9 Q You're a current -- a member of the Board of Directors,
10 correct?

11 A Yes.

12 Q When do you typically arrive prior to the NRA Board of
13 Directors meetings?

14 A Usually arrive the day before we have a -- have a meeting
15 scheduled for 9 o'clock the next morning, arrive the evening
16 before. Try and get by the NRA office, get checked in. And at
17 that point, you would often receive reports from the Executive
18 Director, the Executive Director of ILA, and the General
19 Operations Director.

20 It was often -- I would -- I would guess maybe 100
21 pages or more of information that you'd try and digest that
22 evening before -- well, before the Board meeting is when you
23 had to be prepared to ask questions about that information.

24 Q Who usually ran the Board meetings?

25 A The Board meetings were generally conducted by our elected

1 President.

2 Q How did Board members place any agenda items on the
3 docket?

4 A I don't know. I never -- I never did know that.

5 Q Okay. So to your knowledge, was the docket usually
6 prepared by management?

7 A I think so, yes.

8 Q How much time did you have to review those hundred pages
9 of materials before the Board meeting? Was it approximately
10 less than 24 hours or --

11 A It was -- it was probably something less than 24 hours,
12 yes. As you were in -- attending Board meetings during the
13 day, and then they had the function in the evening, it -- for a
14 couple of days, and then -- and then try to get to -- then try
15 to get to the Board meeting. Total available time to you was -
16 - was certainly not enough to consume all of the information.

17 Q Did you have time to ask any questions that you had about
18 those materials with management prior to the Board meetings?

19 A No, usually whatever questions you had were addressed in
20 the Board meeting given the time.

21 Q In your experience, is this a way your other nonprofit
22 Board that you sit on operates?

23 A No, the other -- the other boards that I sit on, the
24 information is disseminated at least a week before the board
25 meeting, and we have an opportunity during that week to sit

Mills - Direct/Taylor

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1 down with management and address any concerns that you have.

2 Q Which way do you think is the better practice?

3 A Oh, absolutely having the information up-front allows you
4 to be able to investigate the methods and support the
5 direction.

6 Q How did you typically travel to NRA Board meetings?

7 A I usually -- I have my own air transportation, and so I
8 would usually fly. That gave me the -- gave me the ability to
9 schedule other meetings in the area with clients and do some
10 additional business.

11 Q Prior to 2019, did you ever ask for any reimbursement
12 whatsoever for any of that air travel?

13 A No, I didn't. I -- I always felt like that was a little
14 bit of my contribution -- additional contribution to the
15 effort.

16 Q Right around 2018 or 2019, that changed a little bit for
17 you, is that right?

18 A Yes, it did. Yes, it did. I -- I went to a secretary --
19 it was right after Mr. Frazer came on board -- what's that, '17
20 or '18 -- and asked if I could submit requests for coach
21 airfare from my home to wherever the board meeting was held,
22 and he allowed that -- that that would -- that would be
23 acceptable.

24 Q So to -- so that I understand this correctly, and the
25 Court does also, even though you were flying your own plane,

Mills - Direct/Taylor

15

1 and paying for all the gas, you just submitted for
2 reimbursement of whatever the coach fair would have been from
3 wherever you were traveling from --

4 A Yes.

5 Q -- is that correct?

6 A Yes. Yes, sir, that's correct.

7 Q Aside from reimbursement of those travel expenses and your
8 hotel, and any meals that you may have, did you receive any
9 other compensation from the NRA separate and apart from your
10 service as a Board member?

11 A No, I did not.

12 Q Okay. But does your company -- your gun range, does it
13 receive any compensation from the NRA?

14 A Yes, we do. It's been my policy since -- since I took
15 over the operation in 1999 that every client that attends a
16 class, we furnish them with an annual membership to the NRA.
17 The NRA, in turn, will reimburse us percentage of that
18 membership fee as a commission for recruiting new members.

19 Q Okay. And how much is that per new member?

20 A I think it's -- I'm not sure, I think it's about \$10. It
21 may have changed in the last few years.

22 Q And on average over the past four or five years,
23 approximately how much have you received via those fees?

24 A I would say something on the order of nine, \$10,000 a
25 year.

Mills - Direct/Taylor

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1 Q Okay. But the NRA receives vast -- vastly in excess of
2 those amounts by the membership fees, correct?

3 A Yes, sir, we would -- we would send them \$35, as I recall.

4 Q Okay. And so you believe that's a net win for the NRA.

5 A Oh, absolutely, yes. In the beginning when we first
6 started this, I went to the NRA and said, "Look, we don't want
7 a commission. We don't want anything. We want all the money
8 to go to the Association." And they said, "Well, we don't have
9 a vehicle to do that, we just have to do it -- we just have to
10 do it the way we're set up for." So, of course, that had to be
11 okay.

12 Q So you believe that's a fair market rate?

13 A I don't have an opinion on whether it would be fair market
14 or not, because it's -- it's just the way it's done, and I'm
15 not familiar with how other organizations operate.

16 Q Okay. But as far as the NRA, the NRA pays you no more,
17 nor no less, than any other party?

18 A That is correct.

19 Q Okay. How did the NRA ensure that it paid market rates to
20 other Board members or their affiliated companies for services,
21 apart from their Board service?

22 A As -- I do not know.

23 Q As you sit here -- you've attended some Audit Committee
24 meetings, correct?

25 A Yes, I have.

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17

1 Q Okay. To your knowledge as a Board member, is there any
2 audit controls on whether they are paying market rates for
3 services provided by other Board members?

4 A In the few other Committee meetings I attended, I would
5 say that I can't -- I can't judge.

6 Q And why can't you judge?

7 A I don't -- I don't have -- in the meetings that I
8 attended, most of the action was concern with retroactive
9 approval of past executive actions.

10 Q Let's talk about that retroactive approval a little bit.
11 What do you mean by retroactive approval? Could you describe
12 that process for the Court?

13 A Yes. There would be some activity that happened six
14 months, a year, two, three years in the past that needed Audit
15 Committee approval. So it would be presented at the Audit
16 Committee very quickly, and there would be a vote taken by the
17 members of the Audit Committee.

18 The issue would be -- would be passed, acceptable,
19 and then they would move on.

20 Q Okay. And you said "very quickly." Could -- how quickly
21 was this presented? And how much real fulsome discussion took
22 place about these items?

23 A I would say less --

24 MR. CICILIANO: Your Honor, I -- I would just object.
25 It calls for speculation as to what a Committee he isn't on is

Mills - Direct/Taylor

18

1 doing.

2 THE COURT: Well, this is --

3 MR. TAYLOR: Your Honor, he's testified that he has
4 attended these meetings, he is a Board member, and as part of
5 his duties as a Board member, he wanted to look in at the Audit
6 Committee meetings.

7 THE COURT: Overruled.

8 You may answer the question, Mr. Mills.

9 A I would say -- I would say less than five minutes of
10 discussion regardless of the complications of the issue, how
11 complicated it was.

12 Q Did this give you any concern as a Board member?

13 A It did. It did. I was very concerned that we did not
14 exercise any oversight, and particularly before the act rather
15 than retroactively.

16 Q How many Board members have contracts with the NRA, to
17 your knowledge?

18 A There's quite a few, I would say two, maybe three dozen.
19 About that, yes.

20 Q Are you concerned that many members have financial
21 relationships with the NRA?

22 A I am, and particularly due to the size of the proxy going
23 through the Board, the size of the contracts.

24 Q Well, let's get a little more specific on those. Could
25 you name your top two or three concerns for the Court, and tell

1 the Court why those give you concern?

2 A I think the -- I think the largest contract is with Ms.
3 Marion Hammer who operates a Florida sportsman lobbying group.
4 She's past President, and we've recently -- the Board recently
5 passed through a ten-year \$2.2 million contract with her. So
6 it comes down to a couple of hundred thousand dollars a year.

7 And I -- I don't know -- I don't know what she does,
8 but apparently it's -- she's very valuable to the organization.

9 Q To your knowledge, has -- was that contract that she's
10 paid under put out for bid?

11 A Not that I know of, and the -- the only explanation that
12 I've heard was it was for consulting.

13 Q Does this give you concern as a Board member that it might
14 affect her independence?

15 A Well, I think that it -- I think that it definitely does
16 affect her independence. In fact, she is probably the loudest
17 protestant of any -- of any of management's detractors.

18 Q Let's move on to specific Board meetings. You've
19 testified previously that the Board meetings were relatively
20 short. Have the Board meetings ever really changed how they've
21 been handled in the 12 plus years that you've been a Board
22 member?

23 A No, sir, they've all been handled the same.

24 Q Okay. Did you attend Board meetings in 2018?

25 A Yes, I did.

Mills - Direct/Taylor

20

1 Q Okay. In 2018, what -- what reports began to surface
2 about the NRA that gave you concern as a Board member?

3 A Well, there was the -- the Wall Street Journal, the New
4 York Times, the -- I think it was Atlantic Magazine had -- had
5 started publishing allegations about mismanagement and
6 malfeasance in the executive offices.

7 Q What action did the Board take to address those
8 allegations and look into it?

9 A I'm not sure, because I was not privy to that -- to those
10 actions. We started to hear -- we started to hear -- the Board
11 started to hear that all of this was -- it was a project
12 conducted by political adversaries, and it was -- it was just
13 all lies, they said.

14 Q Did the Board pass any resolutions as a result of the
15 published reports of the New York Attorney General's
16 investigation in 2018?

17 A No, it was just all laid -- laid out as being a political
18 attack.

19 Q What steps would you have taken if the executive
20 management team were running your company or the other
21 nonprofits that you work for?

22 A Well --

23 Q I'm sorry, I said "worked for," sit on the Board for.

24 A Yes, I understand. You know, this is -- this goes back to
25 not having the right people in the right positions. Our -- our

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1 Executive Vice President is absolutely the, bar none, one of
2 the best fundraisers you'll ever find, he does a fantastic job
3 at that.

4 But as far as a business manager, he's a train wreck.
5 I would have gotten rid of him in that capacity, and shifted
6 him over to do what he does so very well.

7 Q Let's move on to 2019. How many Board meetings were held
8 in 2019?

9 A Three.

10 Q How many Board meetings did you attend?

11 A All three.

12 Q One in particular sticks out in your mind, doesn't it?

13 A Yes, that would be the -- the annual meeting and Board
14 meeting that was held in Indianapolis in -- I think it was
15 April of -- of '19.

16 Q Did you attend the Audit Committee meeting in
17 Indianapolis?

18 A Yes, I did.

19 Q Okay. And why did you decide it was important to attend
20 that Audit Committee meeting?

21 A Well, the -- there was so much smoke and so much heat
22 coming from outside regarding misappropriation and malfeasance,
23 that I wanted to see, and ask questions, and hear about what we
24 were doing to protect the members.

25 Q And what happened in that Committee meeting?

1 A That Committee meeting was, again -- it was short and to
2 the point. Some more retroactive approvals, there was -- there
3 were several attorneys in attendance because things had started
4 to heat up.

5 Q Do you recall specifically what was retroactively approved
6 in -- at that meeting?

7 A No, sir, I don't. I don't recall.

8 Q Okay. Did you decide to address the Board at that meeting
9 because of all of your concerns coming to a head?

10 A Well --

11 MR. CICILIANO: Objection; leading.

12 THE COURT: Sustained.

13 BY MR. TAYLOR:

14 Q Did you address the Board in 2019?

15 A Yes, I did. I had -- my concerns had finally gotten the
16 best of me, and I felt like -- excuse me -- the Board needed --
17 needed an awakening, some direction as to where we were, and I
18 just -- I stood, and addressed the Board. I explained to them
19 that the reason we were in the condition and the situation we
20 were in with all the heat from outside sources is because it
21 was our fault. The Board had failed to provide adequate
22 supervision and direction to our -- to our executive staff, and
23 consequently we were out of control. The Board was out of
24 control, and the executive staff was out of control. The Board
25 had consistently continued to advocate their responsibility,

Mills - Direct/Taylor

23

1 and I just laid it out for them, that we needed -- that we
2 needed to change our ways, and correct this situation. I
3 called for an independent complete audit by an independent
4 party from outside to come in and tell us there were no
5 problems, in which case, everything would go on fine. Or to
6 tell us where we fell short so that we could make corrections.

7 Q To your knowledge, was any action taken as a result of you
8 addressing the Board in the 2019 meeting?

9 A There was no action on that, other than to be reminded
10 that the Audit Committee had done their internal top to bottom
11 review, they like to call it. Here, again, we've done this
12 before, all at the direction of management, not independent,
13 and it left us on the Board just as confused and unknowing as
14 the public. And the articles, the attacks in the media
15 continued.

16 Q And let's move on to 2020, Buz. By 2020, you were -- you
17 were aware of and concerned about the allegations raised by the
18 New York Attorney General, correct?

19 A Yes.

20 Q How did senior management keep you informed as a Board
21 member about the developments in that cause of action?

22 A There may have been a couple of emails, but generally all
23 the information was on a very close hold.

24 Q Did you feel that you were entitled to receive more
25 detailed information as a Board member regarding that cause of

1 action and that lawsuit?

2 A Absolutely. I -- I -- there was no way that you could
3 exercise any fiduciary responsibility with the information
4 available to it.

5 Q Who served as counsel to the Board of Directors?

6 A Steve Hart was -- was -- that was his -- that was his job
7 title because Steve Hart was counsel to the Board.

8 Q Okay. And he was replaced later on, Mr. Hart was, by
9 another individual, is that correct?

10 A Yes, apparently Mr. Hart got crossways with management and
11 while he was the Board's attorney, he was in the employ of
12 management, and management replaced him with William Davis, and
13 he -- he was to be the Board attorney from that point forward.

14 MR. CICILIANO: Your Honor, I move to strike for lack
15 of foundation. He wasn't answering the question, and he
16 testified "apparently," which signifies that he doesn't
17 actually have personal information.

18 THE COURT: Do you want to -- I'm going to strike
19 that. I think it was not quite responsive, too.

20 Mr. Taylor, do you want to try that one again, or
21 something like that again?

22 MR. TAYLOR: Sure.

23 BY MR. TAYLOR:

24 Q Mr. Mills, I appear -- and I'm not sure if other people
25 have -- to have lost your feed, are you still there?

Mills - Direct/Taylor

25

1 A I think so.

2 Q Okay. I can't see your picture, but that's -- maybe
3 that's just me.

4 A No -- here we are, how's that?

5 Q Okay; thank you. Do you know why Mr. Hart was replaced?

6 A No, I don't.

7 Q Okay, we'll move on. How effective was Mr. Davis in
8 representing the Board, in your opinion?

9 A I thought he did a lousy job. I talked to him a couple of
10 times, and it was difficult to get a straight answer.

11 Q Okay. And why did you think it was a lousy job?

12 A It -- it just -- it didn't represent my interest. Mr.
13 Davis was hired by the executives, he -- and he was paid by
14 them. He had -- he had come to us from the Brewer firm, which
15 was deeply in NRA's pockets at this time, and so I just laid it
16 off to terribly conflicted -- conflict of interest on his part.

17 Q Thank you, Mr. Mills. Let's move on to 2021. What Board
18 meetings did you attend in 2021?

19 A Just the March meeting. March 28th.

20 Q Okay. And where was that Board meeting held?

21 A That was in Dallas.

22 Q And what was the agenda item for this Board meeting?

23 A There was only one agenda, and that was the retroactive
24 approval of bankruptcy filing.

25 Q You've talked about retroactive approval of management

Mills - Direct/Taylor

26

1 actions by committees, how common was the retroactive approval
2 of management action by the whole Board of Directors?

3 A It was -- it was common.

4 Q Okay. How common is it to have retroactive approval of
5 management actions by boards in the for profit world or in your
6 other nonprofit?

7 A I had never seen it before.

8 MR. CICILIANO: Objection; calls for speculation.

9 THE COURT: You may answer the question, sir.

10 A I had -- I have not seen it before.

11 Q Based upon your knowledge, how long has the NRA engaged in
12 this pattern of retroactive approval of management actions?

13 A Twelve years.

14 Q You're a 60-year member of the NRA, correct?

15 A Yes, sir.

16 Q In your opinion, the way that the Board of Directors
17 meetings and committee meetings are run, is that an effective
18 way to run a nonprofit?

19 A Absolutely not. It -- it is -- it's detrimental to the
20 operation of the organization, and it is totally unfair to the
21 members.

22 Q How did you learn about the Chapter 11 bankruptcy filing
23 of the NRA?

24 A I think the evening that it was filed, I got a -- I
25 received several industry blogs and, of course, that was the

1 big news of the day.

2 Q Okay. So you learned it through the press?

3 A Yes, uh-huh.

4 Q Were you surprised?

5 A I was. I was surprised because having been on the Finance
6 Committee and followed the finances for a decade, when I saw
7 that, that this -- this bankruptcy filing took place after
8 probably the first annual statement that was black ink in my --
9 in my 12 years. I -- it -- it was mind-boggling.

10 Q How do you think the NRA can survive this bankruptcy
11 filing and reorganize?

12 A I think this is the -- the reorganization is the whole
13 issue here. This is -- it's mandatory, this must be done. We
14 cannot keep going on the way we are. I think that if we have
15 an independent examiner with special powers from a judge to be
16 able to remove and replace management, remove and replace the
17 Board, restructure, I think the NRA will be stronger than ever.
18 We have widespread support amongst the Americans. The five
19 million that we have that are dues-paying, there's at least
20 another 20 million who think they are members of the NRA
21 because at one time they were, but they didn't renew. And so
22 just a tremendous cross section of America is represented by
23 the NRA. The NRA is critical to -- to the survival -- very
24 survival of our country.

25 Q Do you want this case dismissed?

1 A Absolutely not, no. Absolutely, not. The Judge must --
2 must act in this particular case because it's -- it just has to
3 be done. It's required.

4 MR. TAYLOR: Your Honor, we could go on in this vein
5 for a while, but I think you have the flavor of his testimony.
6 So, therefore, I'm going to pass the witness.

7 THE COURT: All right. Why don't we do the other
8 examination in the world order that we've been trying to do?
9 So that would then put the New York Attorney General next.

10 MS. CONNELL: Your Honor, we have no questions for
11 Mr. Mills; thank you. And we'll pass the witness.

12 THE COURT: Thank you.

13 Ackerman?

14 MR. MASON: Yes, Your Honor.

15 CROSS-EXAMINATION

16 BY MR. MASON:

17 Q Good morning, Mr. Mills. My name is Brian Mason, and I
18 represent Ackerman McQueen, how are you doing this morning?

19 A Doing well; thank you.

20 Q Just a few questions for you, sir. At the March 28th
21 Board meeting, you were present for that -- for that meeting, I
22 believe that's your testimony?

23 A Yes, sir.

24 Q Judge Journey testified that Mr. Neligan and other counsel
25 said that he was the real threat, that the motion to appoint an

1 examiner is a real threat during that Board meeting. Do you
2 agree with Judge Journey's statement?

3 MR. CICILIANO: I would just object that it misstates
4 testimony.

5 THE COURT: I'm going to permit the witness to answer
6 the question.

7 You may answer the question, sir.

8 A I do. In fact, I don't see a whole lot of difference in
9 all of the approaches here. The objective of all of us is the
10 same. What we have is a little bit difference, and the route
11 we chose to get to that objective.

12 Q Judge Journey also testified during that meeting that he
13 was shouted down, and specifically by the Second Vice
14 President, Willes Lee, when he tried to address the Board at
15 the March 28th Board meeting. Do you agree with that
16 testimony?

17 A Absolutely.

18 Q Mr. Mills, do you believe that at the March 28th Board
19 meeting the NRA's Board was put in an untenable position when
20 it was asked to ratify the bankruptcy after the fact?

21 A Yes.

22 Q Judge Journey previously testified that the NRA is
23 essentially operated as Wayne's kingdom, rather than a
24 corporation, do you agree with that statement?

25 A I would call it a sole proprietorship but, yes.

1 Q Do you believe that Mr. LaPierre is currently fit to lead
2 the NRA going forward?

3 A I'm sorry, sir, could you repeat the question?

4 Q Absolutely. Mr. Mills, do you believe that Mr. LaPierre
5 is currently fit to lead the NRA going forward?

6 A No.

7 Q Why not?

8 A Mr. LaPierre is -- is not a good business leader. He's a
9 fantastic fundraiser, he's done a fantastic job for the NRA,
10 but we need someone who is experienced in leading not for
11 profit.

12 Q You were asked by your counsel about Steve Hart. Do you
13 know who terminated or suspended Mr. Hart as counsel to the NRA
14 board?

15 A I do not.

16 Q Mr. Mills, the NRA has claimed that over the last few
17 years that it is cleaned up its act, it has self-corrected, do
18 you believe that that is true?

19 A I don't believe that's possible.

20 Q And why is that?

21 A I believe that the management is corrupted, and I believe
22 the Board is corrupted. I don't see any salvaging -- anything
23 there that's salvageable.

24 Q Over the last two or three years, do you have an
25 understanding of the Brewer law firm's role with respect to the

1 NRA?

2 A I don't.

3 Q On the NRA Board as it's currently constructed, I
4 understand there's about seven -- is it 76 Board members?

5 A Yes.

6 Q Do you believe that Mr. LaPierre has -- maintains control
7 or a strong following with many of those Board members today?

8 A I do.

9 Q How many of the 76 would you -- would you agree with that
10 statement about?

11 A My guess is probably in the neighborhood of two, three
12 dozen.

13 Q Did the NRA Board terminate Steve Hart?

14 MR. CICILIANO: Objection.

15 A Not to my knowledge, no.

16 THE COURT: I'm sorry, I didn't hear that. It's an -
17 - was there an objection made?

18 MR. CICILIANO: My objection was asked and answered,
19 and lack of foundation, but he already answered, it's fine.

20 THE COURT: Thank you.

21 BY MR. MASON:

22 Q Was the -- was the NRA Board involved in the hiring Wit
23 Davis?

24 A No.

25 Q Do you know Christopher Cox?

1 A I do.

2 Q Who is Mr. Cox?

3 A Chris was the Executive Director of ILA, the -- our
4 advocacy arm of the NRA.

5 Q Do you have an understanding as to why Mr. Cox is no
6 longer with the National Rifle Association?

7 A I do not.

8 Q Was the NRA Board consulted at all before Mr. Cox's
9 departure from the NRA?

10 A No.

11 Q Prior to January 15th, is it true that the NRA Board was
12 not consulted about the formation of Seagirt?

13 A That's correct.

14 Q Prior to January 15th, is it true that the NRA Board was
15 not consulted about the NRA hiring bankruptcy counsel?

16 A That's correct.

17 Q Prior to January 15th, is it true that the NRA Board was
18 not even consulted that bankruptcy was a possibility?

19 A That's correct.

20 Q Prior to January 15th, isn't it true that the NRA Board
21 wasn't advised about how their fiduciary duties could be
22 impacted with the filing of bankruptcy?

23 A That's correct.

24 MR. MASON: Thank you, Mr. Mills. I'll pass the
25 witness.

Mills - Cross/Drake

33

1 THE COURT: Thank you, Mr. Mason.

2 Mr. Drake?

3 MR. DRAKE: Yeah, just briefly, Your Honor.

4 CROSS-EXAMINATION

5 BY MR. DRAKE:

6 Q Hello, Mr. Mills, can you hear me okay?

7 A Yes, I can hear you fine.

8 Q All right. I just want to make sure I understood some of
9 your earlier testimony. Again, I'm just paraphrasing, but I
10 think you indicated to Mr. Mason that the different parties
11 have taken, I guess, different approaches with how some of
12 these issues should be addressed at the NRA. I just want to
13 make sure I understand that. Are you referring to the fact
14 that, for instance, Judge Journey has moved for this Court to
15 appoint an examiner?

16 A Yes.

17 Q And some parties, such as Ackerman McQueen and the New
18 York Attorney General, have moved for the appointment of a
19 Chapter 11 trustee, correct?

20 A Yes.

21 Q And other parties have asked this Court that the Chapter
22 11 cases be dismissed, do you understand that?

23 A Yes, I do.

24 Q So is it correct, Mr. Mills, that you believe that the
25 best thing for the NRA is that there to be an investigation

1 into some of these allegations surrounding what happened at the
2 NRA?

3 A Yes.

4 Q Do you -- do you -- do you oppose dismissal of these
5 bankruptcy cases?

6 A I do.

7 Q Do you believe that the best thing for the NRA is to stay
8 in bankruptcy?

9 A I do.

10 Q Am I correct, Mr. Mills, that you oppose the appointment
11 of a Chapter 11 trustee?

12 A I do.

13 Q And so despite your concerns about some of the things that
14 have gone on at the NRA, it's still your opinion that a Chapter
15 11 trustee would not be in the best interest of the National
16 Rifle Association?

17 A I do, nor in the best interest of the members.

18 Q And so in your opinion, the most important thing is just
19 that some of these --

20 MR. DRAKE: Excuse me; strike that.

21 Q Your opinion, sir, is that some of these allegations be
22 investigated by someone, is that right?

23 A That's correct.

24 MR. DRAKE: Thank you, Mr. Mills. I have no further
25 questions.

1 THE WITNESS: Excuse me, Mr. Drake?

2 MR. DRAKE: Yes?

3 THE WITNESS: Who do you represent, sir?

4 MR. DRAKE: Oh, I'm sorry. Yeah, we represent the
5 Official Committee of Unsecured Creditors. I should have told
6 you that at the beginning, I apologize.

7 THE WITNESS: Thank you.

8 THE COURT: Debtor?

9 CROSS-EXAMINATION

10 BY MR. CICILIANO:

11 Q Good afternoon, Mr. Mills. My name is Dylan Ciciliano, I
12 represent the National Rifle Association as debtors' counsel.
13 How are you doing today?

14 A Very well; thank you.

15 Q Earlier this morning, you spoke about your experience in
16 the telecommunications industry. Was that with American Towers
17 Limited Partnership?

18 A No, I -- I was independent. American Tower purchased the
19 assets of my organization in --

20 Q All right.

21 A -- '98.

22 Q Now do you believe the NRA should be dissolved?

23 A Absolutely not.

24 Q And you sat on the Board of the NRA for ten years, isn't
25 that correct?

1 A Twelve so far.

2 Q Now when you said that the Board isn't salvageable, were
3 you including yourself?

4 A Yes.

5 Q So you think you should be off the Board?

6 A No.

7 Q Okay. So you should remain on the Board, but others
8 should be removed, is that correct?

9 A That's correct.

10 Q And, in fact, the Board members are elected every three
11 years by the membership, isn't that true?

12 A Yes.

13 Q Okay. And do you believe that you should have the
14 independent determination as to which Board members should stay
15 and which should go?

16 A Yes.

17 Q Okay. So you wish to usurp the -- what the membership has
18 elected, is that correct?

19 MR. TAYLOR: Objection; argumentative, Your Honor.

20 THE COURT: Overruled.

21 You may answer the question, sir.

22 (Pause)

23 THE WITNESS: Beg your pardon; did I miss something?

24 THE COURT: You may answer the question, sir.

25 MR. CICILIANO: Yeah, sorry.

1 THE COURT: If you would answer the question, Mr.
2 Mills.

3 THE WITNESS: Yes, sir. Would you ask the question
4 again, please, Counselor?

5 MR. CICILIANO: Absolutely.

6 BY MR. CICILIANO:

7 Q Your testimony was that you believe -- well, I'm sorry, I
8 was trying to read back the exact question. But your testimony
9 earlier was that the Board is elected by the membership, and
10 you believe that you should have the ability to say who sits on
11 the Board and who doesn't. So you want to supersede the will
12 of the membership of the NRA, is that correct?

13 A No.

14 Q Okay. So, in fact, the people of the NRA and the members
15 of the NRA should elect the Board, isn't that right?

16 A Absolutely.

17 Q And in what year did you leave the Finance Committee?

18 A I'm not sure, it might have been 2010, 2011.

19 Q That's when you left, or that's when you joined?

20 A That's when I left.

21 Q Okay. So you haven't sat on the Finance Committee since
22 2011, is that correct?

23 A That's correct.

24 Q And so after you left the Finance Committee, the NRA's
25 course correction began, isn't that correct?

1 A That's my understanding.

2 Q And since that course correction's began, the NRA has
3 gone, as you said, from the red to the black, isn't that right?

4 A Yes.

5 Q Now, in fact, you ran for the Board in 2018, isn't that
6 true?

7 A Yes.

8 Q And in doing so, you put on your campaign website that you
9 were proud to report that the Committee has well-exceeded your
10 expectations, isn't that true?

11 A Yes.

12 Q Now you talked about the Audit Committee. How many time -
13 - or how many times have you attended Audit Committee meetings?

14 A Over the years -- once in the last couple of years. I
15 don't recall prior to that.

16 Q And how many Audit Committee meetings have there been in
17 the last couple of years?

18 A I don't know.

19 Q Okay. Would -- at least a dozen, would you dispute that?

20 A I have no way to dispute that.

21 Q Okay. And you weren't on the Audit Committee, isn't that
22 correct?

23 A No, that is correct.

24 Q And you don't -- and you don't know what the members of
25 the Audit Committee do to prepare, isn't that right?

1 A Correct.

2 Q And when was the last Audit Committee you -- Audit
3 Committee meeting you attended?

4 A It was probably in '19.

5 Q Okay. So for two years.

6 A Yes.

7 Q Now your testimony earlier was that you believe there are
8 two or three dozen Board members that currently have contracts
9 with the NRA, isn't that correct?

10 A Yes, I do.

11 Q And what is the basis of that opinion?

12 A The minutes of various committee meetings and the Board
13 meeting minutes.

14 Q So if your statement was not contained in the Board
15 meeting minutes or the Audit Committee minutes, you have no
16 basis to otherwise so contend, is that correct?

17 A Yes.

18 Q So, in fact, you don't actually know how many of the Board
19 members have -- currently have contracts, isn't that true?

20 A That's what I said.

21 Q Okay. And, in fact, you don't know how much Marion Hammer
22 has been paid this year, do you?

23 A No.

24 Q Now you testified you don't even know what Marion Hammer
25 did for the NRA, isn't that correct?

1 A Yes.

2 Q But you don't dispute that she provides valuable services
3 for Second Amendment advocacy, do you?

4 A No.

5 Q And, in fact, Ms. Hammer's been instrumental across the
6 country in NRA policy, isn't that right?

7 A Yes.

8 Q And she is almost singlehandedly responsible for
9 constitutional carry in most states that currently have it,
10 isn't that true?

11 A I don't know.

12 Q Okay. And Ms. Hammer was also instrumental in the Stand
13 Your Ground policies, isn't that true?

14 A Yes.

15 Q So what you're saying is that Ms. Hammer's services to the
16 NRA are not in vein, correct?

17 A Yes.

18 Q And Ms. Hammer provides a valuable service for the
19 membership, isn't that true?

20 A Yes.

21 Q Now you testified Mr. Wit Davis, you made the statement
22 that he came from the Brewer firm, isn't that correct?

23 A Yes.

24 Q And, in fact, you have no knowledge that Mr. Davis was
25 ever an attorney with the Brewer law firm, isn't that true?

1 A Yes.

2 Q Okay. So when you said he came from the Brewer firm, you
3 had no basis for that statement, did you?

4 A Hearsay.

5 Q Okay. So that was a third party told you that, is that
6 right?

7 A Yes, it was pretty much common knowledge throughout the
8 Board.

9 Q Who told you?

10 A Well, several people. I can't recall immediately.

11 Q So the Board is aware of that fact, that Mr. Davis may
12 have a relationship with Mr. Brewer?

13 A Many of the members are.

14 Q And the members of the Board have the ability to terminate
15 Mr. Davis, isn't that true?

16 A Theoretically.

17 Q Now when you said that the parties have the same
18 objective, do you personally have the same objective as the New
19 York Attorney General?

20 A I do not.

21 Q You don't want to dissolve the NRA, isn't that true?

22 A I do not.

23 Q And you don't want to see the NRA cease to exist, is that
24 correct?

25 A Absolutely.

1 Q And you would leave it to this Court's discretion --

2 MR. CICILIANO: Well, I'll strike that.

3 Q You mentioned at the March 28th, 2021 board meeting that
4 Judge Journey was shouted down by the Vice President, is that
5 correct?

6 A Yes.

7 Q In fact, Judge Journey was found to be out of order during
8 that meeting, isn't that right?

9 A That is what was alleged.

10 Q And Judge Journey was speaking during a moment of personal
11 privilege, isn't that true?

12 A Yes.

13 Q And, Mr. Mills, you don't know what Robert's Rules of
14 Orders says about the content and the permissive use of a
15 personal privilege, do you?

16 A No, I don't.

17 Q Okay. So you don't actually know whether or not Judge
18 Journey was out of order, and don't have an opinion on that
19 matter, do you?

20 A Well, I have an opinion, but no, I -- your statement is
21 correct.

22 Q Now, Mr. Mills, you current -- you previously ran -- well,
23 sorry. After joining the Board of the National Rifle
24 Association, you ran for Governor of Arizona, isn't that true?

25 A I ran for the nomination.

1 Q You ran for the nomination for the republican party,
2 correct?

3 A Yes.

4 Q And you sought the NRA's endorsement, isn't that true?

5 A No.

6 Q Okay. The NRA endorsed the -- who was then the current
7 sitting Governor of Arizona, isn't that right?

8 A That is correct.

9 Q And you criticized the NRA for doing so, right?

10 A No.

11 Q Okay. And during that election, you spent three and a
12 half -- or \$3.2 million of your own money in order to secure
13 that nomination, correct?

14 A Yes.

15 THE COURT: He answered the question yes.

16 Q Isn't that right, sir?

17 MR. CICILIANO: Oh, he did; I'm sorry. I apologize
18 with the lag here, sometimes it cuts out, so I missed that.
19 Sorry for staring at you.

20 Q From 2014 to 2017, you served on two committees for the --
21 for the -- well, you sat on two of the President's committees
22 on Advancement, isn't that right?

23 A I did.

24 Q And it was your position that those committees provided
25 guidance to staff on securing the long-term financial viability

1 of the Association, isn't that right?

2 A Yes.

3 Q And do you believe you were successful in doing so?

4 A Yes.

5 Q And, in fact, you also sat on the Industry Relations
6 Committee, isn't that true?

7 A Yes, I did.

8 Q And that Committee was designed to improve, enhance, and
9 promote relationships with the companies that were involved
10 with the NRA, isn't that true?

11 A Yes.

12 Q Okay. And you also believe that you successfully sat on
13 those committees and made a difference, correct?

14 A Yes.

15 Q And when you ran for the Board of the National Rifle
16 Association in 2018, you didn't tell the membership that you
17 felt that the Board wasn't salvageable, did you?

18 A No.

19 Q And at this point as we sit here today, you don't want to
20 do anything to interfere -- well, I believe your testimony was
21 that Wayne LaPierre is a tremendous fundraiser, is that
22 correct?

23 A Yes.

24 Q And you're aware that the New York Attorney General wants
25 to ban Mr. LaPierre from fundraising for the NRA, is that your

1 understanding?

2 A I did not understand that.

3 Q You don't want Mr. LaPierre to be banned from raising
4 money for the NRA, is that correct?

5 A That's correct.

6 Q And you would agree that the NRA has to be operated by
7 someone that supports its mission, true?

8 A Absolutely.

9 Q And the NRA is a mission that's both political and
10 constitutional in nature, is that correct?

11 A Yes.

12 Q And it takes a special person, and a person with a
13 specific set of beliefs to be able to effectively lead the
14 organization, correct?

15 A Yes.

16 Q And that person's going to be difficult to find, isn't
17 that true?

18 A Yes.

19 Q Now you don't have any first -- well --

20 (Pause)

21 Q Now, Mr. Mills --

22 MR. CICILIANO: Your Honor, if I may have one second?

23 THE COURT: Sure, you may.

24 (Pause)

25 MR. CICILIANO: Thank you, Mr. Mills; I have no

1 further questions.

2 THE COURT: Thank you, Mr. Ciciliano.

3 Mr. Taylor?

4 MR. TAYLOR: Yes, Your Honor, a very brief redirect.

5 THE COURT: Okay.

6 REDIRECT EXAMINATION

7 BY MR. TAYLOR:

8 Q Buz, could you tell the Court what you think the problem
9 is with the Nominating Committee way that the Board of
10 Directors is done, and the way that you would handle a
11 reorganized debtor, and how they should constitute a Board to
12 better represent the members?

13 MR. CICILIANO: I would just --

14 A The --

15 MR. CICILIANO: I would just object to compound,
16 vague, and ambiguous.

17 THE COURT: Overruled.

18 You may answer the question, Mr. Mills.

19 THE WITNESS: Yes, sir.

20 A The Nominating Committee pretty much receives their
21 marching orders from management, the Nominating Committee is
22 picked by management, although it sounds like nominations come
23 from the floor, we're giving a list of people to be -- to put
24 on the Nominating Committee. And then they get direction from
25 management on who gets through the Nominating Committee.

Mills - Redirect/Taylor

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1 If I was doing it, I'd do it a little bit different
2 than them.

3 Q Okay. And so you're -- if I'm summarizing correctly,
4 you're concerned that the Nominating Committee has a
5 predetermined outcome of who's going to be elected to the
6 Board, is that correct?

7 A Yes.

8 MR. CICILIANO: Objection; leading. Move to strike
9 that question.

10 THE COURT: Sustained on leading.

11 BY MR. TAYLOR:

12 Q What is your -- could you summarize your concern about the
13 Nominating Committee, Mr. Mills?

14 A The lack of --

15 MR. CICILIANO: Judge, asked and answered. He's
16 already answered a second ago.

17 THE COURT: Overruled.

18 You may answer the question, Mr. Mills.

19 A The lack of independence and the lack of freedom of
20 candidate selections.

21 MR. TAYLOR: Thank you.

22 No further questions, Your Honor.

23 THE COURT: For the record, does anyone else have any
24 questions of Mr. Mills?

25 Mr. Mills --

1 MR. MASON: Nothing further from Ackerman, Your
2 Honor.

3 THE COURT: Thank you.

4 Mr. Mills, Rule of Evidence has been invoked, it's
5 actually called the Rule. You're instructed not to speak with
6 anyone about the court proceedings and your testimony until
7 I've ruled, which I hope to rule approximately one week after
8 the evidence is finished.

9 MR. MILLS: Yes, sir.

10 THE COURT: And thank you for coming here.

11 MR. TAYLOR: Your Honor, point of order. Our clients
12 as they step off the stand have been following the Rule, and
13 have not been able to participate or listen to the proceedings.

14 I just want to make sure that my understanding of the
15 Rule is in line with this Court's, that as they step down, and
16 they're excused, they have really been wanting to watch these
17 proceedings, and that they are now freely able to watch these
18 proceedings after they take the stand.

19 THE COURT: They're not freely allowed, but I'm happy
20 to ask each time if no one intends to call, for example, Mr.
21 Mills, again as a witness, I can release him, and he can watch
22 from then on, but he can't testify again.

23 Does anyone have a problem with my releasing Mr.
24 Mills from the Rule?

25 MS. CONNELL: No, Your Honor, the New York AG does

1 not.

2 THE COURT: Okay.

3 Debtor, any problem with releasing Mr. Mills? Do you
4 intend to call him again?

5 MR. CICILIANO: Your Honor, we don't. We do have
6 concerns, though, if -- the speaking to the media portion of
7 that, but --

8 THE COURT: I --

9 MR. CICILIANO: -- otherwise, no, we don't intend on
10 calling him.

11 THE COURT: Okay. Okay.

12 Mr. Mills, it sounds to me like the lawyers are
13 willing to release you from that part of the Rule.

14 Judge Journey asked the other day about speaking to
15 the media. I would just personally appreciate your not
16 speaking to the media because then things that are said in the
17 courtroom get out into the public, and in a roundabout way, the
18 Rule is violated. But you're welcome to watch the rest of the
19 trial.

20 MR. MILLS: Thank you very much, Judge.

21 THE COURT: You're welcome.

22 Mr. Taylor, you may call your next witness.

23 MR. TAYLOR: Yes, Your Honor. We would like to call
24 Rocky Marshall to the stand.

25 It's going to take potentially take one minute. We

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1 have to run over to the witness room and tell him to turn on
2 his mike, and do that. So if you'll just give us literally a
3 minute and a half, we'll be right back.

4 THE COURT: We will. Mr. Ciciliano got his aerobics
5 in the other day running back and forth, Mr. Taylor, maybe
6 you'll get the same.

7 MR. TAYLOR: All right, I will see you in one second.

8 (Pause)

9 MR. TAYLOR: Your Honor, we'd like to call Rocky
10 Marshall to the stand.

11 THE COURT: All right. Mr. Marshall, would you raise
12 your right hand?

13 ROSCOE B. MARSHALL, SWORN

14 THE COURT: You may proceed, Mr. Taylor.

15 DIRECT EXAMINATION

16 BY MR. TAYLOR:

17 Q Mr. Marshall, would you state

18 A My name is Roscoe Marshall, everyone calls me Rocky, it's
19 a nickname.

20 Q And how are you employed?

21 A I'm a Chief Executive Officer for a company, Frontier
22 Truck Gear.

23 Q Okay. And prior to that -- I'm sorry. How long -- how
24 long have you owned Frontier Truck Gear?

25 A Yeah, I founded Frontier 20 years ago, so we've been in

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1 continuous operation for the last 20 years.

2 Q Okay. And prior to that, how were you employed?

3 A I was a Senior Executive for a Fortune 150 Company for 17
4 years.

5 Q Okay. And what was that Fortune 150 Company?

6 A It was Baker Hughes.

7 Q Okay. Have you ever served on any other Board of
8 Directors, other than the NRA?

9 A Yes, I have.

10 Q Okay. Could you describe that, please?

11 A I was the -- a Chairman of the Workforce Solutions Alamo
12 Board, which is a regional board in San Antonio. I've been on
13 the Board of Directors for a youth program in the area that we
14 live. I've also been on a church board, as well.

15 Q Okay. Those are all non-profits?

16 A That's correct.

17 Q Okay. And you are currently a member of the Board of
18 Directors for the NRA, is that correct?

19 A That is -- that is correct.

20 Q When did you first join the NRA as a member?

21 A You know, I think that was about 12 years ago, so it's
22 been over a decade ago for sure.

23 Q Okay. And why did you join the NRA?

24 A I joined the NRA because I believe the mission, the NRA is
25 the backbone of the Second Amendment, and I was excited to be a

1 part of that mission.

2 Q What is your membership level?

3 A I'm a benefactor life member.

4 Q When did you join the NRA Board of Directors?

5 A I was actually appointed. I ran for the Board in 2020,
6 and I was the first alternate. I did not -- I wasn't elected
7 because there was a number of Board of Directors to be elected,
8 and so I was appointed on January the 19th after a Board member
9 had resigned.

10 Q Why did you decide to serve on the Board of Directors for
11 the NRA?

12 A Well, my business background -- I guess all these years
13 I've spent doing problem-solving, is mostly what I do. And the
14 NRA was having lots of problems, especially with the lawsuits
15 that were going on. So I thought maybe this is an opportunity
16 for me to use my skills to help the NRA.

17 Q What is the first thing you did when you joined the Board?

18 A Well, I wanted to educate myself as quickly as possible,
19 so I read through all the news articles I could get my hands
20 on. I contacted the Secretary of the NRA, and was able to get
21 a copy of all the old minutes going back many years, as well as
22 all of the financial documents and the IRS 990 forms. So I
23 researched all of those documents just to try to bring myself
24 up to speed on where the NRA is at this moment.

25 Q And you actually read all of those documents, didn't you?

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1 A Unfortunately, I did, yes.

2 Q Did your review of the minutes, and the news articles, and
3 the Form 990s and the lawsuits, did that cause you concern
4 after having reviewed all of them?

5 A Initially my concern really was the fact that we were
6 being sued by the New York AG. So when I started reading
7 through the minutes, that wasn't so much of a concern until I
8 read the actual complaint that was filed by the New York AG,
9 and that's when I became very concerned about the accusations
10 that were being levied against the NRA.

11 And then later on, I think in early February, the NRA
12 actually supplied answers to the New York AG. When I read the
13 answers, then I became extremely concerned about some of the
14 activities of the management team.

15 Q Did you communicate any of your concerns to management?

16 A I did.

17 Q Who did you communicate -- sorry. Who did you communicate
18 those concerns to?

19 A I talked to Charles Cotton, I talked to Wit Davis, I also
20 talked to John Frazer.

21 Q Okay. And how did they respond?

22 A Well, it was different responses. So when I talked to
23 Charles Cotton, I was -- I felt like I was getting the
24 runaround. Charles wouldn't answer my questions -- Mr. Cotton
25 wouldn't answer my questions, and really provided me no

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1 information.

2 And the reason I called him, he's the Chairman of the
3 Audit Committee, and I felt like the Audit Committee should
4 have a breadth of information on anything that had happened
5 that they had reviewed, they should be aware of. And,
6 unfortunately, Mr. Cotton provided no information to me. And
7 he actually questioned me as to why I was asking so many
8 questions, so I thought that was a concern.

9 I also talked to Wit Davis, and I talked to John
10 Frazer, and both of those -- Wit and John both gave me a lot of
11 information about the NRA.

12 Q Did they give you all of the information that you
13 requested, Mr. Frazer and Mr. Davis?

14 A No. They supplied me the public records, which are the
15 Board of Directors minutes, the IRS 990 forms, the financial
16 statements through 2019, I don't have 2020 data. The things I
17 asked for, I have yet to receive, which is I wanted to see the
18 whistle-blower complaints that were made by staff. I wanted to
19 get a copy of the external audit that was performed on the NRA
20 by an external auditor. I wanted to see a copy of -- the list
21 of whatever the wrongdoing that we had identified internally, I
22 wanted to see that list of wrongs. And also, I wanted to see
23 what had been done to solve those problems.

24 And I -- unfortunately, I was unable to get any of
25 that information.

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1 Q Who serves as counsel to the Board of Directors?

2 A Wit Davis.

3 Q How effective, in your opinion, has he been in
4 representing the Board of Directors?

5 A Okay. So my -- my opinion is I -- I believe that Wit
6 truly represents the management team, as opposed to
7 representing the Board.

8 As a Board member -- I've served on other boards, and
9 I've never been denied information ever. And -- because a
10 Board member outranks staff, and so when Wit and John failed to
11 provide me information, I really felt like that they were not
12 representing my interest as a Board member. I need them to
13 help me to do my job, and Wit was not able to help me.

14 Q What Board meetings did you attend in 2021?

15 A I attended the March 28th Board meeting.

16 Q What was the purpose of that Board meeting?

17 A The purpose -- the stated purpose was to ratify the
18 bankruptcy filing.

19 Q What documents did you receive prior to that Board
20 meeting?

21 A The only thing we received prior to the meeting was
22 basically a timed agenda. There was no items on the agenda, it
23 was just a -- just a -- the schedule. And so we really did not
24 receive an agenda, but just a schedule of the day's activities.

25 Q To your knowledge, who did the Board of Directors give

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1 authority to file this bankruptcy proceeding?

2 A Well, according to the minutes that I read, that was
3 delegated to a committee, they named it the Special Litigation
4 Committee, and also to the EVP, the Executive Vice President.

5 UNIDENTIFIED ATTORNEY: I would object hearsay and
6 move to strike, Your Honor. He said he read the minutes.

7 MR. TAYLOR: Your Honor, he serves as a Board member,
8 and he's reviewed all of those minutes in his capacity as a
9 Board member.

10 THE COURT: Overruled.

11 BY MR. TAYLOR:

12 Q Rocky, why was this March 28th meeting needed to
13 retroactively approve the filing of the bankruptcy if that --
14 had previously been delegated?

15 UNIDENTIFIED ATTORNEY: I would just object; calls
16 for speculation and asks for a legal conclusion. He's not a
17 legal expert.

18 THE COURT: The witness may give his understanding,
19 if he has one. He's not qualified to give a legal conclusion
20 for sure.

21 You may answer the question, sir.

22 THE WITNESS: Thank you, Your Honor.

23 A I thought it was odd, just from a procedural standpoint,
24 because my understanding was that the authority had been
25 delegated to a committee, and also to the Executive Vice

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1 President. That decision to go into bankruptcy was made by
2 that committee and the Executive Vice President. It seemed odd
3 to me that you were bringing something to the Board of
4 Directors to approve that had already been implemented and
5 approved by the SLC and the EVP.

6 So I thought that was odd to do a ratification of
7 something after the fact, which was what was happening.

8 Q Did that meeting, and how it was conducted, conform to the
9 bylaws, in your opinion?

10 A The way the meeting was conducted, I would say, yes, it
11 pretty much followed the bylaws.

12 Q Okay. In your experience, how often do boards that you
13 have served on ratify management actions retroactively?

14 A I've never seen that done, so it's very strange that you
15 would ratify something that has already been implemented, and I
16 felt like that this was more like a public statement as opposed
17 to a procedural one. And I thought maybe that's what they were
18 trying to do is to -- to set a statement. But the action had
19 already been accomplished by the SLC, so I didn't understand
20 why you would ratify it later.

21 Q Do you believe that the way the meetings are conducted is
22 an effective way to run a nonprofit?

23 A No, I do not.

24 Q You've only served on the Board of Directors for a few
25 months, correct?

1 A That's correct.

2 Q How long did it take you to determine that there were
3 irregularities or other problems with the way the NRA was being
4 managed?

5 A Probably within the first two weeks after I was appointed
6 on the 19th because I literally spent all day, every day, just
7 reading as much as I could. And within the first two weeks, I
8 became very concerned because I realized there was a lot more
9 to the lawsuits than what was reported in the news.

10 In the news, our position -- the NRA position was
11 that this was a political attack. But when I read through the
12 lawsuits, I realized, no, there's more to it, there's a lot of
13 meat here in the lawsuit.

14 So it probably took me two or three weeks to
15 understand that we have some problems, for sure.

16 Q Do you want this case dismissed?

17 A No, I do not.

18 Q Do you think the NRA can survive this bankruptcy filing
19 and reorganize?

20 A I'm positive it can.

21 Q How do you think it can do that?

22 A Well, the NRA is a great organization, we've been around
23 150 years. What makes the NRA, it's not one person, it's not a
24 couple of people. The NRA is the members, that's what makes
25 the organization strong.

1 The members believe the mission. I believe the
2 mission, I'm a member. And so the mission, I think, for the
3 NRA can continue forward, and we will have to, you know,
4 reorganize and change a few things, but the mission will
5 continue, and I think the NRA will be stronger after we get
6 through this.

7 Q Why did you join Judge Journey's motion to appoint an
8 examiner?

9 A I primarily joined it because I didn't see a way that I
10 could effect change at the Board level. I tried to effect
11 change, and I just felt like I wasn't getting anywhere. I mean
12 I sent several emails out to the Board of Directors, you know,
13 trying to bring attention to things that I had uncovered that I
14 think was not being discussed at the Board level, and it really
15 fell on deaf ears. The Board was, as a whole -- some Board
16 members were interested, most were not. And I felt like if I
17 joined the examiner motion, perhaps we can actually get to the
18 bottom of what really happened.

19 I mean a lot of things are still just accusations. I
20 mean I don't know if they're true or not true. I'd like to
21 find out. As a Board member, I need to find out. And so I
22 joined the motion so hopefully we can get to the conclusion of
23 deciding which things are wrong and which things were not
24 wrong.

25 Q Do you believe some internal changes need to happen at the

1 NRA?

2 A Most definitely, yes.

3 Q Who do you think should be in charge of making those
4 internal changes?

5 A Well, if we can get the independent examiner motion, my
6 understanding of that process is that examiner will come in,
7 review the organization, and provide reports to the Court on
8 suggestions, recommendations, and also actions to be taken. So
9 at this point, since we're in Bankruptcy Court, I really
10 believe the Court should help weigh in on these issues.

11 Q Do you think current management should be allowed to make
12 those internal changes?

13 A I do not.

14 Q Why?

15 A Well, we're in bankruptcy, and so typically in the
16 business world, if your CEO takes your company into bankruptcy,
17 you go find a new CEO. And so I don't feel comfortable that
18 this management team can lead us properly out of this
19 bankruptcy.

20 Q Is the NRA worth saving?

21 A Absolutely.

22 Q Why?

23 A The NRA does so much for our community and for our nation.
24 Everybody knows about our support for the Second Amendment,
25 that's one of the key things that we do.

Marshall - Cross/Connell

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1 But the NRA is involved with training, they're
2 involved with law enforcement, with military. They're involved
3 with competitions, we sponsor competitions. We sponsor all
4 kinds of activities to get young people involved with shooting
5 sports. So there's a whole host of things that we do well
6 above and beyond legislative actions or political activities.
7 So the NRA is a -- is a standard in our nation, and it deserves
8 to be saved by everyone.

9 MR. TAYLOR: Thank you, Rocky.

10 Your Honor, I pass the witness.

11 THE COURT: Thank you.

12 NYAG, do you have any questions of Mr. Marshall?

13 CROSS-EXAMINATION

14 BY MS. CONNELL:

15 Q Mr. Marshall, you indicated that -- oh, I'm sorry, Mr.
16 Marshall. I'm Monica Connell from the New York State Attorney
17 General's Office.

18 A Hi.

19 Q Hi. You indicated that you obtained a copy of the New
20 York Attorney General's complaint, is that correct?

21 A That is correct.

22 Q How did you obtain that copy?

23 A It was on the NRA website, I downloaded it.

24 Q Okay. And you also obtained the NRA's and Mr. LaPierre's
25 answers to that complaint, is that correct?

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1 A I -- that's correct.

2 Q How did you get those?

3 A It was on the NRA website.

4 Q Okay. Do you believe that -- you don't believe that you
5 got information -- all the information that you wanted
6 regarding the Attorney General's complaint from Board counsel,
7 do you?

8 A No.

9 Q And you don't believe that you got all the information you
10 wanted about the allegations in the Attorney General's
11 complaint from NRA management, is that correct?

12 A That's correct.

13 Q Okay. Are -- in your opinion, have you been given all the
14 information you need regarding allegations of misuse of
15 charitable funds within the NRA?

16 A No.

17 MS. CONNELL: Thank you, sir.

18 Your Honor, I pass the witness.

19 THE COURT: Thank you.

20 Mr. Mason, any questions of Mr. Marshall?

21 MR. MASON: A few questions, Your Honor.

22 CROSS-EXAMINATION

23 BY MR. MASON:

24 Q Good morning. Mr. Marshall, my name is Brian Mason, I
25 represent Ackerman McQueen. How are you doing this morning?

1 A I'm great; how are you?

2 Q I am doing well. Mr. Marshall, you testified a few
3 moments ago that you don't believe the NRA can survive this
4 bankruptcy if it's dismissed, is that true?

5 A I didn't say that.

6 Q Okay. Can you -- can you explain to me what you did say?
7 I apologize, I thought --

8 A Yeah, the question --

9 Q I thought --

10 A The question was did I want the case dismissed, and I
11 said, no.

12 Q Okay. And if -- Mr. Marshall, if the case is dismissed,
13 you understand that the New York Attorney General enforcement
14 action will proceed forward, right?

15 A Yes.

16 Q You understand that there has not been a trial set in that
17 case yet.

18 A It is my understanding.

19 Q Do you have an understanding of where that case is with
20 respect to the discovery process?

21 A I do not.

22 Q You understand, because I know you've read the New York
23 Attorney General's complaint, that the New York Attorney
24 General, in addition to asking for dissolution, is also asking
25 for numerous other requested relief, right?

1 A Yes.

2 Q And one of those things is that Mr. LaPierre can no longer
3 run the NRA, right?

4 A I believe that's correct.

5 Q And you understand that the NRA has taken the position
6 that over the last few years, they've cleaned up their act,
7 they've self-corrected, right?

8 A That is what I have been told.

9 Q You would expect that if the New York Attorney General
10 enforcement action is permitted to proceed, that that would be
11 part of the NRA's defense, that they've cleaned up their act,
12 dissolution is not appropriate, right?

13 A I think that's what they would say, yes.

14 Q You understand that the state court judge up in New York
15 is ultimately going to be the one to determine whether or not
16 the NRA is -- should be dissolved, right?

17 A Yes.

18 Q You understand that the New York Attorney General cannot
19 unilaterally appoint a receiver to run the NRA, right?

20 A I'm not aware of that. I'm not sure how that process
21 works.

22 Q And you don't have any reason to question the fairness or
23 impartiality of Judge Joel Cohen who is presiding over the
24 state court action up in New York, do you?

25 A I have no knowledge of that court.

Marshall - Cross/Ciciliano

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1 MR. MASON: Your Honor, I will pass the witness.

2 THE COURT: Thank you, Mr. Mason.

3 MR. MASON: Thank you, Mr. Marshall.

4 THE WITNESS: Thank you.

5 THE COURT: Mr. Drake?

6 MR. DRAKE: Your Honor, the Committee has no
7 questions for Mr. Marshall.

8 THE COURT: Thank you.

9 Mr. Ciciliano, for the debtor?

10 MR. CICILIANO: Your Honor, I rarely give up the
11 opportunity to talk, so unfortunately I do have a few
12 questions.

13 THE COURT: Remember what I said the other day about
14 Mr. Garman when you made that comment, all right, sitting at
15 the foot of the master there, according to you, okay?

16 (Laughter)

17 THE COURT: You may proceed.

18 MR. CICILIANO: I'm well aware. I'm on camera, Your
19 Honor, so I'm -- I feel fairly safe for the moment.

20 CROSS-EXAMINATION

21 BY MR. CICILIANO:

22 Q Mr. Marshall, my name is Dylan Ciciliano, I represent the
23 debtors, the National Rifle Association. How are you doing
24 today?

25 A I'm doing great; how are you?

Marshall - Cross/Ciciliano

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1 Q Good. If I accidentally -- I refer to you as Uncle Rock,
2 I apologize, I have an Uncle Rock, and so it's -- it may just
3 be force of habit.

4 A Nice.

5 Q Now, Mr. Marshall, you were nominated to the Board by
6 Susan Howard, is that correct?

7 A That is correct.

8 Q And she's your neighbor?

9 A Yes, she is.

10 Q And you've been on the Board for three months, right?

11 A Yes, that's correct.

12 Q So any allegations in the New York Attorney General's
13 complaint or Ackerman's complaint that predates that three-
14 month period, you have no personal knowledge of, is that
15 correct?

16 A That is correct.

17 Q And you've been to one meeting, and that was March 28th,
18 2021, is that correct?

19 A That's correct.

20 Q And your term will actually end at the next annual
21 meeting, is that right?

22 A That's correct.

23 Q And you've not been -- or you have not applied to be
24 reappointed or renominated to the Board, is that right?

25 A That's correct.

1 Q And the next meeting is May -- or was supposed to be May
2 15th, 2021?

3 A I think it's in September, I believe.

4 Q Right, okay. And I think it was moved, but nonetheless --

5 A You --

6 Q -- in September, you're gone.

7 A Correct, that's the annual meeting.

8 Q All right. So you just got on the Board, but effectively
9 your term won't be longer than eight or so months, is that
10 correct?

11 A That's correct.

12 Q Now you actually believe that the examiner will give you
13 the opportunity to continue directing the management of the
14 NRA, right?

15 A I don't know what my personal role would be at this point
16 in time. My hope is that we get an examiner so we can get to
17 the bottom of the problems that have been identified.

18 Q Well, in fact, on March 17th, 2021, you sent the Board of
19 Directors an email in which you state, "If the Court appoints
20 an examiner, the consigners of the motion," which would include
21 yourself, "can be in a position to advise the Court," is that
22 right?

23 A I -- I did say that, yes.

24 Q Okay. And you don't -- well, what's the basis for that
25 knowledge?

1 A That was my understanding is that we might be in a
2 position to offer suggestions, recommendations. If there's an
3 examiner that's appointed, then hopefully we would be in the
4 position to offer, you know, input to that process.

5 Q And when you say, "we," and you, you mean yourself, Mr.
6 Journey, and Mr. Mills?

7 A And Esther Schneider and Bart Skelton, yes.

8 Q Okay. And so you believe that if -- even if your term
9 ends, if there's an examiner in place, you'll still be able to
10 contribute as a Board member -- not as a Board member,
11 contribute, is that correct?

12 A I don't know that.

13 Q Now at the March 28th, 2021 meeting, you were the lone no
14 vote, is that correct?

15 A That's correct.

16 Q And after that, you actually intended or tried to change
17 your vote, isn't that correct?

18 A That's correct.

19 Q Now in that March 15th -- March 17th, 2021 email, you
20 actually wrote to your fellow Board members that you had
21 studied the issues, and offered your opinion as to what the
22 court ruling might be, is that correct?

23 A No, what I -- what I wrote in that email was what I --
24 what I had learned that the options would be, not what the
25 Court would rule, but what the options would be.

Marshall - Cross/Ciciliano

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1 Q And you learned of those options from a third party,
2 correct?

3 A I learned them from our attorney, yes.

4 Q Okay. So you have no firsthand knowledge of what the
5 Court could possibly do, is that correct?

6 A I don't think anyone knows. Maybe Judge Hale would know
7 that.

8 (Laughter)

9 Q I think he's figuring it out now and -- and trying. Maybe
10 questions some things, I don't know.

11 Is it true the -- well, let's see. Now you have not
12 read the Board meeting minutes regarding the NRA's Legal
13 Affairs meetings, is that correct?

14 A I have not.

15 Q And prior to March 28, 2021, you never requested a formal
16 briefing on the bankruptcy from the bankruptcy counsel, is that
17 true?

18 A That's true.

19 Q And you have not asked for a formal briefing from the head
20 of the Legal Affairs Committee, isn't that true?

21 A That is true.

22 Q And, in fact, you have not requested a formal briefing
23 from any Board member who's been on the Board during the NYAG
24 investigation, is that correct?

25 A That is not correct.

Marshall - Cross/Ciciliano

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1 Q You asked for formal legal briefing?

2 A No, I've talked to Board members about the activities
3 around the NYAG filing, but not a formal one.

4 Q Now you don't support the dismissal of bankruptcy, I
5 believe you testified to, is that correct?

6 A That's correct.

7 Q And you're aware that the New York Attorney General and
8 Ackerman McQueen, as well as Mr. Journey, believes that the
9 Board did not give authority for the filing of the bankruptcy,
10 you understand that, correct?

11 A I do understand that.

12 Q So when the adversaries are making the allegation that it
13 was not approved, don't you think it was prudent for the Board
14 to say, no, we actually do support the bankruptcy?

15 A Are you referring to the ratification?

16 Q Yes, sir.

17 A Okay. I just think that that's odd because it was already
18 approved. So the authority was delegated to the SLC and the
19 EVP, I just thought it was odd to come back and ask for a
20 second approval, which is what -- what occurred.

21 Q Okay. So you believe then, as your testimony just was
22 stated, that the authority was delegated to the SLC and the
23 EVP?

24 A Yes, that's what happened, yes.

25 Q Now when you mentioned that you spoke with Mr. Davis,

1 at that time, you were represented by counsel, isn't that
2 correct?

3 A No.

4 Q When you spoke to Mr. Davis, you didn't have counsel?

5 A No.

6 Q Is this when you spoke to Mr. Davis at the Board meeting
7 on March 28th?

8 A I did not speak to Mr. Davis at the Board meeting on March
9 28th.

10 Q Okay. Now you mentioned that in the typical bankruptcy,
11 corporations go and find a new CEO, is that correct?

12 A Well, I didn't say in a typical bankruptcy, I was
13 referring to typically if companies end up in bankruptcy,
14 oftentimes the CEOs are replaced by someone else.

15 Q Ad you don't actually have a basis for that statement,
16 that's just sort of your conceptualization of how bankruptcy
17 works, right?

18 A Well, I've got 40 years of working in business, so I do
19 have a foundation for that statement, yes.

20 Q Any of your companies ever been in bankruptcy?

21 A No.

22 Q And, sir, you don't believe the National Rifle Association
23 should be dissolved, do you?

24 A Absolutely not.

25 Q And you believe as part of the National Rifle

Marshall - Cross/Ciciliano

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1 Association's ongoing mission, they have to be able to raise
2 funds from the donors, is that correct?

3 A That is correct.

4 Q And as a Board member, you -- you understand that members
5 of the NRA won't give money if they believe -- well --

6 MR. CICILIANO: Strike that.

7 (Pause)

8 Your Honor, if I may have two seconds?

9 THE COURT: You may.

10 (Pause)

11 BY MR. CICILIANO:

12 Q And just a couple more questions. Mr. Mills has
13 previously -- or previously testified that Wayne LaPierre was
14 instrumental to the NRA's fundraising. Do you agree with that
15 sentiment?

16 A I don't know that, that's before my time.

17 Q Okay. So you don't know one way or the other?

18 A Well, I suspect that he was because he was -- his name is
19 on all the letters that go out to members, but I don't really
20 know the inner workings of how much he was involved with
21 fundraising and how -- what effect that had.

22 MR. CICILIANO: Your Honor, I don't have any further
23 questions.

24 THE COURT: Thank you.

25 Mr. Taylor?

Marshall - Redirect/Taylor

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1 MR. TAYLOR: Yes, Your Honor, very brief redirect.

2 REDIRECT EXAMINATION

3 BY MR. TAYLOR:

4 Q Rocky, would you rather have the NRA be incorporated under
5 the laws of the State of New York or in Texas?

6 A Texas, please.

7 Q Why?

8 A Well, in a native Texan, lived here my whole life. And in
9 Texas, we have -- I believe we embrace the idea behind the
10 Second Amendment, and also support the NRA. I think a lot of
11 states have become hostile to gun owners, and I think New York
12 is one of them.

13 Q Which do you believe is a better cultural fit for the NRA,
14 Texas or New York?

15 A Texas.

16 MR. TAYLOR: Thank you.

17 No further questions, Your Honor.

18 THE COURT: For the record, does anyone else have any
19 questions of Mr. Marshall?

20 MS. CONNELL: Your Honor, Monica Connell for the
21 NYAG, I just have one or two questions.

22 THE COURT: One or two.

23 MS. CONNELL: Thank you, Your Honor.

24 RECROSS-EXAMINATION

25 BY MS. CONNELL:

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1 Q Mr. Marshall, you were not at the January 7th Board
2 meeting, isn't that correct?

3 A That's correct.

4 Q That's because you were not on the Board yet, right?

5 A That's correct.

6 Q So you didn't personally observe what all occurred at that
7 January 7th Board meeting, correct?

8 A That's correct.

9 Q You were appointed to replace Duane Liptak, is that right?

10 A That's correct.

11 Q And Mr. Liptak resigned after the filing of bankruptcy on
12 January 15th, right?

13 A That's my understanding, yes.

14 Q Okay. Do you know how much declaring bankruptcy in these
15 proceedings have cost the NRA so far?

16 A I have no idea.

17 Q As a Board member, have you been given any information
18 about the cost of these proceedings so far?

19 A No.

20 MS. CONNELL: Thank you, sir.

21 No more questions, Your Honor.

22 THE COURT: Thank you.

23 Does anyone else have any questions of Mr. Marshall?

24 (No audible response heard)

25 THE COURT: Let me ask for the record, does anyone

1 intend to call Mr. Marshall again? Just picking up on what Mr.
2 Taylor said about Mr. Mills. If there's no intention to call
3 him, I'd like to at least free him to watch, if he wants to
4 watch the rest of the trial.

5 (No audible response heard)

6 THE COURT: Okay. Hearing none --

7 MS. CONNELL: No intention, Your Honor.

8 THE COURT: -- I'm going to release him from part of
9 the Rule then.

10 Mr. Marshall, from this point on, if you would not
11 discuss your testimony with anyone until I have ruled, which my
12 intentions are to rule within approximately a week of the close
13 of evidence, closing arguments. So do you understand that?

14 MR. MARSHALL: Yes, Your Honor, I understand that.

15 THE COURT: Okay. But you're welcome to watch the
16 remainder of the trial. We're releasing you from that part of
17 the rule, so you can watch whatever you want to watch, all
18 right?

19 MR. MARSHALL: All right, thank you, Judge. I
20 appreciate that.

21 THE COURT: And then finally, I would just ask that
22 you not speak to the press about this right now while we're
23 trying to do this. Because in some ways, I think word may get
24 back to other witnesses of what has gone on, for example,
25 today, and it would just help the case, I think, for us to have

1 less things like that.

2 MR. MARSHALL: I understand.

3 THE COURT: Okay. Thank you. Thank you for coming
4 down here, Mr. Marshall.

5 MR. MARSHALL: Thank you, Judge; appreciate it.

6 THE COURT: All right.

7 Mr. Taylor, who is your next witness?

8 MR. TAYLOR: That's going to be Esther, and if I may
9 make a suggestion, Your Honor. We probably think that her
10 total testimony time, including cross, is going to be about an
11 hour. If the Court is inclined to take a morning break, this
12 might be a good time to take that ten- to 15-minute break, and
13 then we could put her up, and she would be done for the
14 morning, and then either somebody can go, or we can take the
15 lunch early, I guess, or however the Court wants to do it, but
16 that's going to be it for us.

17 THE COURT: All right; thank you for that
18 information.

19 Ms. Connell and Mr. Garman, if y'all would be maybe
20 talking to each other, that might be a good use of time to
21 finish up the debtors' part of the deposition that we started
22 on Friday, at least as far as anything into the record there.
23 I'm not sure we'll have time to do that, and the 17-minute part
24 uninterrupted, but let's see where we are on both of those
25 things if y'all could talk about the debtors' designation on

1 the Friday deposition, we may be able to use the remainder of
2 the morning finishing that part up. So if y'all will do that.

3 We'll take a recess for 15 minutes. Thank you.

4 (Recess 9:51 a.m./Reconvene 10:06 a.m.)

5 THE COURT: Mr. Taylor, are you ready to go back on
6 the record?

7 MR. WATSON: Yes, Your Honor. It's Jermaine Watson
8 on behalf of Judge Journey, et al. I'm going to be handling
9 Mrs. Schneider's direct.

10 THE COURT: All right. Ms. Schneider, can you hear
11 me?

12 MS. SCHNEIDER: (No audible response heard).

13 MR. WATSON: She's still muted. Could you help her,
14 Clay? Thanks.

15 THE COURT: Ms. Schneider, can you hear us?

16 MR. WATSON: She's on mute, Judge. Clay is running
17 to help her now; sorry.

18 THE COURT: Oh, okay.

19 MR. WATSON: Sorry about that.

20 THE COURT: Not a problem.

21 (Pause)

22 MS. SCHNEIDER: Your Honor, can you hear me now?

23 THE COURT: I can; thank you.

24 Would you raise your right hand?

25 ESTHER SCHNEIDER, SWORN

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1 THE COURT: Okay. Mr. Watson, you may proceed.

2 (Pause)

3 THE WITNESS: I can't hear you.

4 DIRECT EXAMINATION

5 BY MR. WATSON:

6 Q Good morning, Ms. Schneider; how are you?

7 A Good morning. I'm fine; thank you.

8 Q As you know, my name is Jermaine Watson, I represent you
9 and Judge Journey, and other Board members. Can you please
10 state your name for the record?

11 A Esther Schneider.

12 Q What is your occupation?

13 A I am a retired business professional who now is a gun
14 dealer and instructor.

15 Q Can you briefly describe your business experience?

16 A I have more than 35 years in the advertising gaming
17 business. My specialty in the last remaining years that I
18 worked full-time was to restructure failing businesses.

19 Q Have you served on any boards of any businesses or non-
20 profits before?

21 A I've served on the boards of more than a dozen non-profits
22 over the years.

23 Q Can you briefly describe a few of those?

24 A Some of them have been the Boy Scouts of America, or
25 Scouting BSA, the American Cancer Society, the Juvenile

1 Diabetes Foundation. Do you need more?

2 Q No, no, that's fine; thank you --

3 A Okay.

4 Q -- Mrs. Schneider. When did you first join NRA?

5 A I was asked to join or to run for the Board in 2015, and I
6 was elected in 2016.

7 Q Is that around the time you joined the organization for
8 the first time?

9 A Oh, I'm sorry, no. I joined the organization in 1997.

10 Q Okay. Why did you join the NRA?

11 A I've always had a strong belief in the Second Amendment,
12 and the National Rifle Association is the country's largest and
13 oldest Civil Rights organization. Its membership is as broad
14 and as voluntary of any organization, and it basically is there
15 to train and protect the Second -- train individuals on gun
16 safety and protect the Second Amendment.

17 Q What is your current membership level?

18 A I'm a benefactor.

19 Q And what -- can you briefly describe the difference
20 between a benefactor and other levels of a membership?

21 A So you have your basic membership which you can join
22 yearly, and pay as you go. You've got five-year memberships.
23 You have regular life memberships. And then you have the
24 varying degrees of -- on top of life, which for benefactor, I
25 believe is a minimum of \$1,000 membership fee. And then other

1 gifts.

2 Q Thank you, Mrs. Schneider. You previously testified that
3 someone invited you to join the Board, would you -- could you
4 expand on that a little bit?

5 A I was actually at an event for ILA, raising money, and I
6 received a call from Susan LaPierre asking me to submit my
7 interest or application to run for the Board.

8 Q For the record, can you define what ILA is?

9 A ILA is the Institute for Legislative Action, which is one
10 of the political arms of NRA.

11 Q Thank you. So after you were nominated, what did you do
12 next?

13 A I submitted my paperwork to run, and then I had to
14 campaign. I was nominated by the Nominated Committee, and then
15 I was -- my name was put officially into the running, and then
16 I had to campaign to garner votes to win.

17 Q Obviously you're sitting here today, so you were
18 successful, correct?

19 A That is correct.

20 Q And when did you begin serving on the Board of NRA?

21 A In 2016.

22 Q What's the first thing you did when you joined the Board
23 of Directors?

24 A I asked how much is our D&O coverage, and if we had it,
25 and knowing nearly all of the staff, the one position I was not

1 aware of or the person was the internal auditor, and was told
2 we do not have an internal auditor.

3 Q Did that cause you concern?

4 A It caused me a great amount of consternation. Based on
5 the amount of money that the NRA takes in every year, and the
6 different reporting entities, it is usually you don't have an
7 internal auditor for an organization the size with that many
8 employees, that much money, and that many reporting entities,
9 this is when problems exist, and where you get into trouble.

10 Q Is that based on your experience in the business world?

11 A Absolutely. When I ran the Indiana Lottery, one of the
12 first -- I was asked to come in and clean up a million dollar
13 ticket theft. And when I came in, one of the first things that
14 I did was understand how this happened, so I pulled in our
15 internal auditor, and I asked him to give me every internal
16 audit report that he had conducted, which was by statute, he
17 was required to perform at least one audit per year. And he
18 provided me with no audits.

19 Q How did you -- back to the NRA. How did you communicate
20 your concerns to management?

21 A When -- I remember asking John Frazer who our internal
22 auditor was. And he said we didn't have one, and I was really
23 surprised by that.

24 And then as time went on, and the reports came out in
25 the media of the different situations that we had no knowledge

1 of, I started asking more questions.

2 Q And how did management respond to your questions?

3 A It finally came to a head in 2019, and I put together a
4 list of questions several pages asking, you know, policies and
5 procedures, you know, what is our practice for these things.
6 Where's our employee handbook? How are these things addressed?
7 And it went nowhere.

8 Q Let's talk about 2019. You were currently serving on the
9 Board at that time, right?

10 A Correct.

11 Q And --

12 A I was just reelected.

13 Q Okay. And how many Board meetings did you attend in 2019?

14 A So I attended the January 19 Board meeting, and then the
15 one in Indianapolis; two.

16 Q Let's talk about the Board meeting in Indianapolis. What
17 was the purpose of that meeting, that Board meeting?

18 A The purpose of that meeting is to elect the officers for
19 the coming year.

20 Q Why was that -- well, why was the Indianapolis meeting
21 special in that regard?

22 A Well, there were lots of issues that had been -- had come
23 to light in the media, and Oliver North had -- I'm told had
24 been told he would no -- would not be renominated as President.

25 Q And who is Oliver North -- or who -- yeah, who --

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1 MR. NOALL: Objection, Your Honor; move to strike as
2 being hearsay.

3 THE COURT: Who told you --

4 MR. WATSON: Your Honor, she --

5 THE COURT: Let me finish.

6 MR. WATSON: I'm sorry, Judge.

7 THE COURT: Who told you, Ms. Schneider? Who --

8 THE WITNESS: Colonel North himself told me.

9 THE COURT: And he was the President of the NRA at
10 the time?

11 MR. NOALL: Your Honor --

12 THE COURT: Hold on, Mr. Noall.

13 THE WITNESS: Correct.

14 THE COURT: All right. Mr. Noall, what were you
15 going to say?

16 MR. NOALL: Your Honor, Mr. -- Lieutenant Colonel
17 Oliver North is adverse to the NRA. He's an employee of
18 Ackerman McQueen.

19 THE COURT: I overrule the objection.

20 BY MR. WATSON:

21 Q You can answer the question, Mrs. Schneider.

22 A Okay. So he, at the time, was President of the National
23 Rifle Association, and should have been renominated as our
24 President and allow the Board to vote.

25 THE COURT: And, Ms. --

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1 Q Why wasn't he nominated to --

2 THE COURT: Ms. Schneider, let me just caution you.

3 It will go faster if you just answer the questions, and try not
4 to add to them, all right?

5 THE WITNESS: Okay.

6 THE COURT: It's okay.

7 Go ahead, Mr. Watson.

8 BY MR. WATSON:

9 Q And can you -- can you --

10 MR. WATSON: I'm sorry, Judge.

11 THE COURT: Go ahead.

12 Q Can you describe the circumstances as to the conflict
13 between Mr. North and the NRA at the time?

14 MR. NOALL: Objection, Your Honor; lack of
15 foundation.

16 THE COURT: Sustained for now.

17 MR. WATSON: Okay.

18 Q You previously testified that Mr. North was President of
19 the NRA at the time, correct?

20 A Correct.

21 Q And you also testified that Mr. North informed you that --
22 what did -- what did he inform you of?

23 A He told me that --

24 Q What'd he inform you of?

25 A He told me that he would be leaving the annual meeting

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1 because he was informed by Mr. LaPierre that he would not be
2 renominated as President. So he felt there was no need for him
3 to stay at the meeting.

4 Q Did he tell you why?

5 A I don't recall, no.

6 Q Okay. So what happened during that meeting in
7 Indianapolis?

8 A Are we --

9 Q What was the outcome of that meeting?

10 A Are we talking about the Board meeting?

11 Q Well, let me rephrase the question.

12 A It's a Board members' meeting.

13 Q Let me rephrase my question. What was the outcome of the
14 membership meeting in Indianapolis?

15 A That Carolyn Meadows was put in -- was nominated as
16 President, and there was a voice vote making her -- confirming
17 her as President.

18 Q What is unique about a voice vote?

19 A Not everyone votes.

20 Q Is it your under -- are these responses tabulated?

21 A They -- it was either an affirmation of a yes, you know,
22 nominated, or no. And there were no nays given.

23 Q Did you agree with Ms. Meadows being elected as President?

24 A I did not.

25 Q Why?

1 A I believed that she was not in a capacity to serve the
2 best interest of the Board, nor the organization.

3 Q What personal knowledge do you have to support your
4 testimony?

5 A I had asked Mrs. Meadows on numerous occasions, I had left
6 voice mails to ask about different questions, things that had
7 happened, and she never returned any emails or voice mails. My
8 conversation with her the Wednesday before that meeting, I
9 asked to speak to her about the fact that I believed that Wayne
10 LaPierre needed to resign, and she didn't want to have the
11 conversation, and she firmly believed that he needed to remain
12 in that capacity.

13 Q Okay. At this time, who represented the Board of
14 Directors as legal counsel?

15 A We were told it was Wit Davis.

16 Q What -- do you believe that Wit Davis adequately
17 represented you as a Board member during your service --

18 A I do --

19 Q -- on the Board?

20 A I do not.

21 Q And why is that?

22 A I had given him -- he had made it clear to us in a
23 previous Board meeting that if we had questions about the
24 things that we were hearing in the media, that we should put in
25 writing those questions, and he would take them to the

1 appropriate committees and leadership to get those questions
2 answered.

3 I had done so, and had not received any response.

4 Q What did you do after not receiving a response?

5 A I questioned, again, why I had not received a response.

6 And shortly thereafter, Sean Maloney, Tim Knight, and myself
7 received an admonishing letter telling us that things were well
8 in hand.

9 Q Who sent that letter?

10 A It -- well, it came under the signature of Carolyn
11 Meadows.

12 Q Okay. And what did you do -- let's go back to
13 Indianapolis. After that meeting in Indianapolis in 2019, what
14 did you do next?

15 A When we did not receive any responses, I sent, you know,
16 more correspondence to Wit Davis. And Wit Davis basically told
17 me to -- that he was new to the organization, and that he had
18 information that would clear up all of the misunderstandings,
19 and that I would see that everything was on track, and I did
20 not believe that, and I questioned that. And ultimately, the
21 three of us hired Baker Botts, their department of corporate
22 governance, to advise us what our options were.

23 Q And without telling me -- you were -- without revealing
24 any of your discussions with Baker Botts, what did -- what were
25 your takeaways from that meeting?

1 A We had three possible options to go forward.

2 Q And what were those?

3 A The first option was remain on the Board, continue to
4 question, and likely be thrown off the Board;

5 The second one was we could remain on the Board,
6 continue to ask questions, and draw personal lawsuits;

7 And the third one was to do a noisy withdrawal.

8 Q Which option did you choose, Mrs. Schneider?

9 A We believed that we had no other choice but to do the
10 noisy withdrawal.

11 Q When did you resign?

12 A August 1st, 2019.

13 Q What did you do after that?

14 A You know, there were lots of media coverage, lots of
15 reporters that called, but we refused to take any interviews or
16 give any further comment, that we believed that the letter that
17 we sent in our noisy withdrawal was sufficient.

18 However, shortly thereafter, I did receive, through
19 Baker Botts, a request from the New York Attorney General to
20 have a conversation.

21 Q When did you have that -- did you have that conversation
22 with the New York Attorney General?

23 A I did.

24 Q When did you have that conversation with the New York
25 Attorney General?

1 A Approximately the middle of December of 2019.

2 Q And can you briefly summarize for the Court the substance
3 of the types of things you were asked by the New York Attorney
4 General?

5 A The vast majority of the questions were --

6 MR. NOALL: Objection, Your Honor, to the extent it
7 calls for hearsay.

8 THE COURT: Sustained.

9 MR. WATSON: Your -- Your --

10 THE COURT: She can testify as to what she told them,
11 but not what they asked her.

12 MR. WATSON: I'll rephrase, Judge.

13 THE COURT: Okay.

14 BY MR. WATSON:

15 Q Could you briefly summarize your testimony -- the
16 testimony that you gave to the New York Attorney General in
17 December of 2019?

18 A I was asked -- I -- I responded to questions pertaining to
19 whether or not the bylaws had been followed.

20 Q And how did you -- how did you answer those types of
21 questions? What was your response?

22 A My responses were there were many obligations through our
23 bylaws pertaining to contracts that we were never -- that were
24 never brought to the Board for a vote. That the policies and
25 procedures, according to the bylaws, were never followed.

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1 Q Thank you, Ms. Schneider. When did you find out about
2 this bankruptcy proceeding?

3 A In the newspaper after it -- when it was filed, when it
4 basically broke.

5 Q Why -- why did you decide to join Judge Journey's examiner
6 motion?

7 A Because all previous attempts had, you know, resulted in
8 no answers. And I joined the NRA to further a cause. The NRA
9 is the premier training and safety program that all ranges and
10 instructors like myself, we get insurance, and without those
11 rules and safety standards, I would not have insurance. And
12 without -- there's no other organization that is paramount in
13 training and safety across the country, and we have to save the
14 NRA. It is the only organization that fights to protect the
15 Second Amendment, and without, we have no freedom.

16 Q Who do you think should be in charge of making those
17 internal changes at the NRA?

18 A I would like to see an independent examiner come in,
19 because we really haven't properly identified where all of the
20 problems are. And before we can find solutions, we have to
21 know where all the problems exist. We can't correct behavior
22 that we aren't fully aware of, you know, the problems that
23 exist. So before we can even ascertain who should come in and
24 make these changes, we need to have a good handle on the
25 problems.

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1 Q And you probably already answered this, but I just want to
2 ask the question to be certain. Why is the NRA worth saving?

3 A It is the only organization that defends our Second
4 Amendment. It is the only organization that has five million
5 members that are united in a cause. It crosses -- our
6 membership crosses all races, ethnicities, education levels,
7 income levels, and it's all designed to protect the United
8 States Constitution's Second Amendment. That Second Amendment
9 exists, and back up to First. And if we don't have this
10 organization in place, we lose our rights. We lose our rights
11 as Americans, and I'm not willing to stand back and allow that
12 to happen without a fight.

13 MR. WATSON: Thank you, Mrs. Schneider, for your
14 testimony.

15 Your Honor, I pass the witness.

16 THE COURT: Thank you, Mr. Watson.

17 New York AG, why don't you go first?

18 CROSS-EXAMINATION

19 BY MS. CONNELL:

20 Q Ms. Schneider, I'd like to take you back to May of 2019,
21 you testified that you stated that you believed Wayne LaPierre
22 should step down at that time, is that correct?

23 A Correct.

24 Q And you raised numerous concerns regarding the operation
25 of the NRA at that time, is that right?

1 A Correct.

2 Q You wrote a points of concern memo that you shared with
3 Board members and others, is that right?

4 A That is correct.

5 Q And you noted that there were some issues that you viewed
6 as imperative for the Board to address, is that accurate?

7 A Correct.

8 Q One was the blatant and intentional stifling of critical
9 information, is that right?

10 A Correct.

11 Q So the Board of Directors of the NRA is supposed to
12 oversee the operations of that organization, right?

13 A Correct.

14 Q And you believe strongly in the mission of that
15 organization, correct?

16 A I do.

17 Q But you felt that the Board was not being given
18 information to properly oversee the operation of the NRA, is
19 that right?

20 A Correct.

21 Q You also felt that the Board needed to address realities
22 about NRA spending for non-mission purposes, right?

23 A Correct.

24 Q And you also -- you spoke about some concerns you raised
25 with Board counsel, Wit Davis, is that correct?

1 A Correct.

2 Q So you -- you actually wrote multiple memos with questions
3 for Mr. Davis, is that right?

4 A Correct.

5 Q And did you circulate those to others?

6 A I circulated those questions amongst the -- Sean Maloney
7 and Tim Knight for sure.

8 Q Okay. And among concerns that you raised internally
9 within the Board of Directors were spending by Wayne LaPierre,
10 correct?

11 A Correct.

12 Q And a lack of oversight, right?

13 A Correct.

14 Q And why internal whistle-blower complaints weren't brought
15 to the larger Board, is that correct?

16 A Correct.

17 Q Payments for items and -- that really weren't necessary
18 for the NRA to carry on its business, correct?

19 A Correct.

20 Q You raised questions about benefits conveyed or conferred
21 upon insiders, like Josh Powell, right?

22 A Correct.

23 Q Wayne Sheets?

24 A Correct.

25 Q Tyler Schropp?

1 Q Correct.

2 Q You tried to get answers from Mr. Davis, right?

3 A Correct.

4 Q Do you know how Mr. Davis came to be appointed as Board
5 counsel?

6 A I can only guess.

7 Q Okay, please don't guess. You tried to speak to Ms.
8 Meadows about this, right?

9 A I did.

10 Q And she became President when Mr. North was not
11 renominated -- or Lieutenant Colonel North was not renominated,
12 right?

13 A Correct.

14 Q And would you say that Ms. Meadows was dismissive of your
15 concerns?

16 A Yes.

17 Q In fact, you had seen Ms. Meadows fail to call on Duane
18 Liptak when he stood up to try and raise some concerns at a
19 Board meeting, right?

20 A Correct.

21 Q And you thought that Wit Davis was dismissive of your
22 concerns, right?

23 A Absolutely.

24 Q And you actually raised this with others within the NRA,
25 correct?

1 A Including John Frazer.

2 Q So you had concerns about how the NRA was operating, you
3 raised it with Board counsel, and they were dismissed, right?

4 A Correct.

5 Q Then you raised concerns about the misuse of NRA funds,
6 the lack of oversight, and other concerns we've discussed, and
7 you raised them with Mr. Frazer, correct?

8 A Correct.

9 Q You didn't get a constructive response, did you?

10 A I did not.

11 Q Okay. Do you know who Timothy Hines is?

12 A I do not.

13 Q Okay. You had served during your time on the Board on
14 various committees, is that correct?

15 A Correct.

16 Q And how did you get those committee assignments?

17 A I asked for those.

18 Q Okay. And when you asked for them, you got the committee
19 assignments that you wanted as a general rule, right?

20 A Correct.

21 Q Okay. In 2019, did you get any committee assignments?

22 A I did not.

23 Q You were frozen out of the committee assignments, right?

24 A Correct.

25 MR. NOALL: Objection; calls for speculation and is

1 argumentative, Your Honor.

2 THE COURT: Sustained.

3 BY MS. CONNELL:

4 Q Were you the only Board member who didn't get any
5 requested committee assignments?

6 A No.

7 Q Duane Liptak didn't get any, right?

8 A As far as my memory, that is correct.

9 Q Do you know whether Sean Maloney got any?

10 A He did not.

11 Q How about William Satterfield?

12 A I do not know.

13 Q Okay. Sean Maloney had joined you in raising questions
14 about NRA management, is that right?

15 A Correct.

16 Q And Duane Liptak had also raised questions about NRA
17 management, is that correct?

18 A Correct.

19 Q Okay. So do you believe that the lack of assignment to
20 committees was in retaliation for raising questions about NRA
21 management?

22 A I do believe that.

23 Q Okay. In August, 2019, you stepped down from the Board, I
24 think you testified, is that right?

25 A Yes.

1 Q I think you called it a noisy departure, is that -- is
2 that accurate?

3 A Yes.

4 Q And you submitted a resignation letter, correct?

5 A Yes.

6 Q And that letter was signed by Sean Maloney and Timothy
7 Knight, as well as yourself, correct?

8 A Correct.

9 Q Okay. In your -- in your resignation letter, did you
10 convey any of the concerns you had regarding the operation of
11 the NRA Board?

12 A We did.

13 Q Okay. And you -- did you convey the fact that you thought
14 that the NRA was not operating in a transparent manner?

15 MR. NOALL: I object on best evidence. This is not
16 the best evidence of what's contained in the document.

17 THE COURT: Response on that.

18 MS. CONNELL: Your Honor, I'm asking this witness
19 what she recalls regarding her resignation. She testified to
20 making a noisy departure, and so I'm asking her whether she
21 recalls some of the noise that she made upon her departure.

22 THE COURT: Overruled.

23 MR. NOALL: In a document, Your Honor.

24 THE COURT: Overruled.

25 MS. CONNELL: Okay.

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1 BY MS. CONNELL:

2 Q So, Ms. Schneider, let's approach it from a different
3 angle. When you resigned, what did you say or what message did
4 you hope to convey to the NRA management?

5 A We hoped to convey that there were problems that needed to
6 be addressed, not only from me performing my job, my fiduciary
7 obligation as a Board member, but also to our five million
8 members who gave their money.

9 Q Okay. And as you sit here today, you don't feel like
10 those concerns that you raised have been addressed
11 appropriately, is that correct?

12 A Correct.

13 MS. CONNELL: Thank you, Ms. Schneider.

14 I'll pass the witness, Your Honor.

15 THE COURT: Ackerman?

16 CROSS-EXAMINATION

17 BY MR. MASON:

18 Q Good morning, Ms. Schneider. My name is Brian Mason, I
19 represent Ackerman McQueen; how are you?

20 A I'm fine; thank you. How are you?

21 Q I am doing well. Just a few questions. Going back to
22 April of -- or going back to the beginning part of 2019, isn't
23 it true that Colonel Lieutenant North was attempting to
24 investigate or inquire into the Brewer firm attorneys' fees at
25 the beginning part of 2019?

1 A That is correct.

2 Q And wasn't Ms. Meadows initially part of the request to
3 conduct an investigation into those fees?

4 A So that was reported.

5 Q Ultimately you testified that Mr. -- I'm sorry.

6 Ultimately you testified that Colonel North was going to be --
7 he was not going to be renominated, correct?

8 A Correct.

9 Q Do you have an understanding as to why he was not going to
10 be renominated?

11 A I -- I have a belief.

12 Q Did you understand that the reason he was not going to be
13 renominated was because Mr. LaPierre was no longer going to
14 support him?

15 A That is correct.

16 Q Carolyn Meadows then changed her mind, if you will, and
17 later said that she was no longer supportive of the inquiry
18 into the Brewer fees, isn't that true?

19 A As far as my knowledge, yes.

20 Q And then at the April, 2019 Board meeting, Ms. Meadows
21 became the new President of the National Rifle Association,
22 correct?

23 A Correct.

24 Q Shortly before that meeting, Steve Hart was counsel to the
25 Board, right?

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1 A Correct.

2 Q Did you believe that Mr. Hart was an effective counsel for
3 the NRA Board?

4 A I have nothing to base that on.

5 Q Was the NRA Board consulted before Mr. Hart was
6 terminated?

7 A No.

8 Q Do you believe they should have been?

9 A Yes.

10 Q With respect to Christopher Cox -- do you know Mr. Cox?

11 A I do.

12 Q Was the NRA Board of Directors consulted before Mr. Cox's
13 departure at the NRA?

14 A No.

15 Q Do you believe that the Board should be consulted?

16 A Yes.

17 Q Did you understand that Mr. Cox was a likely successor to
18 Mr. LaPierre at the time that he departed from the NRA in 2019?

19 A Yes.

20 Q Did you understand that accusations were being made by Mr.
21 LaPierre and the NRA against Mr. Cox in 2019?

22 A Yes.

23 Q Was the NRA Board involved in the decision to hire Wit
24 Davis?

25 A No.

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1 Q Was the NRA Board notified that Wit Davis previously had a
2 relationship with Bill Brewer and his law firm?

3 A No.

4 MR. NOALL: Objection; foundation, Your Honor.

5 THE COURT: Overruled.

6 BY MR. MASON:

7 Q Was counsel -- NRA's counsel made a comment earlier about
8 North -- Colonel North being an employee of Ackerman McQueen.
9 Was the NRA Board notified that Colonel North was going to be
10 an employee of Ackerman McQueen?

11 A No.

12 Q Do you have an opinion as to Mr. LaPierre's influence over
13 the NRA's Board of Directors?

14 A Yes.

15 Q What is that?

16 A There are no decisions made pertaining to the Board or the
17 operation of the NRA that do not have Wayne's blessing.

18 Q Was the NRA Board notified that Mr. LaPierre was involved
19 in negotiating the Oliver North contracts with Ackerman?

20 A No.

21 MR. MASON: Ms. Schneider, I appreciate the time.

22 I will pass the witness.

23 THE COURT: Thank you.

24 Mr. Drake?

25 MR. HENDRIX: Your Honor, I think Mr. Drake is on

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1 something else, but the Committee has no questions for Ms.
2 Schneider.

3 THE COURT: Thank you, Mr. Hendrix.
4 Mr. Noall?

5 CROSS-EXAMINATION

6 BY MR. NOALL:

7 Q Good morning, Ms. Schneider; can you hear me okay?

8 A I can; thank you.

9 Q Thank you. Ms. Schneiderman [sic], my name is William
10 Noall, and I represent the National Rifle Association. And
11 like yourself, I'm a member of the National Rifle Association.

12 Ms. Schneiderman [sic], when you were first
13 testifying --

14 A It's Schneider.

15 Q Excuse me. Excuse me. When you were first testifying,
16 you were talking about the mission of the NRA, do you believe
17 in the mission of the NRA?

18 A I do.

19 Q And do you believe in its advocacy mission in the courts
20 to support the Second Amendment and strengthen the Second
21 Amendment?

22 A Of course.

23 Q And do you agree that if -- if that mission -- the ability
24 of the NRA is impacted so that it cannot effectively advocate
25 and strengthen the Second Amendment, that the other missions of

1 the NRA that you discussed, such as shooting sports, training,
2 etc., that those would be negatively impacted?

3 A Yes.

4 Q And you talked about the time that you were on the Board
5 and going into the 2019 meeting in Indianapolis, do you recall
6 that?

7 A I do.

8 Q And you talked about that you had provided a list of
9 questions after you became a Board member in 2016, and that you
10 asked for a briefing on some matters, do you recall that?

11 A No, I don't. I don't know what you're referring to.

12 Q Did you -- did you create a list of questions that you
13 wanted answered about your concerns after getting on the Board
14 with regard to how the NRA was being operated?

15 A This was after the Board meeting in Indianapolis in 2019.

16 Q Okay. And you did prepare that list?

17 A I did.

18 Q And you said that you were refused a briefing, is that
19 correct?

20 A Correct.

21 Q Is it true that you were offered an oral briefing, but you
22 refused an oral briefing?

23 A (Laughter) That is not true at all.

24 Q Okay. And you spoke about Mr. Liptak being on the Board.
25 Is it true that Mr. Liptak was, in fact, on the Acting Shooting

1 Committee in 2019 and 2020?

2 A I don't have knowledge of that.

3 Q Okay. And with respect to the Ackerman McQueen
4 relationship, did there come a time that you were concerned
5 about the NRA's relationship with Ackerman McQueen?

6 A Yes.

7 Q And isn't it true that you expressed to others your
8 concerns about the NRA's relationship with Ackerman McQueen?

9 A Yes.

10 Q And what were those concerns?

11 A I was worried that they had too much power and influence
12 over content.

13 Q And did you have any other concerns?

14 A Other than the amount of money that was being spent, I
15 don't recall specifically.

16 Q And you were concerned about the money that was being
17 spent on Ackerman McQueen or paid to Ackerman McQueen by the
18 NRA?

19 A I was concerned about the monies being spent in general.

20 Q Including to Ackerman McQueen?

21 A Ackerman McQueen is a vendor, a provider of services. So
22 if they provided services, it was at the behest of the NRA.

23 Q So my question is were you concerned about the amount of
24 money that was being paid by the NRA to Ackerman McQueen --

25 A Yes.

1 Q -- for its services?

2 A Yes.

3 Q Okay. And did you express that to other people?

4 A Yes.

5 Q Okay. Turning back to the 2019 meeting that you -- that
6 you attended, you -- you were discussing in your testimony how
7 Oliver North didn't have the support of Wayne LaPierre, do you
8 recall that?

9 A Yes.

10 Q Could you have nominated Oliver North on the floor?

11 A In theory, yes.

12 Q And did you do that?

13 A We did not.

14 Q And when the vote came up for Ms. Meadows, you indicated
15 in your testimony that you had some reservations, is that
16 correct?

17 A Yes.

18 Q But you didn't -- you didn't negatively vote with respect
19 to Ms. Meadows, is that correct?

20 A I did not vote at all.

21 Q You did not vote at all?

22 A I did not.

23 Q But you didn't register a no vote, is that correct?

24 A That is correct.

25 Q Okay. And you have been advocating for the removal of

1 Wayne LaPierre since before the 2019 meeting, isn't that
2 correct?

3 A Correct.

4 Q And have you ever expressed to anyone that you would be
5 interested in being the Executive Vice President of the NRA?

6 A Never.

7 Q Okay. And with respect to your discussion -- excuse me,
8 let me back-up. You discussed in your testimony the Brewer
9 bills, do you recall that?

10 A In which testimony?

11 Q The Brewer -- the Brewer billings in your direct
12 testimony.

13 A Today?

14 MR. WATSON: Objection, Your Honor.

15 MR. NOALL: Let me --

16 MR. WATSON: Mischaracterizes her testimony.

17 THE COURT: Why don't you restate your question, Mr.
18 Noall.

19 MR. NOALL: Let me rephrase the question.

20 BY MR. NOALL:

21 Q Have you -- do you have any concerns about the size of the
22 Brewer bills -- the Brewer law firm bill?

23 A I do.

24 Q Okay. And when did you first have those concerns?

25 A When it was brought to our knowledge the amount of money

1 that was being spent.

2 Q And when was that?

3 A February of '19.

4 Q And do the size of the Brewer firm's billings continue to
5 concern you?

6 A Absolutely.

7 Q Are you aware of what matters that the firm is engaged
8 on --

9 A Only as it --

10 Q -- for the benefit of the NRA?

11 A Only as -- only as it is reported in the media.

12 Q Okay. And have you read any of the papers or pleadings
13 that have been submitted by the Brewer firm in any of their
14 actions -- any of the actions for which the firm is
15 representing the NRA?

16 A Yes.

17 Q You have read those pleadings and papers?

18 A Some of them.

19 Q But you haven't read all of them?

20 A I do not believe so.

21 Q And you haven't attended all of the hearings in which the
22 Brewer firm has advocated on behalf of the NRA, isn't that
23 correct?

24 A Correct.

25 Q And with respect to the activities of the Brewer firm, you

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1 don't know sitting here today what successes they've had, isn't
2 that correct?

3 A Correct.

4 Q And sitting here today, you don't know how much money the
5 Brewer firm has saved the NRA on a annual basis based upon the
6 work it's done for the NRA, isn't that correct?

7 A Correct.

8 Q And do you support the termination of the Brewer firm?

9 A I do.

10 Q Okay. And with respect to the Ackerman McQueen
11 relationship with the NRA, you understand that that
12 relationship has terminated, correct?

13 A Yes.

14 Q And with respect to Wayne LaPierre, sitting here today,
15 you advocate for his removal from the NRA?

16 A I do.

17 Q And -- but you acknowledge that Wayne LaPierre is a key
18 fundraiser -- or has a key role in fundraising for the NRA, do
19 you not?

20 A I do not.

21 Q Okay. With respect to Ms. Meadows, you testified that you
22 have some knowledge that she changed her mind about her --
23 about concerns over the Brewer bills, do you recall your
24 testimony a few moments ago about that?

25 A I was made aware, yes.

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1 Q And what was the basis of your knowledge? How were you
2 made aware?

3 A I don't recall at this time. I vaguely remember that she
4 had been -- I had been told she had been a supporter of the
5 audit, and then she changed her mind.

6 MR. NOALL: So, Your Honor, I would move to strike
7 the prior testimony based upon the fact that it was based upon
8 hearsay.

9 THE COURT: Overruled.

10 BY MR. NOALL:

11 Q Were you present at the 2019 meeting when Judge Journey
12 called for a members' vote to unseat Wayne LaPierre?

13 A Judge Journey was not a member in 2019.

14 Q Were you present at a 2019 meeting in Indianapolis when
15 there was a members' vote to unseat or otherwise replace Wayne
16 LaPierre?

17 A Did that happen? I don't -- I don't remember.

18 Q Okay. You did have a verbal altercation at or about the
19 2019 meeting with Ms. Meadows, isn't that correct?

20 A I did.

21 Q Okay. And at that meeting, you recall that you were
22 shouting obscenities to her?

23 MS. CONNELL: Objection, Your Honor.

24 THE COURT: What's your --

25 MS. CONNELL: It's argumentative.

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1 THE COURT: Overruled.

2 You may answer the question, Ms. Schneider.

3 A I asked to have a word with Ms. Meadows, and -- regarding
4 Wayne's removal from the Executive Director position. And she
5 asked me how long I had been on the Board. And I asked her, do
6 you know my background? And she responded, do you know mine,
7 in a very condescending ugly manner.

8 MR. NOALL: Your Honor, I would overrule -- strike
9 that. I would object to the testimony because it was non-
10 responsive to my question.

11 THE COURT: Sustained.

12 Just answer the question that's pending. You may
13 want to re-ask the question.

14 (Pause)

15 THE COURT: You may want to re-ask the question, Mr.
16 Noall, please.

17 MR. NOALL: Thank you, Your Honor.

18 BY MR. NOALL:

19 Q So, Ms. Schneider, do you recall the -- that you were
20 shouting obscenities at Ms. Meadows at that dinner?

21 A I asked her one question.

22 Q So you're denying that you used any obscenities in the --
23 when you were speaking to her in that dinner?

24 A Sir, you're not asking me what I said.

25 Q Can you please -- can you please answer my question?

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1 A Would you like to ask me the question the way to solicit
2 the answer?

3 Q So isn't it true that when you approached Ms. Meadows at
4 that dinner, in the presence of others, that you shouted
5 obscenities to her?

6 THE WITNESS: Your Honor, I'm -- he's asking me for
7 an interpretation that doesn't exist.

8 THE COURT: Did you --

9 THE WITNESS: I'm asking --

10 THE COURT: Did you use obscenities with Ms. Meadows?

11 THE WITNESS: I asked her a very point blank
12 question. Would you like me to ask -- repeat the question?

13 THE COURT: I just --

14 MR. NOALL: Your Honor --

15 THE COURT: Mr. Garman?

16 THE WITNESS: It's not obscenities. There was one
17 word.

18 THE COURT: Mr. Garman?

19 MR. NOALL: It's Mr. Noall, Your Honor.

20 THE COURT: I'm sorry, Mr. Noall.

21 MR. NOALL: And it was just a yes or no question.

22 THE COURT: Garman's name is underneath you, sorry,
23 Mr. Noall.

24 Go ahead, Mr. Noall.

25 MR. NOALL Your Honor, it was a yes or no question;

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1 I'd like the witness to answer the question.

2 THE COURT: Just answer the question, Ms. Schneider.

3 A So you asked me if it was obscenities. I used one word.

4 I asked her if she was fuck'n stupid.

5 Q Thank you. Now you've read the motion filed by Judge
6 Journey to appoint an examiner, correct?

7 A Correct.

8 Q And your knowledge of the allegations in that motion are
9 predicated upon the allegations of conduct alleged by the NYAG,
10 which is the basis of most of that motion, correct?

11 A Correct.

12 Q And you understand, do you not, that the NRA has taken
13 steps to investigate the facts alleged by the NYAG or the
14 allegations alleged by the NYAG in its complaint, correct?

15 UNIDENTIFIED ATTORNEY: Objection, Your Honor;
16 speculation.

17 THE COURT: Overruled.

18 MS. CONNELL: I would add lack of foundation.

19 THE COURT: Overruled.

20 You may answer the question.

21 A It is my understanding from what I read in the media, my
22 interpretation of that is nothing has changed.

23 Q So you don't have any personal knowledge with respect to
24 what steps the NRA has taken to investigate or remediate any
25 issues raised in the complaint filed by the NYAG, isn't that

1 correct?

2 A Correct.

3 Q And you understand that the NYAG has sought the
4 dissolution of the NRA, correct?

5 A Correct.

6 Q And you don't support the dissolution of the NRA, do you?

7 A I do not.

8 Q And you don't support the appointment of a trustee, do
9 you?

10 A I do not.

11 Q And you don't support the dismissal of this bankruptcy
12 case, correct?

13 A I don't have enough knowledge in bankruptcy law to make an
14 informed decision.

15 Q Do you support the appointment of a receiver over the
16 National Rifle Association to take control of its assets?

17 A I -- I do not.

18 Q And since you resigned in 2019, your knowledge of what has
19 occurred at the NRA at its Board level and its executive level
20 has been limited by what you have been told by others, isn't
21 that correct?

22 A Or what has been reported in the media.

23 Q Which has been told by others, correct?

24 A Correct.

25 Q And you supported Colonel Lieutenant North with respect to

1 the issues that he raised going into the 2019 meeting in
2 Indianapolis, isn't that correct?

3 A I supported an audit, that is correct.

4 Q Did you support him?

5 A I did.

6 Q Were you aware at that time that he was being paid
7 millions of dollars by Ackerman McQueen?

8 A I believe so, yes. I'm not positive when I learned that
9 he was actually being paid.

10 Q With respect to your discussion with the law firm Baker
11 Botts, what did you tell Baker Botts?

12 A That's confidential, I believe.

13 MR. NOALL: Your Honor, I think that she waived the
14 privilege on that because she testified -- she's trying to
15 basically use the privilege as a shield and a sword at the same
16 time. She testified about what she did as a result of that --
17 those communications.

18 I would like to know what she told the lawyers in
19 order to get the advice that made her -- or had -- upon which
20 she carried out ultimately.

21 THE COURT: The witness --

22 MR. WATSON: Objection, Your Honor.

23 THE COURT: The witness --

24 MR. WATSON: Go ahead. Go ahead, Judge.

25 THE COURT: The witness has claimed her attorney-

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1 client privilege, and I will let her do that.

2 MR. NOALL: Okay.

3 MR. WATSON: Thank you, Judge.

4 BY MR. NOALL:

5 Q Now prior to your joining the Board of the National Rifle
6 Association, you indicated that you had many years of
7 experience in gaming and marketing, is that correct?

8 A Correct.

9 Q And there came a time in 2005 where you became a Director
10 of the Indiana State Lottery, isn't that correct?

11 A Correct.

12 Q And while you were there, and during the term in which you
13 were a Director, isn't it true that the auditors found that
14 lottery funds had been used for inappropriate purposes during
15 your term?

16 A There was one --

17 MR. WATSON: Objection, Your Honor; relevance.

18 THE COURT: Relevance, Mr. Noall.

19 MR. NOALL: Yes, Your Honor. The testimony here is
20 that the witness was retaliated against. And she's talked
21 about retaliation, and I think that I'm trying to bring out
22 that there might be reasons why the witness -- the witness may
23 have -- the witness may not have been fit for a particular
24 role.

25 THE COURT: Sustain the objection.

1 (Pause)

2 BY MR. NOALL:

3 Q You can answer the question.

4 THE COURT: No, I sustained the objection.

5 (Pause)

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

7 MR. WATSON: Your Honor, I just have some brief
8 redirect, if I may.

9 THE COURT: You may.

10 MR. WATSON: Okay.

11 REDIRECT EXAMINATION

12 BY MR. WATSON:

13 Q Just a couple of questions, Mrs. Schneider. And for the
14 record, Jermaine Watson on behalf of Judge Journey and current
15 and former Board members -- certain current and former Board
16 members.

17 You recently testified that Wayne LaPierre is not a
18 key fundraiser; why is that? What's the basis for your
19 knowledge?

20 A I believe there are other individuals who were far more
21 effective at raising money for the National Rifle Association.

22 Q Who are those individuals?

23 A A lot of people like myself who had a very passionate
24 reason for asking others to support with donations. There are
25 other staff that did a lot of the fundraising themselves. You

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1 know, I believe there were others far more effective at raising
2 money for the National Rifle Association.

3 Q Do you -- do you believe the NRA could continue to raise
4 money if Wayne LaPierre is replaced?

5 A Absolutely. The Second Amendment is a passion for nearly
6 -- more than 50 percent of Americans.

7 Q Thank you, Ms. Schneider. I want to ask you a few
8 questions about the examiner motions. Were all the allegations
9 in the -- so you testified that you read the examiner motion,
10 right?

11 A Yes.

12 Q And were all the allegations in that motion based upon the
13 New York AG or the DC AG's pleadings?

14 A You know, I -- again, I have to go back and look at them,
15 but I don't believe so. I believe there were other allegations
16 that we uncovered, or possible allegations that the New York AG
17 may not have addressed.

18 Q Thank you, Ms. Schneider. So in particular the examiner
19 motion contained information related to your interactions with
20 Ms. Meadows, isn't that correct?

21 A Yes.

22 Q And the examiner motion also contained allegations related
23 to your interactions with Board counsel, correct?

24 MR. NOALL: Objection, Your Honor.

25 A Correct.

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1 MR. NOALL: Leading.

2 THE COURT: Sustained on leading.

3 MR. WATSON: Okay.

4 BY MR. WATSON:

5 Q What other allegations besides your interactions with Ms.
6 Meadows were uncovered in the examiner motion?

7 A Well, let's see. I don't know if this was uncovered, but
8 there was a Facebook post by Janet Nyce who is the co-chair of
9 the Women's Leadership Forum accusing me of calling Mrs.
10 LaPierre a lot of vulgar names, which I never did. That is --
11 was an absolute fabrication, and it pitted a lot of people
12 against me, that I was out to get the NRA, which couldn't have
13 been further from the truth.

14 MR. WATSON: No further questions, Your Honor. I'll
15 pass the witness.

16 THE COURT: Thank you.

17 Does the NYAG have any other questions of Ms.
18 Schneider?

19 MS. CONNELL: No, Your Honor; thank you.

20 THE COURT: Ackerman?

21 MR. MASON: I've got one more questions, Your Honor.

22 THE COURT: Okay.

23 RE-CROSS-EXAMINATION

24 BY MR. MASON:

25 Q Ms. Schneider, based on your service as an NRA Board

1 member, isn't it true that anyone who challenges or questions
2 Mr. LaPierre is ignored, scolded, suspended, fired, or
3 otherwise terminated from the NRA?

4 A That is my --

5 MR. NOALL: I would object, Your Honor; calls for
6 speculation, and there's a lack of foundation, and the question
7 is overbroad.

8 THE COURT: Overruled.

9 I'll let the witness answer the question. You may
10 answer the question.

11 A That is my opinion. That is my opinion, that that does
12 happen.

13 MR. MASON: No further questions; thank you, Ms.
14 Schneider.

15 THE COURT: Mr. Noall?

16 MR. NOALL: I have just one line of questions --

17 THE COURT: Sure.

18 MR. NOALL: -- for the witness, Your Honor.

19 THE COURT: Take your time.

20 RECCROSS-EXAMINATION

21 BY MR. NOALL:

22 Q Ms. Schneider, with respect to your testimony concerning
23 fundraising, do you know how much a day that the NRA raises on
24 an --

25 A No.

1 Q -- annual basis?

2 A No.

3 Q Okay. And -- and so you don't know how much money a day
4 needs to be raised to operate the organization?

5 A No.

6 Q And do you -- you said that you -- you thought that you
7 would be a fundraiser. Have you been a fundraiser before?

8 A Yes.

9 Q And how much -- with respect to the campaigns that you've
10 been a fundraiser on, how much have you raised on a daily basis
11 over the course of a year?

12 A There is no way to tabulate that between political
13 campaigns and other organizations. I didn't do it full-time
14 for a multitude of years for one organization or one entity.

15 Q Have you ever raised \$500,000 a day?

16 A (Laughter) No.

17 Q Have you ever raised \$250,000 a day?

18 A I don't know. I'd have to go back and look at all the
19 money that I've raised, and for whom it was raised, and give
20 you an answer.

21 Q Who are the other persons that you believe -- that you
22 were referring to that you believe could replace Wayne LaPierre
23 with regard to his fundraising ability for the National Rifle
24 Association?

25 A Don Chilco (phonetic) is a former member of the

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1 Advancement Team who raised an exceptionally large amount of
2 money. He had -- he's looked upon very favorably by most
3 people who ever met him, that's one.

4 Q And do you know if in any one-year period how much he has
5 raised for an organization?

6 A I do not.

7 Q What other persons did you mention that you believed could
8 replace Wayne LaPierre in raising funding for the National
9 Rifle Association?

10 A It would take me a while to go back and research that, but
11 I'm sure there are plenty other individuals. Chris Cox is
12 another one.

13 MR. NOALL: Your Honor, I have no further questions
14 of this witness.

15 THE COURT: Thank you, Mr. Noall.

16 Does anyone else have any questions of Ms. Schneider?

17 (No audible response heard)

18 THE COURT: Does anyone intend to call Ms. Schneider
19 again as a witness in this trial?

20 (No audible response heard)

21 THE COURT: Okay.

22 MS. PILATOWICZ: Debtors do not, Your Honor.

23 THE COURT: Okay. Hearing -- hearing none --

24 MS. CONNELL: No, Your Honor.

25 THE COURT: -- on that, Ms. Schneider, there's been a

1 Rule of Evidence invoked about speaking with others about your
2 testimony. So that part of the rule stays in place for you, so
3 don't speak with anyone about your testimony until I've ruled,
4 which will be approximately a week after the trial has ended.
5 Do you understand that?

6 MS. SCHNEIDER: I do, sir.

7 THE COURT: But you're welcome to watch the hearing
8 from this point on, and I would request that you also not speak
9 with the media while the trial is going on.

10 MS. SCHNEIDER: Understood.

11 THE COURT: All right.

12 You may be excused, ma'am; thank you.

13 MS. SCHNEIDER: Thank you.

14 THE COURT: Mr. Taylor or Mr. Watson?

15 MR. WATSON: I'm sorry, Judge?

16 THE COURT: Do you have another witness, or was this
17 the last witness that you were going to call?

18 MR. WATSON: Your Honor, Judge Journey rests.

19 THE COURT: Okay; thank you very much.

20 So I'm in the asking not telling phase. I thought
21 the best thing to do in the use of our time -- we have about 50
22 minutes or so -- is to go back into the Friday deposition, but
23 I'm willing to listen to other ideas so long as we know that we
24 really need to conclude today.

25 MS. CONNELL: Your Honor, this is Monica Connell from

1 the Attorney General's Office.

2 Representatives from my office spoke with
3 representatives from Mr. Garman's office during Ms. Schneider's
4 testimony. There was still a few issues regarding depositions
5 designations to hash out.

6 If we could just have a few more minutes, and I'm not
7 sure we brought in some of the other parties, to address this
8 issue. We stand ready to play Mr. Phillips' video that Your
9 Honor indicated you just wanted to see to get a sense of the
10 witness, at the suggestion of the United States Trustee.
11 That's about 17 minutes long, and we could go ahead and play
12 that while the parties speak. And I think that might be a good
13 use of time, but --

14 THE COURT: Yeah, I actually prefer doing that after
15 we have all --

16 MS. CONNELL: Yeah, I think they're --

17 THE COURT: -- deposition parts put into the record.
18 So I'm happy to take a short recess, and let you all visit if
19 you want to.

20 However you want to use this time wisely, I --

21 MS. CONNELL: Thank you, Your Honor. We're trying to
22 work collaboratively, it's an issue regarding new designations,
23 and whether the debtors are going to do their designations in
24 chief -- as part of their case in chief right now, and how that
25 will actually work. So it's a little more complicated than you

1 would think. But I think a few minutes, we might be able to
2 hash it out.

3 THE COURT: I don't know why I'm not surprised by
4 it --

5 MS. PILATOWICZ: And, Your Honor --

6 THE COURT: -- being a little bit more complicated,
7 Ms. Connell.

8 Okay, I'll hear from -- in the debtors' counsel, yes?

9 MS. PILATOWICZ: Yes, Your Honor. Teresa Pilatowicz
10 for the debtors.

11 The debtors are prepared to read in the designations,
12 there's probably somewhere between five and ten minutes.

13 I did speak with Ms. Stern from Ms. Connell's office.
14 The question was whether we intended to read all the
15 designations at this time, or if we were going to call Woody
16 Phillips in our case in chief. And I indicated that I believed
17 it was the Court's intent that we would read them all at this
18 time, and that is what we intend to do.

19 THE COURT: All right. Are you ready, or do you want
20 a short pause to talk to the AG further?

21 MS. CONNELL: Your Honor, I just think we need to
22 have a brief conversation about the scope of the designations,
23 it shouldn't be long, but a few minutes should help us iron it
24 out. I apologize.

25 THE COURT: It's okay. It's okay. All right, let's

1 take a brief recess for y'all to have that conversation, and
2 then we'll come back in and get back into that deposition then.

3 It sounds to me like it --

4 MR. DRAKE: Your Honor?

5 THE COURT: Uh-huh, yes?

6 MR. DRAKE: I'm sorry, this is Scott Drake.

7 I just wanted to make sure that none of the movants
8 plan to call any more live witnesses, I thought that was the
9 case, but I'd just like to confirm nothing's changed. That all
10 we have remaining in the movants' case is the depositions, and
11 there's no further live witnesses.

12 MS. CONNELL: For the NYAG, that is true, Mr. Drake.

13 MR. DRAKE: Thank you.

14 MR. MASON: That is correct, as well, from Ackerman,
15 reserving our rights to call rebuttal witnesses if necessary,
16 but, yes.

17 THE COURT: All right. Let's take a short recess,
18 and we'll come back in.

19 How long do you think you need, Ms. Connell? Just --

20 MS. CONNELL: I wouldn't think it would be more --
21 five to ten minutes, Your Honor, and it should be completely
22 straightened out.

23 THE COURT: That's fine.

24 MS. CONNELL: Even five, maybe.

25 THE COURT: Okay. Why don't we give you ten? So

1 we'll come back in -- it looks to me like about 11:25, okay?

2 All right?

3 Thank you.

4 (Recess 11:13 a.m./Reconvene 11:24 a.m.)

5 THE COURT: Are the parties ready?

6 (No audible response heard)

7 THE COURT: Are you all ready to go back on the
8 record in NRA?

9 MULTIPLE SPEAKERS: Yes, Your Honor.

10 MR. MASON: We -- Ackerman's ready. Once the NRA is
11 back up. I'm not sure they're back.

12 THE COURT: Okay.

13 MR. MASON: Okay, I think we're ready, Your Honor.

14 THE COURT: All right.

15 MR. MASON: And I'm sorry, go ahead. Go ahead, Your
16 Honor.

17 THE COURT: I was just -- I was going to ask Ms.
18 Connell where they are, but did you need to tell me something,
19 Mr. Mason?

20 MR. MASON: Well, if I may briefly before Ms. Connell
21 jumps in. Here's some of the problem with some of these -- the
22 depo designations, Your Honor. The Court set a deadline of
23 April the 5th to designate testimony. And the parties complied
24 with that.

25 The Court then set a deadline of April the 7th to

1 assert objections, and to assert counter-designations.

2 The issue now is with -- not only with respect to Mr.
3 Phillips, but with respect to Ms. Hallow and Ms. Meadows, who
4 Ackerman intends to read portions of those in this afternoon.

5 The NRA has just sent us some new counter-
6 designations that were not previously provided on April 6th --
7 7th, the original deadline. And so that's part of the issues
8 that we're trying to work through here.

9 I think Ms. Connell can speak more to the Woody
10 Phillips aspect of that. I don't believe that there's a lot of
11 new counter-designations, if you will. I think for the record,
12 Ackerman would object to those being read in as not previously
13 counter-designated, as required by Your Honor.

14 And then with respect to the Millie Hallow and
15 Carolyn Meadows, to the extent that we can address those -- or
16 try and address those during the lunch hour with the NRA, we
17 will do that if we have time.

18 But I know with respect to Ackerman's position on
19 those, it will be that those counter-designations should have
20 been asserted -- I'm sorry, somebody, I don't believe, is
21 muted.

22 THE COURT: Yeah, would you mute, please? Thank you.
23 Keep on going.

24 MR. MASON: Ackerman's position with respect to those
25 new counter-designations will be that those should have

1 previously been asserted and, therefore, they're not
2 appropriate.

3 If the Court is inclined to permit those new counter-
4 designations that we just received this morning, specifically
5 with respect to Ms. Hallow and Ms. Meadows, then we would ask
6 that the Court provide us with a sufficient amount of time to
7 analyze those counter-designations to see if we have any
8 objections.

9 And, frankly, if we can't do that during the lunch
10 hour, my suggestion on Meadows and Hallow specifically would be
11 to allow Ackerman to put on the designations that were
12 designated previously that there's no objections to.

13 The ones that there are objections to, we can go
14 ahead and raise those with the Court.

15 And then to the extent that there's counter-
16 designations that need to be addressed later by the NRA, we can
17 take that up, or we can deal with that during their case in
18 chief.

19 And so we're trying to figure all this out, Your
20 Honor, but that's kind of just some of the background that
21 we're dealing with.

22 Ms. Connell can probably more -- provide more
23 background on the Woody Phillips issues, but that's kind of
24 where we're at on some of these issues.

25 THE COURT: Thank you.

1 MS. CONNELL: Your Honor, may I speak?

2 THE COURT: Sure.

3 MS. CONNELL: Okay. I think Woody Phillips is in a
4 little bit of a different category, just because Your Honor has
5 clearly indicated you want to hear the full read in of
6 designated portions prior to seeing the video.

7 As Mr. Mason stated, on April 5th, as per the Court's
8 direction, the parties submitted designations.

9 On April 7th, they submitted counter-designation. As
10 to all portions we read into the record, we also read the NRA's
11 counter-designation.

12 Yesterday, the NRA served new designations for Mr.
13 Phillips. The -- most of them were things they had previously
14 designated, or some of the AG's designations, and we don't
15 object to those.

16 There's a number of -- another previously designated
17 items, and to those, we object just because we haven't had the
18 time to go through and look at, and see if there needs to be
19 counter-designations. It just seems fair to me, Your Honor,
20 that when the parties were bound two weeks ago to identify what
21 they're going to rely upon, we should stick to that.

22 And so right when the Court came back, I was just
23 speaking to Ms. Pilatowicz about our objection, just to certain
24 -- the handful of brand new designations that haven't
25 previously been designated by either side, which we don't think

1 should be read. We object to it as being late.

2 Other than that, we're ready to proceed with Mr.
3 Phillips' deposition reading and the video.

4 THE COURT: Let's hear from the debtors -- debtors'
5 side.

6 MS. PILATOWICZ: Your Honor, if I may address those
7 points.

8 THE COURT: You may.

9 MS. PILATOWICZ: Thank you, Your Honor.

10 First, with respect to the Woody Phillips
11 designations, as this Court's aware on Friday, midday, we
12 received revised designations.

13 We advised the Court at that time that we would need
14 to review the revised designations, see if there were
15 additional counter-designations, or see if there were further
16 objections.

17 Obviously when deposition designations change, the
18 counter-designations can change.

19 We provided that yesterday morning, less than a
20 business day, to the New York AG.

21 We did not hear any objections until right before the
22 last witness started to testify. The designations are proper
23 counter-designations. They're limited in scope. They are
24 probably less than five minutes of testimony, and it's our
25 intent to get all of Woody's testimony in at one time, as the

1 Court requested.

2 With respect to the Ackerman designations, likewise,
3 on Friday, we were advised for the first time that Ackerman
4 would be changing their designations.

5 The Court instructed Ackerman to work with the
6 debtors over the weekend, provide that information so we could
7 discuss these issues.

8 Ackerman did not provide us with the information
9 until yesterday, I believe we received it at approximately 11
10 o'clock.

11 We provided our counter-designations this morning at
12 the start of the trial.

13 S, Your Honor, we have been working diligently. We
14 have been working quickly. And, yes, some of our designations
15 have changed, but that's because the testimony that's been
16 designated has changed, and the responses, therefore, changed.

17 MS. CONNELL: Your Honor, may I just correct one
18 thing? I just want to be clear because I do want to be fair to
19 the debtors.

20 We limited our designation, and we told the parties
21 that we were going to to speed the plow, and we circulated a
22 chart of our new reduced designations, the objections, and
23 counter-designations to those last week on, I think, Wednesday
24 to the debtors with a highlighted transcript, I believe. And,
25 Your Honor, we then followed up and, you know, discussed it on

1 Friday.

2 So that was all shared before, I just didn't want you
3 to think we had sprung anything last minute.

4 And, by the way, I know all the parties have been
5 working diligently, and certainly we had a big motion to deal
6 with yesterday, and the debtors had their papers to file
7 yesterday.

8 So my implication is not any misconduct at all, it's
9 just a matter of, you know, late designations, then putting us
10 in the position of not really having the chance to respond.

11 MR. MASON: Your Honor, may I be heard briefly, as
12 well?

13 THE COURT: Just briefly. We're about to eat up the
14 entire morning over this, so just briefly.

15 MR. MASON: With respect to the changing of
16 designations, there was, I believe, three to four lines that
17 was originally left off. That was the only new designations
18 that Ackerman did.

19 There was no changing of the depositions
20 designations. What we did is we had previous designations that
21 were broader, and we went back and we tried to reduce those
22 designations that were previously designated in order to
23 streamline this -- our case in chief.

24 So the notion that we went back, and we just
25 completely redid or changed a bunch of designations is just not

1 true.

2 In addition to that, and I had failed to mention this
3 at the outset, the NRA has asserted new objections to the same
4 testimony that they previously did not object to on April the
5 7th in some of Ackerman's original designations.

6 So they had an opportunity, they didn't do it, now
7 they're coming back and doing it again.

8 So that's kind of the issue that we're -- that we're
9 faced with right now on this issue.

10 THE COURT: Well, at least on Ackerman, are you in
11 the same spot that the Attorney General is? It seems to me Mr.
12 Garman made a good point last week, that if you undesignated
13 things that he thought was coming in, it was fair for him to be
14 able to designate those. Not something new, but something you
15 had designated, and now you're not going to use. Are you in
16 the same position that the AG is on that?

17 MR. MASON: Yes. I mean absolutely. If we
18 previously designated something, and they would like to read it
19 in, I have -- I have not issue with them doing that. I think
20 it's their prerogative to do that.

21 But I think that the new stuff is what we take issue
22 with.

23 THE COURT: Okay. Yeah, I hear you on that, okay.

24 All right, if you'd give me just a couple of minutes.
25 I will say that you're really good at throwing things at me as

1 we start a hearing, so bear with me, we'll be in recess for a
2 couple minutes.

3 (Recess 11:35 a.m./Reconvene 11:37 a.m.)

4 THE COURT: I think that the approach that just
5 really has to be taken, given the deadline to designate, would
6 be that the NRA can designate anything that was designated by a
7 party that's now removed the designation.

8 I don't think you have the ability to add new
9 designations.

10 So if you designated it in the first place, or you're
11 designating things that one of the two parties has taken out,
12 that's going to be fine.

13 So with that guidance, can we move into the
14 designations by the NRA so we can try to do that part, at
15 least, this morning?

16 MS. CONNELL: Yes, Your Honor. I believe Ms.
17 Pilatowicz is going to read the NRA's portions of Mr. Phillips'
18 deposition.

19 THE COURT: Okay.

20 MS. PILATOWICZ: And, Your Honor, I have in front of
21 me the designations that we filed this morning. I need to grab
22 the old designations --

23 THE COURT: It's --

24 MS. PILATOWICZ: -- and now do a comparison with what
25 they've removed.

Phillips Deposition Reading

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1 THE COURT: If something slips up, I'm sure -- I
2 would almost bet someone will tell you. I have your
3 designations, too, that you filed.

4 MS. PILATOWICZ: Fair enough.

5 THE COURT: Thank you.

6 MS. PILATOWICZ: We'll go ahead and read as they are
7 in there.

8 THE COURT: Okay; thank you.

9 (Pause)

10 MS. PILATOWICZ: I apologize, Your Honor, we're just
11 turning on the camera for the witness.

12 THE COURT: That's quite all right.

13 (Pause)

14 MS. PILATOWICZ: Okay. It looks like we're ready.
15 Are you ready, Mr. Gaither?

16 MR. GAITHER: I am.

17 MS. PILATOWICZ: Okay. Mr. Gaither, if you could
18 turn to Page 15 of the transcript.

19 MR. GAITHER: I'm there.

20 MS. PILATOWICZ: And we'll start at Page 11.

21 WOODY PHILLIPS, DEPOSITION READINGS

22 "Q Can you tell us your full name, please?

23 "A Wilson Hayward Phillips, Junior."

24 MS. PILATOWICZ: And turning to Page 18, starting at
25 Line 11.

1 "Q How would you describe Mr. LaPierre's management
2 style?

3 "A It's a hard question to answer, but he's -- he was a
4 good manager. He tried to put people in the right
5 position to do their job, and he had basically, as far as
6 I know, support of people he managed."

7 MS. PILATOWICZ: And now turning to Page 22, starting
8 at Line 9.

9 "Q Okay. In your role as Treasurer, Mr. Phillips, what
10 were your responsibilities?

11 "A Overseeing the financial position of the National
12 Rifle Association."

13 MS. PILATOWICZ: And, Your Honor, for clarity of the
14 record, there was an objection inserted in there, but it's been
15 withdrawn.

16 THE COURT: Thank you.

17 MS. PILATOWICZ: Now turning to Page 64 --

18 MS. CONNELL: Your Honor, I believe this is a new
19 designation.

20 (Pause)

21 MS. PILATOWICZ: And, Your Honor, I don't have my old
22 notes. It's -- so I can't speak to whether it's new.

23 THE COURT: Well, could you have someone look that
24 up, and just -- you can come back to it if it's not new.

25 MS. PILATOWICZ: Sure, Your Honor.

1 MS. CONNELL: The next one also -- Page 153 is also
2 new.

3 THE COURT: Counsel, I'm fine on pausing if you can
4 verify that quickly that it's new, or tell me that it's not
5 new. And that goes to the other one, too, that was just passed
6 over.

7 MS. PILATOWICZ: Your Honor, I have somebody pulling
8 the prior designation, and we'll take a look at that.

9 THE COURT: Okay.

10 MS. PILATOWICZ: And then we will -- we can revert
11 back if we need to read it in.

12 THE COURT: Okay; thank you.

13 MS. PILATOWICZ: Turning to Page 166, starting at
14 Line 14:

15 "Q Mr. Phillips, while we do that, are you familiar with
16 an entity called HomeTelos?

17 "A Yes.

18 "Q Is that the correct pronunciation, sir?

19 "A Telos.

20 "Q What is HomeTelos?

21 "A I decline to answer based on the privilege provided
22 to me by the Fifth Amendment of the United States
23 Constitution.

24 "Q Do you know who a woman named Nancy Richards is?

25 "A I decline to answer based on the privilege provided

1 to me by the Fifth Amendment of the United States
2 Constitution.

3 "Q Were you in a personal relationship with Ms.
4 Richards?

5 "A I decline to answer based on the privilege provided
6 to me by the Fifth Amendment of the United States
7 Constitution.

8 "Q From 2014 to 2017, did the NRA have a contract with
9 HomeTelos?

10 "A I decline to answer based on the privilege provided
11 to me by the Fifth Amendment of the United States
12 Constitution.

13 "Q HomeTelos is run by Ms. Richards, correct?"

14 MS. PILATOWICZ: And there's an objection, that will
15 be withdrawn, Your Honor.

16 THE COURT: Thank you.

17 "Q Or during the time period was run by Ms. Richards, is
18 that correct?

19 "A I decline to answer based on" --

20 MS. PILATOWICZ: Go ahead.

21 MR. GAITHER: I'm sorry.

22 "A I decline to answer based on the privilege provided
23 to me by the Fifth Amendment of the United States
24 Constitution.

25 "Q Did you inform Mr. LaPierre when the NRA was engaging

1 HomeTelos that you were in a relationship with the Chief
2 Executive of that company?

3 "A I decline" --

4 MS. PILATOWICZ: And there's an objection that will
5 be withdrawn.

6 "A I decline to answer based on the privilege provided
7 to me by the Fifth Amendment of the United States
8 Constitution."

9 MS. PILATOWICZ: And moving to Page 169, question:

10 "Q This says negotiated by T. Hayes and W. Phillips, is
11 that correct?"

12 MS. PILATOWICZ: And there's an objection that will
13 be withdrawn.

14 "A Yes, that's correct.

15 "Q And two lines down, it says, 'Responsible officer
16 approval,' and there seems to be a signature there, is
17 that correct?"

18 MS. PILATOWICZ: And there's an objection that will
19 be withdrawn.

20 "A I decline to answer based on the privilege provided
21 to me by the Fifth Amendment of the United States
22 Constitution."

23 MS. PILATOWICZ: And then moving to Page 170:

24 "Q Did you tell the Audit Committee of the NRA that you
25 had a relationship with Ms. Richards in -- in regard to

1 the retention of HomeTelos?

2 "A I decline to answer based on the privilege provided
3 to me by the Fifth Amendment of the United States
4 Constitution.

5 "Q Mr. LaPierre signed a contract review sheet
6 pertaining to HomeTelos that you prepared in 2014. Did he
7 know at the time that it was run by someone with whom you
8 had a personal relationship?

9 "A I decline to answer based on the privilege provided
10 to me by the Fifth Amendment of the United States
11 Constitution."

12 MS. PILATOWICZ: Okay. Moving down to Page 171 at
13 Line 25:

14 "Q Okay. Do you know whether you told the President or
15 the First Vice President that you had a personal
16 relationship with an officer of HomeTelos?"

17 MS. PILATOWICZ: And there's an objection that will
18 be withdrawn.

19 "A I decline to answer based on the privilege provided
20 to me by the Fifth Amendment of the United States
21 Constitution."

22 MS. PILATOWICZ: Moving down to Page 193 at Line 17,
23 question:

24 "Q Did you ever discuss with Mr. LaPierre outside the
25 presence of counsel the possibility of reincorporating the

1 NRA in a different state and" --

2 MS. PILATOWICZ: And then the answer starts at Page
3 195, Line 1.

4 "A I understand" --

5 MS. PILATOWICZ: Or 194, Line 1, sorry.

6 "A I understand, yes.

7 "Q And what happened with those discussions?

8 "A I don't know the answer to that."

9 MS. PILATOWICZ: Okay. Moving to Page 223.

10 MS. CONNELL: This is a new designation, I believe.

11 MS. PILATOWICZ: Your Honor, we'll review that one
12 and revert back if we need to.

13 THE COURT: Okay.

14 MS. PILATOWICZ: And then Page 248, starting at --

15 MS. CONNELL: I'm sorry to interrupt, Ms. Pilatowicz.
16 The remaining designations are all new, they've never
17 previously been designated.

18 MS. PILATOWICZ: Your Honor, we'll get the notes and
19 review it. And I think if the Court wants to view the video
20 after that, if we need to address any of the ones that we
21 discussed, we can come back and do that.

22 THE COURT: Okay. Can you do that over the lunch
23 hour, just to verify? Or do you want -- I really want the
24 whole -- all the parts of the deposition in before we see the
25 video, so --

1 MS. PILATOWICZ: I can certainly do it over the lunch
2 hour, Your Honor.

3 THE COURT: Or can you do it -- the other question is
4 can you do it quicker -- it's okay if you can't.

5 MS. PILATOWICZ: My notes are printing. If you'd
6 give me five minutes, I think we can do it.

7 THE COURT: Okay. Why don't we do that, just to
8 verify? Because it would be nice, even if we go, you know,
9 into a little bit past noon, if we can do the video, and then
10 stop, I think it would be a nice thing. So can you just verify
11 in about five minutes. I hate to put pressure on you like
12 that, but maybe we could have some continuity, at least, on
13 this one deposition.

14 MS. PILATOWICZ: No, certainly, Your Honor. I
15 believe -- I'm just waiting for a printout of my notes, and
16 that should be here, and then I can do it within five minutes.

17 THE COURT: Okay, all right.

18 (Pause)

19 STENOGRAPHER: This is the stenographer. Could I
20 please get the spelling of the name of the gentleman who's
21 reading the answers?

22 MR. GAITHER: It's Gaither, G A I T H E R.

23 STENOGRAPHER: Thank you.

24 (Pause)

25 MS. PILATOWICZ: Your Honor, we're fine with

1 proceeding with the video, and we'll -- we'll withdraw anything
2 else that we skipped over, to the extent that it wasn't
3 previously designated.

4 THE COURT: Let me at least point out one thing. My
5 trustee law clerk here is on the ball on this. It looks like
6 the last one that you have -- in your new counter-designation
7 actually includes Pages 284 at Line 23 through 287 at Line 30 -
8 - Line 13, which might be -- is that right?

9 (The Judge engaged in off-the-record colloquy)

10 THE COURT: There's a little bit of overlap, it looks
11 like to me, in the new and the old. Do you see what I'm
12 saying, Ms. Connell? Do you have the old --

13 MS. CONNELL: I'm just trying to take a look -- just
14 trying to take a look at it right now, Your Honor, I certainly
15 don't want to make a mistake.

16 THE COURT: Yeah, I know you don't.

17 MS. CONNELL: We looked at -- we're looking at 512,
18 and it seems that we added at the end of that -- one second,
19 Your Honor, we're paging down.

20 THE COURT: Yeah.

21 MS. CONNELL: We ended at 237, Lines 10 through 15,
22 that was it. So we didn't -- we didn't have anything in the
23 two eighties that I can identify, Your Honor.

24 MS. PILATOWICZ: And, again, Your Honor, for
25 efficiency sake, in order to move this forward, we're fine with

1 just moving into the video and we'll withdraw any remaining --
2 any remaining designations.

3 THE COURT: All right; thank you very much.

4 MS. CONNELL: Yes, thank you.

5 THE COURT: All right. We'll move into the video as
6 the last part of the morning.

7 I have one question of Mr. Mason, though, I just want
8 to make sure because I think we'll probably be tackling this in
9 the afternoon. So before we get -- did we fix a deadline for
10 objections?

11 MR. MASON: Did --

12 THE COURT: We did --

13 MR. MASON: For objections?

14 THE COURT: Um-hum.

15 MR. MASON: I'm sorry.

16 THE COURT: Yes, in the depositions, did we?

17 MR. MASON: Yes, Your Honor. The -- our
18 understanding was that on April the 5th, which was the Monday
19 that we started the trial, that Your Honor instructed the
20 parties to do the designations prior to the start of evidence.
21 And then 48 hours later, the parties needed to assert their
22 objections, and counter-designations. And I believe that the
23 record reflects -- and just for the Court's convenience,
24 Ackerman's original designations were ECF 473, and the NRA's
25 original objections and counter-designations are 504.

1 And what we intend to do during the lunch hour is --
2 and I've already -- we've already begun doing this is -- to the
3 extent that there is, again, counter-designations that the NRA
4 wants in that we originally designated, we're going to try and
5 put them back in, and so that we can hopefully have a seamless
6 process for the Court this afternoon.

7 And I know we had provided the Court with a color
8 copy.

9 THE COURT: Yeah.

10 MR. MASON: We provided Mr. Williams with that. And
11 my intent is that we're going to try and update that, and get
12 it to the Court before we begin this afternoon.

13 THE COURT: And that was very helpful, and I
14 appreciate it.

15 Okay, all right. I think we're ready for the video,
16 and I think that will then conclude what we're going to try to
17 accomplish this morning. We'll come back (indiscernible) as
18 far as time from when we'd come back, but --

19 STENOGRAPHER: Excuse me, Your Honor. This is the
20 stenographer. Would you like me to write into the record the
21 video, or just note that a video was played?

22 THE COURT: I think it's fine just to note that the
23 video was played.

24 STENOGRAPHER: Thank you.

25 THE COURT: Let me just verify. This is my ECRO,

1 though. Is that correct, Shanette? Or should we --

2 (The Court engaged in off-the-record colloquy)

3 THE COURT: Yeah, I think that's fine.

4 STENOGRAPHER: Thank you.

5 THE COURT: On this one, that's fine. Thank you for
6 asking.

7 (Whereupon, the deposition of Mr. Phillips is played from
8 11:54:17 a.m. to 12:12:25 p.m.)

9 MS. PILATOWICZ: Your Honor, if I may just offer one
10 point of clarification for the record, because I noted earlier
11 your law clerk did point out that there were some highlights in
12 the transcript that was with the Court. I was perhaps too
13 hasty to act, I certainly don't intend to go back on my
14 withdraw of the designations. But what happened was Ackerman
15 had designated certain portions of the transcripts, that's what
16 we were adding back in. They weren't on the New York AG's, and
17 that was our confusion.

18 Again, I don't intend to go back on what I asked the
19 Court to do, I just wanted to point out why that confusion was
20 showing up in the Court's transcript.

21 THE COURT: I appreciate your saying that; thank you
22 very much.

23 I think we're at a stopping point, so why don't we
24 come back together at 1:30.

25 Ms. Connell, my understanding is that this is the

1 case for the Attorney General, if you want to wait until after
2 the lunch break just to ensure that that's correct, and then
3 rest, that would be fine with me, too.

4 MS. CONNELL: I'd appreciate that, sir, but, yes,
5 Your Honor, your understanding is correct. But I would
6 appreciate until after lunch, if that's possible.

7 THE COURT: No, I have been there and done that, and
8 maybe have forgotten something before, so I don't want to cut
9 you off from that.

10 Then my understanding is that we'll move into the
11 Ackerman depositions, and I intend to handle them the same way.
12 No new designations, but certainly if the debtor has designated
13 things that were taken out to streamline it, they're certainly
14 able to put that back into the depositions.

15 And could you just say on the record, Mr. Mason, I
16 think we know that your two witnesses that you're going to
17 call, just so we can sort of get ourselves ready on that, too.
18 The two depositions, one, I think, is Meadows. And who is the
19 other one?

20 MR. MASON: Yes, Your Honor, Carolyn Meadows and
21 Millie Hallow.

22 THE COURT: Okay.

23 MR. MASON: And, again, my intent is I'm going to
24 hopefully get on the phone with debtors' counsel, and we're
25 going to get the Court another updated highlighted transcript,

1 and make that as seamless as possible.

2 And if I could, Your Honor, it may be a little bit
3 longer now because of some of the new NRA designations that
4 we're going to try and incorporate. But I'm hopeful that
5 between those two witnesses, it's not going to be more than an
6 hour to an hour and a half. Do we know where we're going after
7 -- and, again, Ackerman intends to rest at that time, as well.
8 Do we know where we're going today after that?

9 THE COURT: I think -- not to be facetious, I think
10 we're going nowhere after that. I think Mr. Garman asked if --
11 because he's, I think, asked about bringing in an out-of-town
12 witness, and asked if he could start his case in chief
13 tomorrow, and I said yes to that.

14 MR. MASON: Okay.

15 THE COURT: At least, I'm going from memory, so, yes.
16 Counsel, did you want to --

17 MS. PILATOWICZ: Your Honor, I will confer with Mr.
18 Garman during the lunch break. We may be in a position to
19 proceed today.

20 THE COURT: Okay.

21 MS. PILATOWICZ: We'll let the Court know as soon as
22 we get back from the lunch break.

23 THE COURT: Okay. If you could say that --

24 MS. PILATOWICZ: If that's the case --

25 THE COURT: If you could say that when we start back,

1 then that would help everybody get ready.

2 And my intentions would be go to --

3 UNIDENTIFIED ATTORNEY: Your Honor --

4 THE COURT: -- go to a little bit after 6 tonight, if
5 we do have witnesses we could put on.

6 Yes, anybody?

7 MR. GRUBER: Your Honor, could we determine who the
8 witness is going to be? If they're going to put someone on
9 today, or even in the morning, could we have a name?

10 THE COURT: They're going to tell you right after the
11 lunch hour, and we're going to be plowing through y'all's
12 depositions for a couple of hours, so you'll have at least two
13 hours warning.

14 MR. GRUBER: That would be great.

15 THE COURT: Okay.

16 MR. GRUBER: That would be great; thank you.

17 THE COURT: My pleasure. All right, we'll be back on
18 the record at 1:30.

19 (Whereupon, at 12:16 p.m., the hearing was adjourned.)
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CERTIFICATE OF TRANSCRIBER

I, KAREN HARTMANN, a certified Electronic Court Transcriber, certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.



Karen Hartmann, AAERT CET 475 Date: April 20, 2021
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