

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

IN RE: . Case No. 21-30085-HDH-11
. .
NATIONAL RIFLE .
ASSOCIATION OF AMERICA . Earle Cabell Federal Building
and SEA GIRT LLC, . 1100 Commerce Street
. Dallas, TX 75242-1496
. .
Debtors. .
. April 21, 2021
. 1:15 p.m.
. P.M. Session

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

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1 THE COURT: Good afternoon. Are the parties ready in
2 NRA to go back on the record?

3 MR. GARMAN: The debtors are ready, Your Honor.

4 MR. VAN HORN: Yes, Your Honor, the New York Attorney
5 General is ready.

6 MR. MASON: Yes, Ackerman's ready, as well, Your
7 Honor.

8 THE COURT: Okay; thank you.

9 MR. DRAKE: Yes, Your Honor, the committee's also
10 ready.

11 MR. WATSON: Your Honor, Judge Journey is ready, as
12 well.

13 THE COURT: Thank you.

14 Mr. Garman?

15 MR. GARMAN: Yes, sir. Your Honor, at the outset, I
16 think it may be more efficient, but I would move to admit NRA
17 Exhibit 675 into the record, this is a video found on the
18 Attorney General's website that is a press conference
19 concerning the National Rifle Association.

20 MR. VAN HORN: Let me take a look real quick, Your
21 Honor.

22 Just to confirm for Mr. Garman, is this the entire
23 video, or is it excerpted, or otherwise not complete?

24 MR. GARMAN: No, sir, I'm moving to admit the entire
25 video.

1 MR. VAN HORN: No further objection, Your Honor.

2 THE COURT: That's 675, Mr. Garman?

3 MR. GARMAN: Yes, sir.

4 THE COURT: Okay.

5 MR. GARMAN: And for the record, Your Honor, it is
6 found on the Attorney General's website, but for the parties,
7 we downloaded it in its entirety, and the download is what was
8 submitted to Your Honor. But to the extent the parties would
9 like it, I have the specific web domain that it's found on.

10 THE COURT: Okay. NRA 675 is admitted.

11 (NRA's Exhibit 675 admitted into evidence)

12 MR. GARMAN: Thank you.

13 MR. VAN HORN: Your Honor, can I just make one more
14 quick clarification for Mr. Garman?

15 THE COURT: Certainly.

16 MR. VAN HORN: Is this one of the exhibits that was
17 just added from the most recent witness and exhibit list filed
18 by the debtors?

19 MR. GARMAN: What day was that? I can't remember
20 them all, I think this is what we put in Friday morning.

21 MR. VAN HORN: Okay. Well -- Your Honor, no further
22 objection on this video. I just want to make sure we're
23 preserving all rights and objections with respect to any other
24 exhibits that were designated -- potentially designated
25 untimely.

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1 THE COURT: All rights are reserved. 675's in.

2 WILLES LEE, DEBTORS' WITNESS, PREVIOUSLY SWORN

3 DIRECT EXAMINATION

4 RESUMED BY MR. GARMAN:

5 Q Colonel Lee, can you hear me?

6 A Yes, I -- yes, I can.

7 Q Thank you. Sir, are you familiar with an enforcement
8 action the New York Attorney General commenced against the
9 National Rifle Association?

10 A Yes.

11 Q And do you have an understanding as to what remedy she is
12 seeking by way of that action?

13 A Yes.

14 Q And what is it?

15 A Two: One is to either dissolve the NRA, or to seize up
16 all our assets.

17 Q And how do you know that?

18 A She said so in her press conference.

19 Q Have you read that action personally?

20 A I have.

21 Q And --

22 MR. GARMAN: Your Honor, with the admission of the
23 exhibit, I'm skipping a few questions, so one second.

24 (Pause)

25 Q Colonel Lee, has Attorney General James made public

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1 statements concerning the character of the National Rifle
2 Association that give you concern?

3 A Yes.

4 Q And can you explain to the Court what you're referring to?

5 A She called me a criminal and terrorist.

6 Q Well, did she call -- sir, did she call you personally, or
7 the Association?

8 A Well, I am the Association. We are -- the members are the
9 Association. But she called the Association a criminal
10 enterprise and a terrorist organization.

11 Q And where did she do this, sir?

12 A On television, but it was also in print.

13 Q Okay. Sir, would you -- would you open NRA Exhibit 676?

14 A I have it here, Counsel.

15 Q And can you identify --

16 MR. VAN HORN: Your Honor --

17 Q Have you seen --

18 MR. VAN HORN: I think before we get into this
19 exhibit, this is one that was late designated, and also is
20 hearsay, so I don't know if that helps address this particular
21 exhibit before we even get into it, to the extent Mr. Garman
22 and the debtors are seeking to lay a foundation or try to admit
23 it into evidence.

24 THE COURT: Let me get the exhibit opened, just give
25 me a second.

Lee - Direct/Garman

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1 (Pause)

2 THE COURT: I have it now.

3 MR. GARMAN: Your Honor, might I respond to the
4 objection?

5 THE COURT: You may.

6 MR. GARMAN: So, Your Honor, I think the parties have
7 been relative flexible on exhibits. I have dealt with exhibits
8 put forth by the movants that candidly I hadn't even received
9 by the time we dealt with them in court.

10 I admit that this was not in our initial binder at
11 the time we filed, but I think we supplemented more than timely
12 to allow fair use of this document. And I'll simply say that I
13 believe it to be self-authenticating under Rule 901. I believe
14 it to be an -- I believe it to be non-hearsay under Rule 801(b)
15 because it's a party opponent.

16 But to the extent it is hearsay, I believe it to be
17 an exception to hearsay under 803.

18 THE COURT: Mr. Van Horn?

19 MR. VAN HORN: Your Honor, this article is dated --
20 first, it's dated August 19th, 2020. This article should have
21 been listed on the debtors' witness and exhibit list, and it
22 was not listed until they just -- until the most recently filed
23 witness and exhibit list, I believe, on April 17th.

24 So we believe, first, it is entirely untimely, it was
25 readily available.

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1 And to the extent there's, you know, any issues with
2 respect to the actual -- that's not enough to prevent the
3 admission. It is still hearsay, I don't believe it falls
4 within an exception, and should not be admitted.

5 THE COURT: And it's a -- do I understand it to be a
6 newspaper article from USA Today, is that what it is?

7 MR. GARMAN: Yes, sir.

8 THE COURT: Sustain the hearsay objection.

9 BY MR. GARMAN:

10 Q Colonel Lee, can we -- I'd like to turn your attention to
11 the March 28th NRA board meeting. Did you personally attend
12 that meeting?

13 A I did.

14 Q And did there come a point in time when you chaired that
15 meeting?

16 A Yes.

17 Q And can you explain the circumstances under which you
18 became the chair of that meeting?

19 A As the Second Vice President, our President was not
20 available, and our Second Vice -- our First Vice President was
21 called away to a deposition by the New York Attorney General's
22 Office. So as the meeting continued, I took the chair.

23 Q And, sir, do you know who Judge Journey is?

24 A Yes.

25 Q And who is Judge Journey?

Lee - Direct/Garman

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1 A Judge Journey -- Mr. Journey is a member of our Board of
2 Directors.

3 Q Sir, I'll represent to you that Judge Journey has
4 represented that you shouted him down at that meeting. And my
5 question for you is did that happen?

6 A No.

7 Q Sir, can you -- can you open NYAG Exhibit 356, please?

8 A I have that.

9 Q Sir, can you identify for the Court what NYAG 356 is?

10 A This is a photocopy of -- title, "Proceedings of the
11 Meeting of the Board of Directors National Rifle Association of
12 America" dated Sunday, March 28, 2021.

13 Q Are you familiar with this document?

14 A I am.

15 Q Does this accurately -- does this document accurately
16 reflect the occurrences and activity of that March 28th board
17 meeting?

18 A Yes.

19 MR. GARMAN: Your Honor, I'd move to -- is it already
20 in?

21 UNIDENTIFIED ATTORNEY: Yes.

22 MR. GARMAN: Never mind. Sorry, Your Honor, it's
23 already in.

24 Q Colonel Lee, I wouldn't normally do this, but I would ask
25 you to review Pages 19 through 23, because I'm going to be

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1 asking you a series of questions about them.

2 (Pause)

3 A Thank you, Counselor.

4 Q Sir, at the outset, does this accurately reflect your
5 recollection of your interaction of that day with Judge
6 Journey?

7 A Yes.

8 Q What's a point of personal privilege?

9 A In Robert's Rules for conducting our meetings, a point of
10 privilege typically comes up when -- and it's -- it's personal
11 in nature. When a -- in this case a board member is perhaps
12 uncomfortable in the room, the air conditioning or the heating,
13 or needs to be excused for maybe a medical reason. There's
14 also grounds for addressing any issues that come up pertaining
15 specifically to that individual.

16 Q And did Judge Journey ask for a point of personal
17 privilege on that day?

18 A Yes.

19 Q And did you grant it to him?

20 A Yes.

21 Q And for how long did Judge Journey speak at his point of
22 personal privilege?

23 A To my recollection, it was four, maybe five minutes,
24 thereabouts.

25 Q And did there come a point in time where you interrupted

1 Judge Journey?

2 A Yes.

3 Q And why did you do that?

4 A Judge Journey's request to speak was based on responding,
5 and he began by telling us about his career. Mr. Journey then
6 began to discuss items that had been brought up earlier in
7 executive session in a privileged discussion with our counsel.
8 And at that point, our counsel had left, we were no longer in
9 that portion of the meeting, it had been closed, and so I
10 called Mr. Journey out of order.

11 Q Why would Judge Journey be out of order for discussing
12 that topic during that session?

13 A The matter had been brought up in privileged conversations
14 with our counsel present, and they were no longer present.

15 Q And who is that you're referring to that was no longer
16 present?

17 A Specifically Mr. Neligan and Mr. Garman.

18 Q Sir, could you describe for the Court the demeanor of the
19 interaction and your demeanor towards Judge Journey that might
20 not be captured in the transcript?

21 A Well, I think it is captured in the transcript, just by my
22 addressing him, as I do all the board members, by Mr. and Mrs.
23 I addressed him as Mr. Journey continuously. And I was not --
24 and it was not unnoticed that he addressed me by my last name,
25 calling out "Lee," which I thought was disrespectful, but that

1 was not the matter for this meeting.

2 Q Okay. Sir, changing subjects, a couple of final
3 questions. What do you believe the future holds for the
4 National Rifle Association?

5 MR. VAN HORN: Objection; calls for speculation and
6 relevance.

7 THE COURT: Could you restate that question, Mr.
8 Garman, a little bit more narrow?

9 MR. GARMAN: Yeah. Yeah.

10 THE COURT: Thank you.

11 MR. GARMAN: Sure. Sure.

12 BY MR. GARMAN:

13 Q Sir, is it your expectation that this bankruptcy case will
14 conclude with a plan of reorganization?

15 MR. VAN HORN: Objection; leading, Your Honor.

16 THE COURT: Overruled.

17 You may answer the question, sir.

18 THE WITNESS: I'm sorry, Counselor, what's the
19 question, again?

20 Q Is it your expectation this bankruptcy will conclude with
21 a plan of reorganization?

22 A Yes, we'll have a board meeting in this next week to have
23 a board review, and vote on a reorganization plan.

24 MR. VAN HORN: Objection; non-responsive to
25 everything after "yes."

Lee - Direct/Garman

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1 THE COURT: Sustained.

2 BY MR. GARMAN:

3 Q Sir, has a board meeting been scheduled for the board
4 members to consider a plan of reorganization?

5 A Yes.

6 Q And when has that meeting been scheduled for?

7 A The 1st of May.

8 Q And what day of the week is that?

9 A Saturday.

10 Q Okay. And will the board meeting actually commence on
11 that Saturday, the 1st, or will it commence on another day?

12 A Our committee meetings are prior to that day, but the
13 board meeting to review the plan is the 1st.

14 Q Okay. If a reorganization is confirmed, what do you
15 believe the future of the NRA holds?

16 MR. VAN HORN: Objection; calls for speculation, no
17 foundation for what the plan may or may not be, and how that
18 would be --

19 THE COURT: Sustained.

20 MR. VAN HORN: -- would -- would then -- what the
21 future of the NRA would hold.

22 THE COURT: Sustained.

23 MR. GARMAN: Your Honor, we're fighting too much over
24 a point that's not important. I'm going to simply move on.

25 THE COURT: I suspect he's quite optimistic if you

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1 confirm a plan, that's my expectation.

2 MR. GARMAN: Yeah.

3 (Laughter)

4 MR. GARMAN: Colonel Lee, I'd like to thank you for
5 your service, I'd like to thank you for your testimony today,
6 and I'll pass the witness.

7 THE COURT: Thank you, Mr. Garman.

8 Let's try to keep the same order that we're doing.
9 Mr. Van Horn, I think that means you're up first.

10 MR. VAN HORN: Thank you, Your Honor.

11 CROSS-EXAMINATION

12 BY MR. VAN HORN:

13 Q And, Colonel Lee, can you hear me okay?

14 A I can, yes.

15 Q Excellent. My name is Eric Van Horn, I'm with Spencer
16 Fane, and we are counsel with the New York Attorney General in
17 this bankruptcy case.

18 First, I'd like to thank you and your family for your
19 service to our country and contributions, and with that, I'll
20 like to start the questions if you can still hear me all right.

21 A Yes.

22 Q Thank you. First, real quick, back to we talked about the
23 March 28th meeting, I want to -- well, I want to just ask real
24 quickly, you took over that meeting because Mr. Cotton, you
25 testified, had to come to a deposition?

1 A Yes.

2 Q Okay. And are you aware, or are you not aware, of any
3 possibility for Mr. Cotton, through an agreement among the
4 parties, to finish out chairing that meeting before coming to
5 the deposition?

6 A No.

7 Q Okay. And then with respect to the -- with respect to the
8 transcript that we were just looking at, one quick question.
9 If we could turn to Page 10 of the PDF, and it's where it
10 starts being redacted. Is it your understanding that the
11 redacted amount is the entire part of the executive session, or
12 does that include any parts of the open session?

13 A What's the -- I'm sorry, what's the -- I don't know if I
14 can ask this, what's the question, Counselor?

15 Q From Page -- starting at Page 10, PDF Page 10 of 32, do
16 you see that?

17 A Yes.

18 Q And do you see where it is blacked out?

19 A Yes.

20 Q Okay. And then that continues all the way down through
21 Page -- PDF Page 15.

22 A Yes.

23 Q And my question is does that represent the entire amount
24 of the executive session that was redacted, or is there any
25 part of the open session that was redacted in that part of the

1 transcript, from your recollection?

2 A From my recollection, it is the executive session.

3 Q Okay. And so when it starts on Page 15 at Line 7, quote,
4 "Now we can provide some other information later," so that
5 would be the first beginning of the open session after the
6 executive session?

7 A Yes.

8 Q Okay. And I'd like to turn really quickly to PDF Page 28.

9 A I have that, Counselor.

10 Q Okay. And beginning on Page 27, it looks like it's a
11 comment or -- by Mr. Robinson. Do you know Mr. Robinson, and
12 is he a board member?

13 A I do know Mr. Robinson and, yes, he is a board member.

14 Q And then down at Page -- scrolling down to Page 28 --

15 A I'm there.

16 Q Are you there?

17 A Yes.

18 Q Okay. And at Line -- at Line 16, do you see where it
19 appears he says, "I don't know anything about bylaws, and I
20 don't know anything about any of this other stuff that's been
21 said in this room today," do you see that?

22 A I see that.

23 Q Do you recall, was that an accurate statement transcribed
24 into this -- into this transcript, from your recollection?

25 A Yes.

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19

1 Q Okay. I'd like to move -- so with respect to your
2 devotion to the NRA, you're definitely clearly devoted to the
3 organization, correct?

4 A Yes

5 Q And you agree that the officers of the NRA have a
6 fiduciary duty to the NRA?

7 A Yes.

8 Q And it's important that the NRA try to make sure that its
9 assets are used as much as possible to advance its mission.

10 A Yes.

11 Q And the officers of the NRA must act as stewards of the
12 NRA's charitable assets, correct?

13 A Yes.

14 Q And those are really important obligations, right?

15 A Yes.

16 Q And earlier you had discussed not tolerating Mr.
17 LaPierre's -- or any potential bad acts Mr. LaPierre may have -
18 - may commit in the future, do you recall that testimony? Is
19 that a fair summary?

20 A Any bad acts, period, yes.

21 Q And you testified you're familiar with the New York
22 Attorney General's complaint and the allegations asserted in
23 it?

24 A Yes.

25 Q And including assertions against Mr. LaPierre -- first let

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20

1 me ask, do you know who -- when I refer to Mr. Phillips, that
2 I'm referring to Wilson Phillips, Junior, do you know him?

3 A Yes.

4 Q And if I refer to Mr. Powell, that's Joshua Powell?

5 A (No verbal response).

6 Q Do you understand that Mr. Powell is Joshua Powell?

7 A Yes.

8 Q Okay. And so with respect to the -- to the enforcement
9 action, have you also read Mr. LaPierre's answer to that
10 complaint, his individual answer?

11 A No.

12 Q Okay. So you're not aware of any admissions Mr. LaPierre
13 made in his answer to the complaint.

14 A I don't know what his answers are.

15 Q Okay. And you wouldn't be aware if he's admitted about
16 any failure to disclose conflicts of interest on certain
17 conflicts of interest forms, you wouldn't be aware of that,
18 correct?

19 A I don't know -- I don't know what his answers are -- were
20 -- are.

21 Q Okay. And with respect to Mr. Phillips, you've read the
22 complaint, and you're familiar with the allegations against Mr.
23 Phillips?

24 A Oh, it's a long complaint, but -- yes, I -- yes, I'm
25 familiar.

1 Q And are you aware that not until yesterday did the NRA
2 disclose in this bankruptcy case that it may have claims
3 against Mr. Phillips?

4 A I don't know that that was yesterday, but I am aware that
5 there are claims.

6 Q Okay.

7 A If that answers your question.

8 Q How early did you become aware of those claims?

9 A I -- it was either the day before or yesterday. So I --
10 so I don't mean to parse that, but it wasn't -- I don't know
11 that it was yesterday.

12 Q And are those -- the claims we're talking the ones that
13 were disclosed in some amended bankruptcy schedules just filed
14 yesterday?

15 MR. GARMAN: Your Honor, I would like to object. It
16 may not be as much to this question as the fact that this is
17 well outside the scope of the examination. I was careful in
18 the scope of the examination to ensure we weren't going to be
19 here for another two weeks, and claims and/or testimony of Mr.
20 Phillips did not come up. I believe 611 -- unless we're going
21 to waive 611, it's outside the scope.

22 MR. VAN HORN: Your Honor, we -- he testified about
23 reading the NYAG complaint, and being familiar with the
24 allegations therein. And I don't believe I have many further
25 questions, if any, on this topic, but I believe it was within

Lee - Cross/Van Horn

22

1 the scope because they opened the door.

2 THE COURT: Overruled.

3 BY MR. VAN HORN:

4 Q Colonel Lee, with respect to your committee positions at
5 the NRA, you're on a number of standing committees, is that
6 correct?

7 A Yes.

8 Q Okay. And you're also a member of the Officers'
9 Compensation Committee in your role as Second Vice President,
10 correct?

11 A Yes.

12 Q Okay. But you're not -- and you haven't served on the
13 Audit Committee, correct?

14 A Correct.

15 Q So you wouldn't have -- you would not have attended the
16 September 6th, 2018 Audit Committee meeting.

17 A Counselor, I'm going to say probably not, but I don't
18 recall specifically.

19 Q Okay. And that 2018, that would have been before you were
20 elected as Second Vice President, correct?

21 A Correct.

22 Q So with respect to the Officers' Compensation Committee,
23 you attended the Officers' Compensation Committee meeting on
24 January 6th, 2021, is that correct?

25 A Did you say 2021?

1 Q Yes, 2021.

2 A To the best of my recollection, yes.

3 Q Do you -- so are you -- during that -- during that
4 meeting, did you consider or recall considering a contract for
5 Mr. LaPierre?

6 A Yes.

7 Q Okay. But you didn't draft -- you, yourself, didn't draft
8 that contract, correct?

9 MR. GARMAN: Your Honor, this is where I was afraid
10 we were going to go. This is well outside the testimony, and
11 the testimony on this point has been cumulative so far.

12 THE COURT: Mr. Van Horn?

13 MR. VAN HORN: Your Honor, I think we can -- we can
14 move on from that line of questions.

15 THE COURT: Okay.

16 BY MR. VAN HORN:

17 Q So I believe in your prior testimony, you discussed as a
18 member of the SLC, you have responsibility to review and
19 approve certain legal fees that would be paid, is that correct?

20 A Yes.

21 MR. GARMAN: Misstates his testimony.

22 Q In your --

23 THE COURT: Overruled.

24 Q In your --

25 THE COURT: Go ahead.

Lee - Cross/Van Horn

24

1 MR. VAN HORN: Thank you.

2 BY MR. VAN HORN:

3 Q And you recall attending a January 7th board meeting --
4 I'm sorry, January 7th, 2021?

5 A Yes.

6 Q And do you recall after that meeting that you, as a member
7 of the SLC, approved a payment of \$98,600 to the Neligan law
8 firm for pre-bankruptcy fees and expenses?

9 MR. GARMAN: Your Honor, I object; this is outside
10 the scope under Rule 611.

11 THE COURT: I'm going to overrule on that.

12 You may answer the question, sir.

13 A I -- I don't remember the specific date or -- or -- so --
14 so --

15 Q So you don't know if it was on January 7th or some other
16 date when that -- when you provided your agreement for that
17 payment?

18 A (No verbal response).

19 Q I'm sorry, Colonel Lee, you're on mute.

20 A I apologize; am I back?

21 Q Yes, we can hear you.

22 A Thank you.

23 MR. VAN HORN: Your Honor, can you hear Colonel Lee?

24 THE COURT: I can hear him now. You may need to
25 answer the question again, Colonel Lee.

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1 MR. VAN HORN: I think you're on mute now, Your
2 Honor.

3 THE COURT: I'm on mute?

4 MR. VAN HORN: We still can't hear you, Your Honor.

5 THE COURT: I'm trying -- hold on a minute.

6 MR. GARMAN: No, sir, I can't hear you either.

7 THE COURT: Wait just a minute.

8 (Pause)

9 THE COURT: Can you hear me now?

10 MR. VAN HORN: Yes, Your Honor.

11 THE COURT: Unfortunately.

12 MR. VAN HORN: I thought we might have to send Mr.
13 Ciciliano down there to help out.

14 (Laughter)

15 THE COURT: Well, you may -- he's good at that.

16 Why don't we start over, Mr. Van Horn, on those?

17 MR. VAN HORN: Okay.

18 BY MR. VAN HORN:

19 Q Colonel Lee, apologies. Colonel Lee, you just don't
20 recall the date when you approved the \$98,600 payment to the
21 Neligan law firm for pre-bankruptcy fees and expenses?

22 A And I'm trying not to quibble, I just don't remember the
23 specific date but, yes, I remember the transaction.

24 Q Okay. And then sometime after that date, you were
25 contacted by Mr. LaPierre to -- for the SLC to consider filing

1 bankruptcy?

2 A No.

3 Q When were you first contacted about filing bankruptcy by
4 Mr. LaPierre?

5 MR. GARMAN: Your Honor, I don't want to beat my head
6 against the wall because I'm not quite sure where we're headed
7 with your rulings, but I do believe this is outside the scope,
8 and I was hoping to get some insight.

9 THE COURT: Mr. Van Horn, on that one?

10 MR. VAN HORN: We can move on from that one, Your
11 Honor.

12 BY MR. VAN HORN:

13 Q With respect to other legal fees that the SLC approved,
14 Colonel Lee, are you familiar with an approval you provided for
15 approximately \$1.2 million of payments to the Brewer law firm
16 on January 14th, 2021?

17 A Yes.

18 Q Okay. And do you recall that your approval was -- took
19 approximately ten minutes to provide?

20 MR. GARMAN: Objection; outside the scope, Your
21 Honor.

22 THE COURT: Overruled on that one.

23 THE WITNESS: I'm sorry, so what does that mean?

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

25 THE WITNESS: Excuse me.

Lee - Cross/Van Horn

27

1 THE COURT: You may answer that question.

2 THE WITNESS: Counselor, the question again, please?

3 BY MR. VAN HORN:

4 Q Do you recall that it was -- it took approximately ten
5 minutes for you to review and approve the 1.2 -- approximately
6 \$1.2 million of payments to the Brewer law firm on January
7 14th?

8 A No.

9 Q How long do you believe it took you?

10 A I don't recall, Counselor.

11 Q With respect to the SLC, the other members of the SLC are
12 Ms. Meadows and Mr. Cotton, correct?

13 A Yes.

14 Q And all the decisions that have been made by the SLC have
15 been unanimous, is that correct?

16 A To my recollection, yes.

17 Q And with respect to -- with respect to filing, or
18 consenting to the filing of the bankruptcy case, that was a
19 unanimous decision?

20 MR. GARMAN: Your Honor, I object to scope.

21 THE COURT: Overruled on that one.

22 THE WITNESS: I -- I don't mean to mess up court
23 procedure here, what's that -- does that mean answer the
24 question?

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

1 A The three of us agreed, yes.

2 Q And the SLC did not do any independent investigation or
3 analysis for purposes of filing bankruptcy, is that correct, or
4 consenting to the filing of bankruptcy?

5 A Can I ask you to explain that more or -- I don't know what
6 you mean.

7 Q I'll try; it wasn't a very good question. The SLC did not
8 -- did -- the SLC did not rely on any other advisors besides
9 the counsel of the NRA, is that correct? Outside counsel for
10 the NRA.

11 A I guess we relied on our -- on our SLC counsel, outside
12 counsel, and there were other factors, yes.

13 Q And who -- when you say "SLC counsel," who is that?

14 A Mr. Wit Davis.

15 Q Okay. The board counsel?

16 A He's a board counsel, but also serves as counsel to the
17 SLC.

18 Q And then for the NRA counsel, which -- which counsel was
19 that?

20 A Outside counsel is Brewer firm.

21 MR. VAN HORN: One second, Your Honor.

22 THE COURT: Take your time.

23 MR. VAN HORN: We'll pass the witness, y h.

24 THE COURT: Thank you.

25 Ackerman?

Lee - Cross/Mason

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1 CROSS-EXAMINATION

2 BY MR. MASON:

3 Q Good afternoon, Colonel Lee. My name is Brian Mason, I
4 represent Ackerman McQueen, can you hear me okay?

5 A Good afternoon; yes, I can.

6 Q I want to also --

7 A Yes.

8 Q I want to also thank you and your family for your service,
9 very much appreciate that.

10 A Thank you.

11 Q Colonel Lee, you were just asked about the SLC approving
12 the filing of the bankruptcy. When did you first learn that
13 the bankruptcy filing was actually a reality and going to
14 happen?

15 MR. GARMAN: Your Honor, I object to scope.

16 THE COURT: I think it's within the scope. You
17 talked in terms of -- or he testified in terms of independence,
18 and things like that. I think it's within the scope.

19 You may answer the question, sir.

20 THE WITNESS: Your Honor -- thanks, Your Honor.
21 Counselor, the question again?

22 MR. MASON: Sure.

23 Q I'm -- Colonel Lee, I'm trying to determine when did you
24 first become aware that the NRA was actually going to be filing
25 this Chapter 11 bankruptcy?

Lee - Cross/Mason

30

1 A That the -- well, for me, personally the Chapter 11 issue
2 came to front, it was approximately the 12th, maybe the 13th of
3 January.

4 Q You testified a little bit about the March 28th board
5 meeting. That particular meeting, the NRA board ratified the
6 bankruptcy filing, correct?

7 A Yes.

8 Q Mr. Cotton testified that before January 15th of 2021, he
9 had conversations with counsel about the board later ratifying
10 the filing of the bankruptcy, were you involved in those
11 discussions?

12 A I -- I -- Counselor, I'm not aware of what Mr. Cotton
13 testified.

14 Q Were you involved in any discussions prior to January the
15 15th, 2021 relating to the NRA board later ratifying the filing
16 of this bankruptcy?

17 A No.

18 Q Let's talk a little bit about the Brewer law firm. Isn't
19 it true that Steve Hart originally recommended that the Brewer
20 firm should be retained in or around March of 2018?

21 A I don't know that. I don't have personal knowledge of
22 that.

23 Q Fair enough. Fair enough. Did you understand that the
24 Brewer law firm was being engaged by the NRA originally to
25 solely handle the Lockton litigation?

1 A No.

2 Q You testified that you have no level of concern relating
3 to the Brewer firm's influence over the NRA, do you recall
4 that?

5 A No, but if I -- if that was my testimony, then I -- I
6 guess I did.

7 Q But do you have any concern as you sit here today relating
8 to the Brewer firm's influence over the NRA?

9 A No.

10 Q Who at the Brewer firm have you specifically dealt with
11 over the last two or three years?

12 A Brewer himself, several of his staff members, some
13 partners and associates, so a couple of the lawyers.

14 Q Have you dealt with Michael Collins at all?

15 A I have personally not.

16 Q We talked a little bit earlier about Wit Davis. Isn't it
17 true that Mr. Brewer recommended Mr. Davis as counsel to the
18 NRA board?

19 A I don't know.

20 Q Do you know who Kent Correll is?

21 A I do.

22 Q Mr. Correll is Wayne LaPierre's personal attorney,
23 correct?

24 A For these matters, yes.

25 Q Are you aware that Mr. Brewer recommended Kent Correll as

1 Mr. LaPierre's personal attorney?

2 A I don't know that.

3 Q The Neligan law firm, isn't it true that Mr. Brewer
4 recommended the Neligan law firm?

5 A I'm trying to not parse answers, Counselor, but, not, I
6 don't know that, but I do know that Mr. Brewer has -- has
7 recommended and/or said Neligan's a good law firm.

8 Q Fair enough. What about with respect to Mr. Garman's
9 firm, do you understand that Mr. Brewer also recommended Mr.
10 Garman's firm to represent the NRA?

11 A I'm in the same situation, Counselor, I don't want to say
12 no, because I don't know that. But Mr. Brewer has said
13 Garman's also a good law firm.

14 Q Colonel Lee, you're aware that prior to the formation of
15 the Special Litigation Committee, Mr. LaPierre was an
16 individual defendant in the Ackerman litigation, correct?

17 A I -- well, I am.

18 Q You're aware the Mr. Brewer represented both the NRA and
19 Mr. LaPierre in that Ackerman litigation at one point in time,
20 correct?

21 A I don't know that.

22 Q Isn't it true that the SLC is in charge of reviewing and
23 approving the Brewer firm's invoices?

24 A Again, Counselor, I've got to parse this. We are, but
25 just the invoices that concern the legal matters before the

1 SLC. So I --

2 Q Fair --

3 A I know it should be a yes or no, but --

4 Q Fair enough. Fair enough. And with respect to those
5 matters that are before the SLC, isn't it true that the SLC
6 delegated the review of the Brewer invoices to Wit Davis?

7 A No.

8 Q Do you personally review the Brewer firm invoices under
9 the purview of the SLC?

10 A Can I explain, Counselor, or -- I -- I know you want a yes
11 or no --

12 Q It --

13 A -- but I see -- I see some of the invoices, but in
14 particular, we have tasked our board counsel with expertise to
15 review invoices, and answer any questions about those invoices
16 that he may have before they come to me. And then I ask my
17 questions before approving or disapproving. So -- I'm sorry,
18 Your -- I don't mean to give a long answer, but --

19 Q Let's talk a little bit about a CRO. Why do you believe a
20 CRO is needed now?

21 A I believe a CRO would be in the best interest of the
22 success of the NRA, to move forward, to be able to get us
23 through this process of a plan, and out of Chapter 11.

24 Q Did the NRA have an opportunity to hire a CRO before the
25 filing of the bankruptcy?

1 A I don't know that.

2 Q Are you aware that CROs can be retained by companies and
3 corporations outside of the bankruptcy process?

4 A No, I really don't have personal knowledge of that.

5 Q What is your understanding of what a CRO does in this
6 particular instance?

7 A In this -- for the -- for the NRA? What we're looking
8 for?

9 Q Correct.

10 A What -- what -- I guess what the public's looking for.
11 The CRO will help guide us through the Chapter 11 process to
12 execute the preparing and the approval of a plan, and oversee
13 our -- in this case, our business management procedures, which
14 include financial, legal, and others, per that agreement.

15 Q Isn't it true that the CRO reports to the SLC?

16 A The -- no.

17 Q Who do you understand that the CRO would report to?

18 A The CRO reports to our board, who represent the members,
19 and it's through the SLC. So I don't mean to parse, but --

20 Q So the CRO reports to the SLC on behalf of the NRA's
21 board, is that fair?

22 A They -- yes, the SLC will meet with the CRO.

23 Q The CRO is not going to report to the Court, correct?

24 A I'm sorry, Counselor, I didn't hear that.

25 Q Sure. The CRO is not going to report to the Court,

1 correct?

2 A I guess the -- I don't know, Counselor. I guess the Court
3 could order that but, no, under our agreement, he wouldn't.

4 Q Is the -- the proposed CRO an officer of the NRA?

5 MR. GARMAN: Your Honor, I object simply to the
6 extent it calls for a legal conclusion.

7 THE COURT: Sustained on legal conclusion, but the
8 witness may give his understanding of the responsibilities of
9 the CRO, if he knows.

10 You may answer the question.

11 A Not in such -- not in accordance to our bylaws. However,
12 the CRO will have authority and responsibility over those areas
13 documented in the agreement.

14 Q So is the proposed CRO just an NRA employee then?

15 A No, the -- the CRO will be independent, working for the
16 board, our represented -- our representative board to the SLC.

17 MR. MASON: Your Honor, I'm going to object as non-
18 responsive, and move to strike everything after "no."

19 THE COURT: Sustained.

20 BY MR. MASON:

21 Q Colonel Lee, in -- on or around January 19th, didn't you
22 give an interview to -- with Real American's Voice with Steve
23 Gruber?

24 A I don't know the date of the interviews.

25 Q Do you recall giving an interview in January of this year

1 with Steve Gruber at Real American's Voice?

2 A No.

3 Q Do you recall stating that you do not believe that the NRA
4 is going to get a fair shake in New York?

5 A No.

6 Q Do you -- do you believe that the NRA can get a fair shake
7 in New York?

8 MR. GARMAN: Your Honor, I object to outside the
9 scope of my direct.

10 THE COURT: Overruled.

11 You may answer the question, sir.

12 A Yeah, I believe -- and one of my issues is a very toxic
13 political environment in New York, and that does -- that does
14 concern me. If you're referring directly to the courts, I'm
15 not so worried about the judicial process. I do worry in a
16 jury trial that a pool could be selected of folks who don't
17 necessarily represent all of America or all of Americans, but -
18 - but the political process in New York has become very toxic.

19 MR. MASON: Your Honor, I'll object as non-
20 responsive.

21 THE COURT: Overruled.

22 BY MR. MASON:

23 Q Colonel Lee, you understand that the -- as part of the New
24 York enforcement action, there's various request for relief
25 that are being made by the New York Attorney General, right?

1 A Yes.

2 Q You understand that the New York Attorney General is also
3 asking that Mr. LaPierre be removed as Executive Vice President
4 of the NRA, right?

5 A Yes, as one of the remedies, yeah.

6 Q You understand that the New York Attorney General is
7 alleging that Mr. LaPierre needs to pay back restitution, he
8 needs to pay back money to the NRA, correct?

9 A I don't recall that, Counselor.

10 Q Do you understand that the remedy of dissolution is an
11 equitable remedy?

12 MR. GARMAN: Your Honor, I object to the extent it
13 calls for a legal conclusion.

14 THE COURT: Sustained.

15 The witness may answer the question to the best of
16 his understanding, if he has an understanding.

17 A If I -- if I understand that then -- well -- no, I don't
18 think it's equitable.

19 Q Do you understand that there is a State Court judge in New
20 York that will make the determination as to whether dissolution
21 -- involuntary dissolution of the NRA is appropriate?

22 MR. GARMAN: Your Honor, I believe this is outside of
23 the scope.

24 THE COURT: Overruled.

25 MR. MASON: Your Honor, may I respond to that?

1 THE COURT: Overruled. The objection's overruled.

2 A To the best of my knowledge of the judicial process, yes.

3 Q Can you see the PowerPoint screen, Colonel Lee?

4 A Yes.

5 Q Do you understand that Judge Joel Cohen is the State Court
6 judge that is presiding over the New York Attorney [sic]
7 enforcement action up in New York?

8 A I understand that to be so, yeah -- sorry, yes.

9 Q You don't have any reason to believe that Joel Cohen
10 cannot be fair and impartial, do you?

11 A No.

12 Q You understand that the New York Attorney General cannot
13 unilaterally dissolve the National Rifle Association, right?

14 A Yes, I -- yes, I believe so, for -- yes.

15 Q The NRA has due process rights to defend itself, correct?

16 A Yes.

17 Q And over the course of the last two or three years, the
18 NRA has embarked on a self-correction, is that fair?

19 A Yes.

20 Q And the NRA spent tens of millions of dollars trying to
21 clean up its act, is that fair?

22 A I don't -- I wouldn't characterize it that way. So, no.

23 Q Has the NRA spent tens of millions of dollars in the last
24 two or three years attempting to self-correct and be sure that
25 it is complying with New York nonprofit law?

1 A I -- Counselor, I don't know the cost of that specific
2 item or issue.

3 Q You understand that the NRA has spent a significant amount
4 of money over the last two or three years attempting to be sure
5 it's in compliance with New York nonprofit law, right?

6 A Has spent monies, yes.

7 Q And you would expect that if there is a trial up in New
8 York before Judge Cohen, that the NRA would put on evidence
9 that it is currently in compliance with New York nonprofit law,
10 right?

11 A Yes.

12 Q And if the NRA is not successful, and Judge Cohen believes
13 that involuntary dissolution of the National Rifle Association
14 is appropriate, the NRA would have appellate remedies, right?

15 A You're starting to exceed my knowledge of the judicial
16 system, but my understanding is -- my answer to that would be
17 yes. You mean we could make an appeal to a decision?

18 Q That -- that's a better way to put it, Colonel Lee.

19 A Yes.

20 Q As you sit here right now, you don't know how many
21 nonprofits in the State of New York have been involuntarily
22 dissolved, do you?

23 A No.

24 Q If this bankruptcy is dismissed, the NRA is going to
25 continue to defend itself in the New York enforcement action,

1 correct?

2 A Yes.

3 Q Discovery will proceed up in New York, correct?

4 A Yes.

5 Q Fundraising will continue for the NRA, correct?

6 A Yes.

7 Q The NRA will continue to promote the Second Amendment,
8 right?

9 A Yes.

10 Q And the NRA will continue to be led by Mr. LaPierre, which
11 is exactly what it wants, right?

12 A Yes.

13 Q You're not aware of the -- any of the state or federal
14 courts in New York being corrupt or unfairly impartial to the
15 NRA, is that correct?

16 A That -- that's correct.

17 Q You talked a little bit about a receiver, I just want to
18 ask you a few questions about that. You understand that the
19 New York Attorney General cannot unilaterally appoint a
20 receiver to run the NRA, correct?

21 A Yes.

22 Q Let's talk a little bit about the Women's Leadership
23 Forum. I believe that you testified that you believed that the
24 NRA has raised approximately \$100 million through the Women's
25 Leadership Forum, is that correct?

1 A No.

2 Q What is wrong -- what's incorrect about my statement?

3 A It's -- I hate to parse, Counselor, but I believe what I
4 said is the NRA has raised or been gifted over \$100 million.

5 Q Through the Women's Leadership Forum.

6 A Yes. Yes, sir.

7 Q Okay. And --

8 A Through -- yes, through the Women's Leadership Forum.

9 Q In terms of calculating that number, you didn't personally
10 quantify and come up with that \$100 million number, did you?

11 A I personally did not.

12 Q And if I understood your prior testimony, you believe that
13 that \$100 million cost the NRA about \$4 million, is that -- is
14 that true?

15 A As a cost of fundraising, yes.

16 Q And, again, you didn't personally quantify the NRA cost as
17 to how much the NRA spent in order to bring in that money from
18 the Women's Leadership Forum, correct?

19 A Correct.

20 Q Regarding the \$4 million of costs or expenses to the NRA,
21 are you aware of Susan LaPierre flying in hair and make-up
22 artists from Nashville for various Women's Leadership Forum
23 events?

24 A I don't know that.

25 Q Does the \$4 million cost to the NRA include all of the

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1 money that the NRA spent on Ms. LaPierre's hair and make-up for
2 the Women's Leadership Forum?

3 A I -- I don't know that.

4 Q Colonel Lee, you have previously stated that one man or
5 woman doesn't make up the ILA or the NRA, isn't that true?

6 A I don't recall stating that specifically but, yes, I
7 believe that's true.

8 Q And you would agree that Mr. LaPierre doesn't just make up
9 the ILA or the NRA, it's made up of a body of its members,
10 isn't that your testimony?

11 A Yes.

12 Q You testified that -- I believe you testified that you
13 believe Mr. LaPierre has the highest moral character, did I
14 understand that correctly?

15 A Yes.

16 Q And you're aware that Mr. LaPierre admitted to improperly
17 receiving over \$300,000 in excess benefit transactions from the
18 NRA, right?

19 A I'm not aware of that. Sorry, no.

20 Q Are you aware that Mr. LaPierre routinely used one of the
21 NRA's vendors, Luxury Yachts, in the Bahamas?

22 A No.

23 Q Are you aware that Mr. LaPierre didn't disclose to Craig
24 Spray that the NRA was going to be filing for bankruptcy?

25 A No.

1 Q Are you aware that when Mr. LaPierre spoke with Mr. Spray,
2 he fired him?

3 A No.

4 Q Are you aware that Mr. LaPierre didn't disclose to the
5 NRA's general counsel that the NRA was going to be filing for
6 bankruptcy?

7 A No.

8 Q Are you aware that Mr. LaPierre has accused Lieutenant
9 Colonel Oliver North of the crime of extortion?

10 A No.

11 Q Are you aware that the president of the NRA, Carolyn
12 Meadows, who reports to Mr. LaPierre admitted to burning and
13 shredding her NRA notes?

14 A No. For clarification, the president doesn't -- did you
15 say report to Mr. LaPierre?

16 Q That is what I said.

17 A Yeah. No.

18 Q You're aware that Mr. LaPierre has accused various
19 individuals that were previously part of his inner circle of
20 taking advantage of the NRA, right?

21 A No.

22 Q You're aware that Millie Hallow has worked for the NRA for
23 many years, right?

24 A Yes.

25 Q And she's worked under Mr. LaPierre for a majority of that

1 time, right?

2 A Yes.

3 Q Are you aware that Ms. Hallow had a criminal background
4 prior to joining the NRA?

5 A Yes.

6 Q You're aware that the NRA has determined that Ms. Hallow
7 improperly misappropriated NRA funds, right?

8 MR. GARMAN: Objection, Your Honor. That question's
9 outside the scope.

10 THE COURT: Response on that?

11 MR. MASON: Your Honor, I am -- this all goes to
12 Colonel Lee's testimony that he believes that Mr. LaPierre has
13 the highest moral character. I believe it's perfectly within
14 the scope.

15 MR. GARMAN: And, Your Honor, my simple response is
16 that question contained no reference at all to Mr. LaPierre.

17 THE COURT: I'm going to sustain it.

18 BY MR. MASON:

19 Q You're aware that Mr. LaPierre has decided to retain Ms.
20 Hallow, that she has not been terminated from the NRA; right?

21 A Can you break that question up, Counsel?

22 Q Sure. You understand that Ms. Hallow is still working for
23 the NRA today, right?

24 A Yes.

25 Q And, Colonel Lee, you would not stand for Mr. LaPierre or

1 anyone else at the NRA stealing or cheating, correct?

2 A Correct.

3 Q And despite all of that, you still believe that Mr.
4 LaPierre has the highest moral character?

5 A Yes.

6 MR. MASON: Your Honor, I'll pass the witness.

7 THE COURT: Thank you.

8 Journey? I'm not sure which one of you is going to
9 ask Colonel Lee questions.

10 MR. WATSON: Jermaine Watson on behalf of Judge
11 Journey, Judge Hale.

12 THE COURT: Okay. You may proceed.

13 CROSS-EXAMINATION

14 BY MR. WATSON:

15 Q Good afternoon, Colonel Lee.

16 A Good afternoon, Mr. Watson.

17 Q I represent Judge Journey in this proceeding, and thank
18 you as well. You've heard this multiple times, but thank you
19 for your service.

20 You previously testified that Judge Journey's examiner
21 motion raised serious concerns, right? I'm sorry; can you hear
22 me?

23 A Sorry, I was having difficulty doing this. I was thinking
24 through that as I heard you. But to -- to your question, yes.

25 Q Okay. And you also testified that you prefer a CRO or

1 chief restructuring officer to an examiner; is that correct?

2 A Yes.

3 Q Okay. Okay. Isn't it true that you don't support an
4 examiner because you don't want an unbiased investigation into
5 the compensation and benefits made to management?

6 A No.

7 Q Isn't it true that you do not support an examiner because
8 you do not want an unbiased investigation into the compensation
9 and benefits made to board members?

10 A No.

11 Q Isn't it true that you do not support an examiner because
12 you do not want an unbiased investigation into the compensation
13 and benefits made to vendors?

14 A No.

15 Q Isn't it true that you do not support an examiner because
16 you do not want management investigated and removed for cause?

17 A No.

18 Q Isn't it true that you do not support an examiner because
19 you do not want board members investigated and removed for
20 cause?

21 A No.

22 Q Isn't it --

23 A Excuse me, Counselor, only because I'm having trouble --
24 difficulty hearing you. So I don't know if it's on your end or
25 my end, but --

1 Q Okay. Did you hear my last question?

2 A I -- I don't know. What was your last question, please?

3 Q Isn't it true that you do not support an examiner because
4 you do not want board members investigated and removed for
5 cause?

6 A No.

7 Q Okay. Isn't it true that you do not want the outcome of
8 an unbiased investigation?

9 A No.

10 Q I'm sorry; strike that question.

11 A Is that --

12 Q That's a bad question. I'm going to strike that.

13 Isn't it true that you do not want an unbiased
14 investigation reported to the full board of directors,
15 Creditors' Committee, members of the NRA, and this Court?

16 A No.

17 Q So you support a full unbiased investigation into the
18 questions raised by Judge Journey? You support that?

19 A To -- to answer the questions that are raised? Yes.

20 Q And you would have that report made to this Court, the
21 Creditors' Committee, the members of the NRA, and the full
22 board of directors? You support that?

23 A No.

24 Q You don't support an -- you don't -- okay, thank you.

25 Isn't it true that you do not support an examiner because

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1 you do not want to pursue recoveries that may be available for
2 misappropriation of funds and other irregularities in the NRA's
3 corporate practices?

4 A No. Counselor, I don't know. Can I -- I'm having
5 difficulty because it seems like the questions are -- are in
6 the negative, and so I'm not sometimes sure what you're looking
7 for.

8 Q Oh, I'm not looking for anything. I'm just asking
9 questions, sir.

10 Colonel Lee, isn't it true that you do not support an
11 examiner because you don't want to fully implement corporate
12 governance?

13 A No.

14 Q Isn't it true that you do not support an examiner because
15 you do not want to fully implement financial controls?

16 A No.

17 Q Isn't it true that you do not support an examiner because
18 you do not want to provide full transparency to the five
19 million members of the NRA?

20 A No.

21 Q Isn't it true that you were second vice-president before
22 the New York AG filed this lawsuit in New York?

23 A Yes. Yeah.

24 Q Okay. Isn't it true that you were second vice-president
25 after the New York AG filed its lawsuit in New York?

1 A Yes.

2 Q Isn't it true that you're currently second vice-president
3 of the NRA?

4 A Yes.

5 Q Okay. Why should NRA members trust you to fix the
6 corporate governance problem?

7 A That's not a yes or no answer.

8 Q It is not. I'm just asking you a question, sir. Why
9 didn't they trust you to fix the corporate governance problems?

10 A Actually, Counsel, I think they already have by electing
11 me and then being elected by -- by my peers to be second vice-
12 president as being one of those board members who are going to
13 ensure that the NRA continues on the course of compliance.

14 Q Thank you, Colonel Lee.

15 I want to direct your attention to Exhibit I believe it's
16 New York AG Exhibit Number 356.

17 A I have -- Counsel, I have that.

18 Q Okay. Could you turn to page -- PDF page 10, please?

19 MR. GARMAN: I'm sorry, Mr. Watson, what exhibit are
20 we -- which NYAG exhibit?

21 MR. WATSON: 356.

22 MR. GARMAN: Oh, thank you.

23 THE WITNESS: I have that.

24 BY MR. WATSON:

25 Q Okay. Could you scroll for me pages 10 through 15 and let

1 me know when you're done?

2 A I'm done, Counselor.

3 Q Thank you, Colonel Lee.

4 So there are large portions of this exhibit blacked out;
5 isn't that correct?

6 A Yes.

7 Q And isn't it true that they're blacked out because these
8 were discussions held during executive session of a board
9 meeting that occurred on March 28th?

10 A Hang on -- hang on a second. Yes.

11 Q Okay. Isn't it true that Judge Journey asked to speak
12 about his examiner motion during executive session on these
13 blacked-out pages?

14 A I -- I don't recall that, Counsel.

15 Q Okay. Isn't it true that Judge Journey asked to be called
16 on during executive session at this board meeting?

17 A I don't -- no, he didn't. I -- I don't recall that,
18 Counsel.

19 Q Okay. You previously testified that you led the meeting
20 after Mr. Charles Cotton had the lead? Do you recall your
21 testimony, Colonel Lee?

22 A I do. I chaired the meeting after Mr. Cotton left.

23 Q So isn't it true that you held on to the microphone at the
24 front of the room that day?

25 A For a portion of that --

1 Q You (indiscernible).

2 A Yeah. For a portion of that meeting, yes.

3 Q Okay. Isn't it true that other board members, in fact,
4 shouted Judge Journey down and would not let him speak?

5 A No.

6 Q You previously testified that you did not shout down Judge
7 Journey, correct?

8 A Correct.

9 Q Okay. Can I direct your attention -- we're still in
10 Exhibit 356, and I want you to turn to page 23 for me.

11 A I'm there, Counselor.

12 Q Can you please read lines 9 through 10 for this Court?

13 A Line 9, it's just a notation "Mr. Journey: -- (inaudible
14 due to cross-speaking.)" on line 10.

15 Q Thank you, Colonel Lee.

16 You previously testified that you had experience with the
17 ILA and the NRA's political activities. Do you recall that
18 testimony?

19 A No. I -- I know -- obviously, I know of ILA. I don't
20 recall testifying I had experience with them, but -- so I'm not
21 trying to parse words.

22 Q I'm sorry. I'm not trying to put words in your mouth.
23 Thank you for the clarification, Colonel Lee. Do you have
24 experience with political activism on behalf of the Second
25 Amendment?

1 A Yes.

2 Q Okay. Are you familiar -- do you understand that we have
3 a new administration in the White House?

4 A New -- new as of this past January, yes.

5 Q Okay. Are you familiar with some of the laws that are
6 currently being considered by that administration?

7 A I'll say yes, but I'd like you to clarify if you're
8 talking specific laws, Counselor.

9 Q I am. And correct me if I'm speaking generally. Are you
10 familiar with an act to repeal the protection of the Lawful
11 Commerce In Arms Act? Are you familiar with that?

12 A I -- I am familiar with that act. I didn't know they had
13 put forth legislation to repeal it.

14 Q Okay. Are you familiar with the proposal to ban the
15 manufacture and sale of assault weapons and high-capacity
16 magazines?

17 A Yes.

18 Q Okay. Are you familiar with the proposed regulation to
19 regulate the possession of existing assault weapons?

20 MR. GARMAN: Your Honor, I'm going to object. I'm
21 not sure where we're going, but it feels like it's outside the
22 scope.

23 THE COURT: Scope. Response on scope, Mr. Watson?

24 MR. WATSON: Your Honor, the witness has testified
25 that he has experience participating in political activities

Lee - Cross/Watson

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1 related to the Second Amendment. And I'm briefly probing his
2 knowledge of that, and I will be very brief. I'm almost done,
3 Judge.

4 THE COURT: Sustain the objection.

5 THE WITNESS: Counselor, let me start by -- I object
6 to the characterization of high-capacity --

7 THE COURT: Colonel Lee?

8 THE WITNESS: -- magazines and assault weapons.

9 THE COURT: Colonel Lee, I understand you may not
10 understand how this works. Sometimes I don't either. I
11 sustained the objection, and you don't have to answer the
12 question.

13 THE WITNESS: All right. Thank you, Your Honor.

14 THE COURT: You're welcome.

15 THE WITNESS: Oh, I'm sorry. I don't have to answer
16 the question or I do?

17 THE COURT: You do not have to answer the question.

18 THE WITNESS: All right. Thank you.

19 BY MR. WATSON:

20 Q So, Colonel Lee, you are familiar with the administration
21 and it's taken a different stance on the Second Amendment; is
22 that correct?

23 A Well, yes, different than the last administration but not
24 different than themselves. But -- so --

25 Q Let me clarify my question.

1 A Yeah, please.

2 Q Do you understand that this current administration is
3 taking a different position on the Second Amendment as opposed
4 to the previous administration?

5 A Yes.

6 Q Okay. So isn't it true that this has led to the increase
7 in membership of the NRA since January?

8 A You know, Counsel, we don't know the causation. We have
9 had an increase. There is a new administration. But there's
10 probably a lot of factors involved in that.

11 Q Okay. Well, is it possible that the growth in NRA
12 membership and revenue corresponds with the change in
13 administration; is that possible?

14 A It's possible that's part of it, yes.

15 MR. WATSON: Thank you, Judge. I'll pass the
16 witness.

17 THE COURT: Thank you, Mr. Watson.

18 Mr. Garman?

19 Oh, I'm sorry, the Committee.

20 MR. DRAKE: Judge --

21 THE COURT: Yes, I'm sorry. I omitted the Committee.
22 Sorry about that.

23 MR. DRAKE: No problem.

24 CROSS-EXAMINATION

25 BY MR. DRAKE:

Lee - Cross/Drake

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1 Q Colonel Lee, hi. My name is Scott Drake. I represent the
2 Official Committee of Unsecured Creditors. Can you hear me
3 okay?

4 A Yes, Mr. Drake. Thank you.

5 Q Well, Colonel Lee, before I begin my questions, I'll agree
6 with all of the lawyers who have come before me in thanking you
7 for your service. I'll also note that since these cases were
8 filed, it's very rare that someone can get all of the lawyers
9 to agree on something. So that says a lot about your service.

10 I'm not sure how much you -- experience you have in
11 Chapter 11 cases. But do you generally understand that in this
12 case, like all Chapter 11s, there is what's called an Official
13 Committee of Unsecured Creditors?

14 A Yes.

15 Q Okay. And do you understand in general that it's a
16 committee of creditors whose members look out for the interest
17 of all unsecured creditors?

18 MR. VAN HORN: Objection, Your Honor. Leading.

19 THE COURT: Overruled.

20 You may answer the question, sir.

21 THE WITNESS: Yes.

22 BY MR. DRAKE:

23 Q Colonel Lee, as a member of the Special Litigation
24 Committee, are you generally aware of the allegations made
25 against the NRA in the New York enforcement action?

Lee - Cross/Drake

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1 A Yes.

2 Q And while I understand those allegations are disputed, do
3 you consider those allegations serious?

4 A Absolute -- yes.

5 Q Is it important to you, Colonel Lee, that the NRA's
6 members have confidence in the NRA going forward?

7 A Continued confidence, yes. Absolutely.

8 Q Is it also important to you, Colonel Lee, that the vendors
9 with whom the NRA does business have confidence in the
10 operations of the NRA going forward?

11 A Yes.

12 Q Colonel Lee, I believe this morning you testified that you
13 personally support the NRA's application to appoint a CRO; did
14 I understand that correctly?

15 A Yes.

16 Q And if you or someone there with you could pull up that
17 application which is Ackerman Exhibit 184. And let me know,
18 sir, when you have that in front of you.

19 A Counsel, I have that.

20 Q Okay. And if you wouldn't mind, Colonel Lee, turning to
21 page 3 of 17.

22 A I -- I have a total of 47 pages in this so it's --

23 Q Okay. I think it should hopefully still be page 3. It's
24 paragraph 9 of the application.

25 A I -- I have that.

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1 Q Okay. Colonel Lee, do you see there in the first sentence
2 where the NRA stated: "The relief requested in this application
3 is necessary to the successful administration of these Chapter
4 11 cases?" Do you see that?

5 A I do.

6 Q Do you agree that the appointment of a CRO is necessary to
7 the successful administration of these Chapter 11 cases?

8 A Yes.

9 Q And why is that?

10 A Well, I -- I believe that the CRO reflects the proper
11 balance in what we need to move forward successfully with the
12 NRA. And that would give us help to move us through the
13 Chapter 11 process, give us some oversight of our business
14 processes, and yet enable us to maintain that trust and -- and
15 confidence that we have with our members and our membership who
16 elected us to effectively run the NRA.

17 Q Do you agree, Colonel Lee, that the appointment of a CRO
18 would provide assurance to the creditors that there's an
19 independent fiduciary overseeing these Chapter 11 cases?

20 A Yes.

21 Q Are you generally aware, sir, of the allegations made by
22 the parties in these bankruptcies that are moving to either
23 dismiss the case or appoint a trustee?

24 A Yes. Not knowing what I don't know, but yes.

25 Q But I mean have you either reviewed the motions or been

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1 made aware generally of what the allegations are that the
2 parties moving to dismiss the bankruptcies or seek appointment
3 of a Chapter 11 have made?

4 A Yes.

5 Q And do you agree, Colonel Lee, that one of the benefits of
6 a CRO is that Mr. Robichaux is not tainted by any of these
7 allegations?

8 A Yes.

9 Q Do you think that having an independent CRO would provide
10 credibility to this bankruptcy process?

11 A Yes.

12 Q Colonel Lee, as part of the SLC, are you aware that the
13 Creditors' Committee has been an advocate for a CRO since
14 shortly after the Committee was formed?

15 A No.

16 Q Are you aware at all that the Creditors' Committee has
17 advocated for the appointment of a CRO? Did you know that?

18 A No. Well, I -- Counsel, if I -- if I can I -- I guess
19 recast that is, yeah, I understand in our -- in this process
20 that we're coming to some agreement. I don't know where we are
21 in the process right now, so I can't say that I'm uninformed on
22 any of that. But -- but I -- I don't know where we are in the
23 process.

24 Q And sure. And at this point, I'm just asking for your --
25 what you know personally. I do understand you have a team of

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1 advisors and whatnot, and so my questions are just directed at
2 what your personal understanding is.

3 Looking back at paragraph 9, the sentence we looked at
4 that references an independent fiduciary overseeing the
5 proceedings, do you see that, Colonel Lee?

6 A Yes.

7 Q Why is it important to the NRA that the CRO be an
8 independent fiduciary?

9 A To our -- to our members to -- to ensure them and give
10 them confidence in our business practices, but even within our
11 -- our leadership team, it's important to have another look, an
12 outside look, although I'm very confident that we're on the
13 right track with our -- with our internal checks and balances.
14 I believe this will help us with accountability or ensuring
15 accountability and compliance.

16 Q Do you agree, Colonel Lee, that the scope and authority of
17 the CRO's role is important to establish that independence?

18 A Yes.

19 Q Would you agree with me, sir, that if the CRO was beholden
20 to the Special Litigation Committee, then the CRO would not be
21 truly independent?

22 MR. VAN HORN: Your Honor, objection. I think this
23 has gone beyond for purposes of leading, that leading's
24 appropriate.

25 THE COURT: Sustained.

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1 MR. DRAKE: Your Honor, I'm not -- this isn't my
2 witness, and I think I'm entitled to lead him.

3 THE COURT: I think you're at least aligned enough
4 with the debtor on that for that to be leading. So I sustain
5 the objection.

6 BY MR. DRAKE:

7 Q Colonel Lee, what do you believe -- well, actually, could
8 you pull up page 23 of page 24 which is the scope reflected in
9 the Ankura letter? And let me know when you have that.

10 MR. GARMAN: Counsel, I'm not sure we're looking at
11 the same document. The document I'm looking at's 47 pages.

12 BY MR. DRAKE:

13 Q Okay. I think I've got it off the docket where it was
14 filed as an exhibit. It's page 46 of 47 of the PDF. The ECF
15 header on that same page says page 23 of 24. Sorry for the
16 confusion.

17 A I see where it says page 23 of 24. I -- I am on page 46,
18 Counselor.

19 Q Do you see the second bullet on that page, Colonel Lee,
20 that starts with "The CRO will lead and be responsible for
21 management operations?"

22 A Yes.

23 Q What is your understanding of how the terms of the
24 engagement as reflected in this letter as filed, how it would
25 work in the event of a difference of opinion between the CRO

Lee - Cross/Drake

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1 and company management?

2 MR. GARMAN: Your Honor, I would like to interpose an
3 objection. I was not permitted to ask the question his
4 understanding of the document. An objection was raised that
5 the document speaks for itself, and I wasn't permitted to go
6 into this line of inquiry. And I think the same rule should
7 apply for all.

8 THE COURT: And so you're -- well, is that your
9 objection then; the document speaks for itself?

10 MR. GARMAN: Yes, sir. That is my objection.

11 THE COURT: Sustained.

12 BY MR. DRAKE:

13 Q Colonel Lee, are you aware of whether or not the
14 Creditors' Committee has offered written comments to the
15 proposed scope of Ankura's engagement?

16 A I am.

17 Q Have you had an opportunity personally to review the
18 comments provided by the Creditors' Committee?

19 A I did. Yes.

20 Q Are you generally familiar with them based on that review?

21 A Yeah. I -- I reviewed them so yes.

22 Q Do you know whether the SLC has agreed to the revisions
23 proposed by the Creditors' Committee?

24 A The SLC -- I'm not sure about all the provisions so but
25 the SLC didn't agree with some of them.

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1 Q Do you know which ones the SLC did not agree with?

2 MR. VAN HORN: Your Honor, I guess object. Perhaps
3 it's also -- it's not only hearsay, but I think we're outside
4 the scope and we're talking about revisions to a CRO
5 application that's on file. And again, the document does speak
6 for itself so I don't think that this testimony is necessary or
7 relevant.

8 MR. GARMAN: Your Honor, I would just like to join in
9 the objection for the record.

10 THE COURT: I'm going to sustain --

11 MR. DRAKE: Your Honor, if I may?

12 THE COURT: Well, I'm just going to sustain the
13 objection. I think we're getting far beyond the scope there.

14 MR. DRAKE: Are we talking about the scope of the
15 direct examination?

16 THE COURT: In part we are. But I sustain the
17 objection.

18 MR. DRAKE: Okay. And --

19 BY MR. DRAKE:

20 Q Let me just ask you this, Colonel Lee, and I can wrap this
21 up. Do you have an understanding as to whether or not the
22 Creditors' Committee supports the NRA's application for the
23 appointment of a CRO?

24 MR. VAN HORN: Your Honor, objection. That would
25 call for hearsay.

1 THE COURT: Response on that, Mr. Drake?

2 MR. DRAKE: I'm asking just for his understanding as
3 to whether or not the Committee and the NRA has reached an
4 agreement on the proposed scope of the CRO application. I
5 think it's directly relevant to the CRO issue. This doesn't go
6 to the trustee issue. And I don't --

7 THE COURT: Correct me if I'm wrong, but didn't he
8 just say that there were some things that they didn't agree to
9 or did I misunderstand his testimony just a couple of minutes
10 ago?

11 MR. DRAKE: Well, I think the way I understood his
12 testimony which I'm trying to clarify is that the SLC did not
13 agree to all the proposed revisions. My new question and maybe
14 I can word it better is whether or not he believes at present
15 there is an agreement between the Committee and the NRA.

16 MR. VAN HORN: And I'd object again that it's still
17 hearsay. It still seems outside the scope of direct and also
18 doesn't seem necessary or relevant for this particular
19 application.

20 MR. DRAKE: Again, I don't think the issue is there
21 an agreement in his -- does he believe there's an agreement. I
22 don't believe that calls for an out-of-court statement.

23 THE COURT: You may answer that question.

24 MR. DRAKE: And I do think it's relevant.

25 THE COURT: You may answer that question, sir -- Mr.

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1 Lee. Colonel Lee, excuse me.

2 THE WITNESS: I don't know the specific status. I --
3 I understand that we -- we either have or are coming to an
4 agreement, if that answers your question, Counselor.

5 MR. DRAKE: It does.

6 And with that, I'll pass the witness.

7 THE COURT: Thank you.

8 Mr. Garman?

9 MR. GARMAN: Yes, sir. I have just a very tiny
10 handful of questions.

11 REDIRECT EXAMINATION

12 BY MR. GARMAN:

13 Q Colonel Lee, do you remember being asked a question by Mr.
14 Mason, and I wrote it down, as to benefits to Mr. LaPierre and
15 you answered no to a question as to whether or not he received
16 "improperly received excess benefits." Do you recall that
17 question?

18 A I do, yes.

19 Q And do you recall answering no to that question?

20 A Yes.

21 Q Why did you answer no?

22 A The excess benefits are -- it's a tax designation, an IRS
23 designation. I don't believe they're proper and improper on
24 face value. It's just -- it's part of what we do in taxes and,
25 hence, I wasn't trying to parse or be -- be sly with the

Lee - Recross/Watson

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1 answer. I just don't believe there's a designation of improper
2 or proper on that.

3 Q Okay. And do you remember receiving a question by Mr.
4 Mason that Mr. LaPierre had accused Colonel North of "crime of
5 extortion?" Do you recall that question?

6 A I recall, yes.

7 Q And you also answered no to that question?

8 A Yes.

9 Q Why did you answer no?

10 A I -- I seen it in print. But I didn't hear that from Mr.
11 LaPierre, so I couldn't testify that -- that I knew about --
12 that I had firsthand knowledge.

13 Q Okay. I'd like to talk about -- I'd also like to ask you
14 one or two questions about the CRO contract. Did you recall
15 testifying as to who Mr. Robichaux and Ankura would report to?
16 Do you remember those questions?

17 A Yes.

18 Q And, well, do you recall what your answer to those
19 questions were?

20 A Yes. Well, I think, Counselor, as you can -- you guys can
21 imagine, this is kind of a big experience for us. So, yes, I
22 -- I believe I do.

23 Q Fair enough. I'm not trying to confuse you, sir. Do you
24 understand under the agreement as proposed that Mr. Robichaux
25 would report to the Special Litigation Committee?

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1 MR. VAN HORN: Objection, Your Honor. Leading.

2 THE COURT: Overruled. You may answer the question,
3 sir.

4 THE WITNESS: The CRO reports to our board. We're
5 right now represented by the SLC or per the agreement,
6 represented by SLC.

7 MR. GARMAN: Okay. Thank you, Your Honor. I have no
8 further questions.

9 THE COURT: For the record, does anyone else have any
10 questions of Colonel Lee?

11 (No audible response)

12 THE COURT: Colonel Lee, thank you for coming down
13 here. Does anyone intend to call Colonel Lee back as a
14 witness? I'd like to go through the same release process at
15 least for part of the rule unless someone intends to call him
16 back.

17 MR. WATSON: Judge, I have one question for Colonel
18 Lee if I may ask?

19 THE COURT: You may.

20 MR. WATSON: Okay.

21 RECROSS EXAMINATION

22 BY MR. WATSON:

23 Q Colonel Lee, you testified that you believe an
24 investigation is warranted, right?

25 MR. GARMAN: Your Honor, I object. This goes beyond

1 the scope of my redirect.

2 THE COURT: I'm going to let him just have that one
3 question.

4 So you may answer that question, sir.

5 THE WITNESS: Counselor, could you rephrase it? I
6 don't want to be slyer, but could you rephrase that?

7 By MR. WATSON:

8 Q Did you -- Colonel Lee, you've testified that you believe
9 an investigation is warranted, right?

10 A Yeah, not to parse words. We are conducting
11 investigations and researching our systems all the time. So --
12 so we are answering questions. We're conducting investigations
13 per se now.

14 Q And should the outcome of those investigations be made
15 known to the public?

16 A That -- that depends.

17 Q Okay. Thank you. Thank you, Colonel Lee. I appreciate
18 that.

19 MR. WATSON: Thank you, Judge Hale.

20 THE COURT: Thank you, Mr. Watson.

21 Let me just ask one more time does anyone intend to
22 call Colonel Lee back as a witness? If you don't, I'd like to
23 release him in part from the rule so that if he wants to watch
24 the rest of the hearings he can.

25 Anybody?

1 (No audible response)

2 THE COURT: Okay. Hearing none, Colonel Lee, there's
3 been, excuse me, a rule of evidence invoked before the trial
4 started and you're not to speak with anybody about your
5 testimony today. Do you understand that first?

6 THE WITNESS: Yes, Your Honor.

7 THE COURT: Until I rule. After I've ruled, you can
8 talk about it all you want to. And you're permitted then to
9 watch this hearing. I don't think anyone intends to call you
10 back as a witness. So that part of the rule that has been
11 invoked I'll release you from that. If you want to watch,
12 you're welcome to.

13 THE WITNESS: Thank you, Your Honor. Yes.

14 THE COURT: You're welcome. Thank you for coming
15 down here today, sir.

16 THE WITNESS: Thank you, Your Honor.

17 MR. GARMAN: So, Your Honor, my next witness would be
18 board member Tom King. Mr. King is not physically present
19 where I am, so I will need a few minutes to get him on the
20 trial remote.

21 THE COURT: All right. Why don't we take our shorter
22 recess so you can get him on so five minutes or so. A few
23 minutes longer than that, probably. We'll be in recess.

24 (Recess at 2:53 p.m./Reconvened at 3:00 p.m.)

25 THE COURT: Mr. Garman, are you ready?

1 (Pause)

2 MS. CONNELL: Your Honor, we're still working on
3 getting the witness called in.

4 THE COURT: Okay.

5 MS. CONNELL: We're just having a little bit of
6 technical difficulties.

7 THE COURT: Okay.

8 MS. CONNELL: It should be moments.

9 MR. GARMAN: Your Honor, I'm sorry. We're on the
10 phone with Mr. King. He's having a few issues getting on the
11 WebEx meeting.

12 THE COURT: That's okay.

13 MR. GARMAN: It should be quick.

14 THE COURT: That's fine.

15 (Pause)

16 MR. MASON: Your Honor, if I could while we're
17 waiting. With respect to Mr. Makris, could we ask about him
18 being called back and the possibility of him observing the
19 proceedings as well? Whenever it's convenient for --

20 THE COURT: Yes. Is your question just to let him --
21 about the same modification of the rule apply to him; is that
22 right?

23 MR. MASON: Yes, Your Honor. Obviously, the rule in
24 terms of --

25 THE COURT: Yeah.

1 MR. MASON: -- sharing and talking wouldn't change
2 but just for purposes of observing.

3 THE COURT: Once we get everybody back on the record,
4 I'll just ask. Thank you for asking about that.

5 MR. MASON: Thank you, Your Honor.

6 THE COURT: My pleasure.

7 (Pause)

8 MR. GARMAN: I thought we had him.

9 Mr. King?

10 MR. KING: Yes.

11 MR. GARMAN: We can't see you. Can you push the --
12 there you are.

13 MR. KING: Okay.

14 MR. GARMAN: Well, sir, I think the debtors are
15 ready. That got my heart racing.

16 THE COURT: No problem.

17 MR. KING: Yeah, me too.

18 THE COURT: Mr. King, in just a second I'm going to
19 swear you in.

20 Mr. Garman, while we were waiting, Mr. Mason inquired
21 if we could modify the rule for Mr. Makris to -- by asking does
22 anybody intend to call him back as a witness? He would still
23 be under the same rule in discussing his testimony just like
24 the last witness but could watch the proceedings.

25 Anybody intend to call Makris back as a witness?

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1 MR. GARMAN: The debtors do not, Your Honor.

2 THE COURT: Thank you.

3 MR. GARMAN: We have no objection, also.

4 THE COURT: All right.

5 Anybody else?

6 (No audible response)

7 THE COURT: Okay.

8 MR. DRAKE: Committee has no objection.

9 THE COURT: Thank you. Thank you, Mr. Drake.

10 Mr. Mason, sometime when it's convenient, let me just
11 talk to him when he comes back in. But he can watch the
12 proceeding. I just want to make sure he understands that he
13 can't talk to anybody about the testimony. So he can go ahead
14 and start watching it if you want to, and then at a convenient
15 time, let me just visit with him like I did the other
16 witnesses.

17 MR. MASON: Thank you, Your Honor.

18 THE COURT: My pleasure.

19 Now, Mr. King, can you hear me?

20 MR. KING: Yes.

21 THE COURT: Would you raise your right hand?

22 MR. KING: Yes, I can.

23 THE COURT: Would you raise your right hand?

24 TOM KING, DEBTORS' WITNESS, SWORN

25 THE COURT: Mr. Garman?

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1 MR. GARMAN: Well, now you can hear me.

2 DIRECT EXAMINATION

3 BY MR. GARMAN:

4 Q Good afternoon, Mr. King.

5 A Good afternoon, sir.

6 Q At the outset, can you tell the Court where you're
7 testifying from today?

8 A Yeah. I'm testifying from my office in East Greenbush,
9 New York.

10 Q Thank you, sir. And could you give a brief introduction
11 of yourself to the Court and the parties?

12 A Sure. My name is Tom King. I'm an NRA board member. I'm
13 the executive director of the New York State Rifle and Pistol
14 Association; happily married for 50 years but, more
15 importantly, I'm a father and a grandfather who believes in the
16 core American values and have raised my kids and my -- my
17 grandkids in that manner.

18 Q Yes, sir. So, sir, how long have you been a member of the
19 board of the NRA?

20 A Since approximately 2006.

21 Q And in that amount of time, how many board meetings do you
22 think you've attended?

23 A Probably 43, 44. I've only missed one in my entire career
24 on the NRA board.

25 Q Okay. And, sir, I'm going to do my best today to move our

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1 testimony along as quickly as possible. So my question is from
2 a high level, can you tell me about the credentials of your
3 fellow board members who sit on the board today?

4 A Well, let me see. There's 76 people. Many lawyers, many
5 business professionals, many politicians, and many working --
6 working people, all of whom, you know, have come to work
7 voluntarily at the NRA because of their -- their beliefs in the
8 Second Amendment.

9 Q And, sir, do the members of the board always agree?

10 A Wait a minute. There's -- there's 76 of them and -- and
11 almost all of them are A-type personalities. I would say
12 that's -- that's no, okay. But we always try -- we always try
13 to resolve our differences and come out in -- in unity on a --
14 on a situation or a vote.

15 Q And, sir, is it your experience -- well, strike that. Do
16 you believe that the members exercise independent judgment?

17 MS. CONNELL: Objection; leading, Your Honor.

18 THE COURT: Sustained.

19 BY MR. GARMAN:

20 Q How do you understand the board members deliberate to the
21 decisions they come to?

22 A Well, you know, there's -- at every board meeting, there's
23 a minimum of five and usually a maximum of seven microphones
24 set up around the room. And as we are discussing situations or
25 motions, we are allowed in -- we're not allowed, we are asked

1 to in an -- in an officious manner to rise to the microphones,
2 identify ourselves, and state our position or state our
3 question. So we are -- we are asked to do this at every
4 meeting.

5 Q Yes, sir. So do you know Wayne LaPierre?

6 A Yes, I do.

7 Q And how long have you known him?

8 A I've known Wayne for, I don't know, approximately --
9 approximately 40 years from -- no, 30 years from my -- my time
10 working with the New York State Association and working with
11 the Second Amendment. I've known him very well personally for
12 the last 10 or 12 years.

13 Q And, sir, what is your opinion of Mr. LaPierre?

14 A He is probably the -- no, not probably. He -- he is the
15 person who has brought the NRA from a million or a little bit
16 less than a million members to 500 million-plus and to a five
17 -- 500 million budget. He's an intelligent man. He's a smart
18 man, a great speaker. And he's the leader that the NRA has
19 needed over all of these years.

20 Q And what do you believe of Mr. LaPierre's judgment?

21 A Yeah, of course. Well, I -- I believe that he -- you
22 know, he makes -- he makes the right decisions for the NRA at
23 the right time.

24 Q Sir -- strike that. Sir, if you lost confidence in Mr.
25 LaPierre as a board member, would you take steps to replace

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1 him?

2 A Yes, I would. You know, if -- no one -- no one is exempt
3 from -- from breaking the rules or violating the bylaws. So,
4 yeah, I -- yes, I would.

5 Q Sir, changing subjects -- well, strike that. Let me go
6 back. Sir, what duties do you hold as a member of the National
7 Rifle Association to that association?

8 A Let me see. I'm involved in about five or six committees,
9 chairman of -- or chairman of the Silhouette Shooting
10 Committee, on the Comp Rules Committee. I'm the vice-president
11 of the NRA Foundation, and I'm a member of the trustees --
12 board of trustees of the special -- I can't remember the exact
13 name of it, but it's Whittington Center Trust.

14 Q And, sir, do you have an understanding as to what a
15 fiduciary duty is?

16 A Of course. You know, I've worked in business all my life.
17 I -- I understand exactly what a fiduciary duty is.

18 Q And as a board member, do you owe a fiduciary duty to the
19 National Rifle Association?

20 A Certainly.

21 Q Okay. Changing subjects, sir, do you know Judge Phillip
22 Journey?

23 A No, I have never met him. I've seen him on a couple of
24 occasions. You know, he's only been to one board meeting that
25 I'm aware of, and he kind of kept to himself.

1 Q But you are acquainted with Judge Journey, correct?

2 A Yes. I think the first time I saw him was at the -- the
3 NRA annual meeting in Indianapolis when there was some -- when
4 this brouhaha with Wayne started at the -- at the members
5 meeting. And he was the one who eventually called the --
6 called the issue to a vote, and the approximately 10,000
7 members there overwhelmingly voted for Wayne.

8 Q So let's step back and try and break that down a little
9 bit. When you said "brouhaha," what were you referring to in
10 Indiana?

11 A Well, you know, this -- that was -- that was shortly after
12 a couple of stories broke about Wayne, the one that was in --
13 oh, the -- the Bloomberg paper, Grace, and I think there was
14 another one in -- in the Wall Street Journal or New York Times,
15 I'm not sure which. But there was a group of dissidents who
16 were from Pennsylvania area who started a movement to oust
17 Wayne.

18 And it was led by -- by a couple of different people. One
19 of them was a fellow by the name of Jeff Knox whose father was
20 the leader of a -- of a similar situation back in 1995. And --

21 Q Okay. Yeah, okay, sir. So steer us back to the
22 testimony. Was Mr. Journey involved in the process you were
23 just referring to?

24 A Yes, he --

25 Q (Indiscernible) Judge Journey.

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1 A Yes, he was. He was -- he was discussing -- and I don't
2 remember -- this was before he was on the board and I had never
3 met him. And he -- he went up and he made a couple of points
4 and --

5 MR. GRUBER: Objection; hearsay.

6 MS. CONNELL: Objection.

7 THE COURT: Response? Response --

8 MR. GARMAN: Your Honor, actually I believe that
9 Judge Journey's statements would be a statement against his own
10 interest. He's an adverse party to the debtors in these
11 proceedings.

12 THE COURT: You know, this is so tricky with several
13 parties not being precisely aligned. I'm going to let the
14 witness testify.

15 You may answer the question, sir.

16 THE WITNESS: Thank you, sir.

17 He was -- he was participating in -- in the
18 conversations, and it was becoming quite heated. And finally,
19 he approached one of the microphones and called the question
20 and asked for the -- the members present to vote and they
21 voted. And out of the 10 -- out of the approximately 10,000
22 people that were there, there were maybe -- maybe 80 that --
23 that voted against Wayne and the NRA board of directors and the
24 rest all voted in support of our positions and what were
25 looking to do.

1 BY MR. GARMAN:

2 Q So, sir, can you identify with more specificity the
3 question that was posed to the members for a vote that day?

4 A I -- I can't -- I can't be exact about it. That was quite
5 a while ago, but what it was was a -- they wanted -- they
6 wanted a vote of lack of confidence for Wayne and the board of
7 directors and to -- and to install a new CEO and possibly new
8 -- new officers.

9 Q Yes, sir.

10 A And -- yes.

11 Q Yes, sir. And can you tell the Court and the parties what
12 month and year this vote occurred in?

13 A It was April 2018.

14 Q And for clarity, what was the outcome of that vote?

15 A The members present overwhelmingly gave Wayne and the
16 board of directors a vote of confidence. And out of the
17 approximately 10,000 people that were there, I think that maybe
18 80, 100 people voted in favor of ousting Wayne.

19 Q Sir, changing subjects again, are you familiar with a
20 gentleman named Eric Schneiderman?

21 A Yes, I am.

22 Q And who is he?

23 A Eric Schneiderman was the former attorney general of the
24 State of New York.

25 Q And do you know when his term as attorney general ended,

1 approximately?

2 A Sometime either in late 2017 or early 2018.

3 Q Do you recall having a conversation with Attorney General
4 Schneiderman about National Rifle Association toward the end of
5 2017?

6 A Yes, I do. Mr. -- Mr. Schneiderman --

7 Q Sir? Sir, if it's okay, we can probably advance the
8 process a little faster if you let me ask the questions and
9 focus the testimony.

10 A Sure. Could you repeat the question? I'm sorry.

11 Q Actually, I think you've answered that question, Mr. King,
12 so I'll ask the next one. At the time of that call, was Mr.
13 Schneiderman the sitting attorney general for the State of New
14 York?

15 A Yes, he was.

16 Q And who called who?

17 A He called me.

18 Q Okay. Now if you could discuss the content of that phone
19 call for the Court and the parties?

20 A Mr. Schneiderman called to give me a heads-up that there
21 were people that were investigating the -- that were going to
22 be investigating the NRA. And he said to us that -- or he said
23 to me that I should contact Wayne or asked me to contact Wayne
24 and tell Wayne what was going on and ask him to prepare for the
25 worst and that we should hire a New York City -- New York City-

1 based attorney or a New York-state based --

2 Q And do you have an understanding as to what people
3 Attorney General Schneiderman was referring to in that call?

4 A Well, I asked him that -- I asked him that question, and
5 he said -- his response to me was is, Tom, you've been --
6 you've been around long enough to know who those people -- who
7 those people are. I don't have to tell you who they are.

8 Q And at the conclusion of that phone call, did you have an
9 opinion as to who those people were that he was referring to
10 with regard to an investigation of the National Rifle
11 Association?

12 MR. GRUBER: Objection; no foundation.

13 MS. CONNELL: Objection, Your Honor.

14 MR. GARMAN: I'm asking his opinion, Your Honor.

15 MR. GRUBER: No foundation.

16 MS. CONNELL: (Indiscernible), Your Honor.

17 THE COURT: Sustained.

18 BY MR. GARMAN:

19 Q So after receiving that phone call from Attorney General
20 Schneiderman, what did you do?

21 A I called Wayne LaPierre to inform him of the conversation.

22 Q And what did you tell Mr. LaPierre in that call?

23 A I reiterated what Attorney General Schneiderman had told
24 me and especially reinforced the -- the part about some
25 powerful people coming after us and that we should hire a New-

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1 York state-based attorney because of the unique not-for-profit
2 laws in New York State.

3 Q And did, in fact, the National Rifle Association take
4 action in response to Attorney General Schneiderman's warning?

5 A Yes, they did. They -- they immediately went out and
6 looked for a law firm and they found one. And they started a
7 program to -- to investigate all of the aspects of the NRA.

8 Q And what law firm was that, sir?

9 A That was the Brewer Law Firm.

10 Q Do you have direct experience interacting with the Brewer
11 firm?

12 A Yes, I do.

13 Q Could you explain that experience to the Court?

14 A Yeah. I've supplied some information, have done some
15 miscellaneous inquiries regarding -- regarding various laws and
16 things that are going on in New York State. And he asked -- I
17 was asked my opinion on -- on where the lawsuit should be
18 filed, where I thought a lawsuit should be filed in New York
19 State, and just general -- general -- general contact between
20 an attorney and a client.

21 Q Sir, have you ever -- I'm sorry, strike that. Does the
22 Brewer firm ever make presentations at board meetings?

23 A Yes, they do. They -- they make --

24 Q Sir, and how many of those presentations have you
25 personally sat through?

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1 A I think I've sat through all of them. I've only missed
2 one board meeting, and that was in early -- early January of
3 2021 because I was quarantined. But I have hit every -- every
4 briefing that the Brewer firm has given us.

5 Q And do you have an estimate as to how many briefings that
6 would be?

7 MS. CONNELL: Objection, Your Honor; leading.

8 THE COURT: Overruled.

9 You may answer the question, sir.

10 THE WITNESS: I want to say five or six.

11 BY MR. GARMAN:

12 Q Okay. Sir, do you have knowledge as to how much the
13 Brewer firm has been paid in professional compensation from the
14 National Rifle Association?

15 A Yes, I do.

16 Q And what do you understand that amount to be?

17 A Around 54, 55 million dollars.

18 Q And does the level of compensation paid to the Brewer firm
19 concern you in any way?

20 MS. CONNELL: Objection, Your Honor; foundation for
21 this line of questioning.

22 THE COURT: Overruled.

23 THE WITNESS: No, it doesn't. It's -- it's a lot of
24 money, but the -- the NRA is the last bastion of Second
25 Amendment freedom and constitutionalism. What's it worth to

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1 protect the -- to protect the NRA? I don't know what that
2 number is, but I'm willing to spend as much as we -- we need to
3 to protect the NRA.

4 BY MR. GARMAN:

5 Q And do you have --

6 A (Indiscernible) members are, as well.

7 Q And, sir, do you have personal experience reviewing the
8 work that the Brewer firm has done?

9 A Just through the -- through the briefs and -- and reading
10 them. I'm an avid reader, and I -- I probably if I had it to
11 do all over again would be an attorney so I -- I enjoy reading
12 them. And, yes, in that -- in that way I do have -- I do have
13 knowledge of the work that they have done.

14 Q And are you as a board member satisfied with the legal
15 services provided by the Brewer firm?

16 A Yes, I am.

17 Q Do you, sir, have concerns over the level of influence the
18 Brewer firm exerts over the National Rifle Association?

19 A No. I -- I -- you know, I don't think that they -- I
20 really don't understand the question because I'm not aware
21 other than legal advice given to the association what other
22 influence they have.

23 Q Sir, were you personally present at the March 28th, 2021
24 board meeting?

25 A Yes, I was.

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1 Q And where in the room were you sitting?

2 A I was sitting -- the board members sit alphabetically at
3 tables that are lined up, and I was sitting next to a fellow by
4 the name of David Keene and next to him was Mr. Journey.

5 Q So how far away were you sitting from Judge Journey?

6 A Twelve, fourteen feet.

7 Q Was -- are board members permitted to speak and ask
8 questions during meetings?

9 A Yes. I mean that's -- that's what takes up most of the
10 time of the board meetings is that there's always someone going
11 up to the microphones to ask a question.

12 Q And does that process also exist in executive session?

13 A Yes, it does.

14 Q Was any board member stopped or prohibited from speaking
15 to the board during the March 28th, 2021 meeting?

16 MS. CONNELL: Objection, Your Honor; leading.

17 THE COURT: Overruled.

18 THE WITNESS: No one was stopped from speaking.

19 BY MR. GARMAN:

20 Q And more specifically, was Judge Journey stopped from
21 addressing the board during that meeting?

22 A Judge Journey never made -- never made an attempt to
23 address the board at that meeting.

24 Q Do you, sir, support the NRA's Chapter 11 filing before
25 this Court?

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1 A Yes, I do.

2 Q And why is that?

3 A You know, what I failed to mention earlier was the fact
4 that I'm a life-long resident of New York State and I've lived
5 in Albany for going on 50 years. And there's -- there's -- I
6 understand what it's like to live in the belly of the beast,
7 okay. And that's what this is, and I think that whatever it
8 takes to sustain the NRA is what we should be doing.

9 THE COURT: I think, Mr. Garman, we ought to -- Mr.
10 Garman, if the witness could -- and Mr. King, if you could just
11 listen to the question and answer it, I think it'll go faster.
12 Thank you.

13 THE WITNESS: Okay. I'm sorry, Your Honor.

14 THE COURT: It's okay.

15 MR. GARMAN: Your Honor? Your Honor, we won't be any
16 faster. I'm done with my questioning.

17 THE COURT: Excellent. Thank you, Mr. Garman.

18 All right. Ms. Connell, you go next.

19 MS. CONNELL: Thank you, Your Honor.

20 CROSS-EXAMINATION

21 BY MS. CONNELL:

22 Q Mr. King, I'm Monica Connell from the New York State
23 Attorney General's Office. I'm going to ask you some questions
24 this afternoon if that's all right.

25 A I'm here. I guess it is.

1 Q Thank you. So you agree that the mission of the NRA is
2 very important, correct?

3 A Yes.

4 Q And you want the NRA to be able to achieve that mission,
5 right?

6 A Yes, I do.

7 Q And the NRA's a not-for-profit corporation, right?

8 A Yes, it is.

9 Q And as a not-for-profit, you would agree that it should
10 comply with laws applicable to not-for-profit corporations,
11 right?

12 A Sure.

13 Q Okay. And the NRA has bylaws, right?

14 A Yes, they do.

15 Q And internal policies and procedures, correct?

16 A Correct.

17 Q And you agree that officers and directors of the NRA have
18 to follow the organization's bylaws, correct?

19 A Correct.

20 Q And its policies and procedures, right?

21 A Right.

22 Q You talked -- I just want to go back. You talked a minute
23 ago about a vote by some dissidents, is that right, at the 2019
24 board meeting?

25 A Yeah, well, that's just -- you know, that's --

1 Q It's a yes or no, sir. You mentioned dissidents at the
2 board meeting?

3 A Yes, I did.

4 Q Okay. And by dissidents, that implies that they were
5 expressing a different viewpoint than the majority; is that
6 what you meant to say?

7 A No, that's not what I meant. I meant that there was a
8 floor argument going on and that they were expressing their
9 votes. I -- I did not mean dissidents in the method that you
10 are using it right now.

11 Q So but you called them dissidents, right, sir?

12 A Yes, and I just explained that I didn't (indiscernible) --

13 Q And --

14 A -- that way.

15 Q Okay. So I'm just going to refer to them as dissidents
16 for a second to talk about that group of people. They put
17 something to a voice vote, right?

18 A Yes, they did.

19 Q And you said that you believe only about 70 or 80 people
20 contradicted that voice vote, right? I mean voted in favor of
21 what their proposition, right?

22 A I did.

23 Q Do you know of any retaliation that was taken against
24 board members after that meeting?

25 A No, I don't know if there was any retaliation taken. I

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1 know there are people that have claimed that, but I don't know
2 if there was any retaliation.

3 Q So you're not aware of board members who claim they
4 weren't given committee assignments?

5 A Committee --

6 Q Does that sound accurate?

7 A Committee assignments change every year.

8 Q I'm asking whether you're aware that there were board
9 members who claim that they were denied assignments to
10 committees after voicing objections at the 2019 board meeting?

11 A That's a question I can't answer yes or no because the
12 duties of the directors change every year, and every year there
13 are different committees that people are --

14 MS. CONNELL: Your Honor, I object and move to
15 strike.

16 THE COURT: Sustained.

17 Just answer the question as posed, Mr. King.

18 BY MS. CONNELL:

19 Q Mr. King, maybe I can make it easier for you. Board
20 members ask -- can ask to be assigned to committees, correct?

21 A Yes.

22 Q And they can be assigned to committees on a yearly basis
23 through assignments, correct?

24 A Yes.

25 Q And you're unaware that many -- that some board members

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1 claim that they were denied assignments to any committee after
2 they voiced their opinions at the 2019 board meeting? You're
3 unaware of that, correct?

4 A Yes, I am.

5 Q Okay. So I want to go now to your testimony regarding the
6 call by former Attorney General Eric Schneiderman --

7 A Sure.

8 Q -- that you just testified to. You would occasionally
9 speak to Mr. Schneiderman; is that accurate?

10 A Yes, over a period of a number of years.

11 Q And he didn't mention Attorney General James' name in that
12 phone call, right?

13 A To the best of my knowledge, no, he did not.

14 Q Okay. And I think you said that you are an avid reader,
15 correct?

16 A Yes.

17 Q And in another life you would have chosen to be a lawyer,
18 right?

19 A Yes.

20 Q I think some of the people in this trial might dissuade
21 you, but in any case, in your role as NYSRPA, you're the head
22 of the New York State Rifle and Pistol Association, right?

23 A Yes.

24 Q And if I refer to that as NYSRPA, you'll know what I'm
25 talking about, correct?

1 A Absolutely.

2 Q Okay. You oversee a good amount of litigation; is that
3 right?

4 A I'm -- I'm not sure I understand what you're -- what
5 you're asking.

6 Q I'm asking, sir, whether -- I'm going to ask you whether
7 you have read the complaint in the New York Attorney General
8 action?

9 A Yes.

10 Q Okay. And you feel as a board member it would be
11 important to know if NRA officers and employees are taking NRA
12 money and using it for non-mission purposes, right?

13 A That is correct.

14 Q And -- or if they're using charitable funds for personal
15 reasons, that would be important for the board to know, right?

16 A That would be important for the board to know, yes.

17 Q Or potentially jeopardizing the NRA's tax-exempt status,
18 correct?

19 A Yes.

20 Q Okay. So you indicated that you were warned by Attorney
21 General Schneiderman; is that correct?

22 A Yes. That is correct.

23 Q Okay. And you said, I believe, that you were asked by
24 counsel for your opinion as to "where to file a lawsuit." What
25 kind of lawsuit were you talking about?

1 A It was a Second Amendment lawsuit. It had nothing to do
2 with this -- it had nothing to do with this case.

3 Q Okay. And in regard to your reading of the New York
4 Attorney General's complaint, did you yourself perform any
5 investigation of the allegations therein?

6 A You know, of course. I looked into a number of them and
7 the -- it was discussed at board meetings.

8 Q But did you yourself look at any of the facts and
9 individually investigate them?

10 A No. That's -- that's what our -- that's what our auditors
11 were doing.

12 MS. CONNELL: Your Honor, I move to strike everything
13 after "no."

14 THE COURT: Sustained.

15 BY MS. CONNELL:

16 Q So let me ask you -- actually, if you could open New York
17 State Attorney General Exhibit 107, please.

18 A Who me?

19 Q Yes. Can you pull it up, Mr. King?

20 A I don't have that here.

21 MR. GARMAN: Counsel, I'm going to admit I don't
22 think I prepared the witness to open exhibits. We'll have to
23 get them to him. I apologize. It slipped my mind.

24 MS. CONNELL: We could screen-share. Mr. Garman, I
25 understand. I think we're all --

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1 MR. GARMAN: I'm really sorry about that.

2 MS. CONNELL: -- (indiscernible) timeline. No,
3 completely understandable.

4 BY MS. CONNELL:

5 Q Before I ask you some specific questions about this, let
6 me ask you something. Mr. King, do you believe that the
7 Attorney General's complaint was brought purely for political
8 purposes?

9 A Yes.

10 Q And you believe all the facts in that complaint are
11 meritless?

12 A They're allegations. They're not facts.

13 Q Okay. And you believe all the allegations in that
14 complaint lack merit; is that accurate?

15 A Yes.

16 Q Okay. So let's take a look at a couple of them. Can you
17 look at, for example, paragraphs 169 and 170?

18 MS. CONNELL: If you can bring that up, Mr. Thompson?

19 BY MS. CONNELL:

20 Q If you could take a second to read this, Mr. King, I'd
21 appreciate it. I understand it's hard to do on the screen.

22 A Yeah. I'm -- I'm doing that right now.

23 Just 169 or 170, as well?

24 Q Would you look at both, please, sir?

25 A Okay.

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1 Q Okay. So you know that the New York Attorney General as
2 one of the many allegations in that complaint alleged that Mr.
3 LaPierre used in this paragraph a particular yacht named
4 "Illusions" and that he failed to disclose the use of this
5 yacht in his conflict-of-interest forms. You're aware of those
6 allegations; is that correct?

7 A Yes, I am.

8 Q And did you review Mr. LaPierre's answer to the New York
9 Attorney General's complaint?

10 A Yes, I did.

11 MS. CONNELL: Okay. I would like to bring up that
12 answer, Your Honor. This --

13 BY MS. CONNELL:

14 Q Well, before I do that, let me ask you. So you're aware
15 that Mr. LaPierre admitted to using that yacht; is that
16 correct?

17 A Yes, I am.

18 Q And that he admitted that that yacht was owned by someone
19 who has a controlling interest in one of the NRA's larger
20 vendors, correct?

21 A Yes, I am.

22 Q Okay. And also that he admitted he had failed to disclose
23 the use of that yacht on mandatory conflict-of-interest
24 disclosure forms; is that correct?

25 A I'm assuming that's the allegation that's made, so it is

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1 an allegation, yes.

2 Q So that's -- I didn't ask you if it was an allegation.

3 I'm asking you whether you know whether he admitted it, sir.

4 A No, I don't. The only way I know that is by what I'm
5 reading.

6 MS. CONNELL: Okay. So, actually, I'd like to bring
7 up Mr. LaPierre's answer, please, Stephen. Thank you.

8 BY MS. CONNELL:

9 Q And if you can look at paragraphs 169 to 170 of the
10 answer.

11 MS. CONNELL: Your Honor, I would point out if we'd
12 like Mr. Thompson to page down, this is a verified answer. At
13 the top, it has the ECF stamp for electronic court filing in
14 New York state courts. And at the very bottom, it has Mr.
15 LaPierre's notarized signature. And I can have Mr. Thompson
16 show that to the Court if you would like.

17 THE COURT: I can see it on the screen. Just keep
18 using it.

19 MS. CONNELL: Sure.

20 So can you go to the bottom, Stephen? Could you show
21 the notarized signature, please?

22 THE COURT: Just pull it down to the bottom, if you
23 would.

24 MS. CONNELL: Go up some more.

25 THE COURT: Thank you.

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1 BY MS. CONNELL:

2 Q So you see, Mr. King, this is a verification by Mr.
3 LaPierre; is that correct?

4 A That's correct.

5 Q And he says "I'm the named defendant in the above-
6 captioned action. I have read the foregoing verified answer
7 and the contents thereof. And the pleading is true to my
8 knowledge except as to matters alleged on information and
9 belief. And as to those matters, I believe them to be true."
10 You see that, correct?

11 A Yes, I do.

12 Q And he signed it?

13 A Yep.

14 Q And it was notarized by Lisa Supernaugh; is that correct?

15 A Yes, it was.

16 MS. CONNELL: Okay. So if we could please go back up
17 to paragraphs 169 and 170, please, Mr. Thompson.

18 Okay, thank you.

19 BY MS. CONNELL:

20 Q I think -- actually, I direct your attention to paragraph
21 170, particularly, Mr. King. Do you see where Mr. LaPierre
22 admits he has never disclosed the use of the boat in the
23 Bahamas on the National Association of America financial
24 disclosure questionnaires. And as he as an officer and ex-
25 officio director of the National Rifle Association of America

1 has submitted -- I'm sorry.

2 That he as an officer and ex-officio director of the
3 National Rifle Association of America has submitted to the
4 National Rifle Association of America annually and that
5 Question 4 of that questionnaire asked -- and it goes on to
6 include language of the questionnaire.

7 That language of the questionnaire -- I mean do you see
8 paragraph 170, sir?

9 A Yes, I do.

10 Q And do you see what Mr. LaPierre admits that he had never
11 previously disclosed these stays on a yacht?

12 A Yes, I do.

13 Q Okay. And did you know, sir, that Mr. LaPierre had not
14 disclosed his apparent conflict of interest on the NRA's
15 required conflict-of-interest forms?

16 A No, I did -- no, I did not and I -- it's -- and you used
17 the word "apparent." And --

18 Q Excuse me. I --

19 MS. CONNELL: Your Honor, I would object and move to
20 strike everything after "no, I did not."

21 THE COURT: Sustained.

22 BY MS. CONNELL:

23 Q I'd like to ask you are you aware of any allegations
24 against Josh Powell in the NYAG complaint?

25 MR. GARMAN: Your Honor, I object to the scope of the

1 question.

2 MS. CONNELL: Excuse me one second. Your Honor, I
3 would move what we've been looking at, Mr. LaPierre's answer.
4 I would ask that be marked as NY Exhibit 366 and moved into
5 evidence.

6 MR. GARMAN: I'm sorry, Counsel. Is that an exhibit
7 that's been produced to us or just what you showed on the
8 screen?

9 MS. CONNELL: No. No, I'm sorry, Mr. Garman. This
10 was produced only for impeachment purposes regarding Mr.
11 LaPierre's character and this witness's knowledge of admissions
12 in the allegations. Specifically, I think that this witness
13 testified he felt all of the factual allegations in the
14 complaint were false and that the motivation for the NYAG
15 action was purely political.

16 MR. GARMAN: Your Honor, I object. I don't think any
17 foundation for the admission of that exhibit was laid by this
18 witness.

19 THE COURT: 366 is in. It's NY Attorney General.

20 (NYAG Exhibit 366 admitted into evidence)

21 MS. CONNELL: Thank you, Your Honor.

22 BY MS. CONNELL:

23 Q Do you know who Josh Powell is, Mr. King?

24 MR. GARMAN: Your Honor, I object as outside the
25 scope of the examination.

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1 THE COURT: Response on that one?

2 MS. CONNELL: Your Honor, I'm going to tie this into
3 Mr. Powell was hired by Mr. LaPierre and it goes to -- it's
4 going to tie back into Mr. LaPierre's own conduct and whether
5 he has the integrity that this witness testified about and
6 whether the allegations in the complaint are false.

7 THE COURT: I'll carry the objection for now.

8 MS. CONNELL: Okay.

9 BY MS. CONNELL:

10 Q Are you aware -- I'm sorry, Mr. King, are you aware that
11 --

12 MS. CONNELL: -- one second, Your Honor --

13 BY MS. CONNELL:

14 Q -- Mr. LaPierre in the New York Attorney General complaint
15 -- the Attorney General alleges among other allegations that
16 Mr. LaPierre had a "poison pill contract." You remember
17 reading that, correct?

18 A Yes, I do.

19 Q Okay. And if you please look at Paragraphs 418 and 420 of
20 the complaint.

21 If you look particularly at Paragraph 420, sir. Under the
22 terms -- if you see, it says, "Under the terms of the LaPierre
23 post-employment contract, if LaPierre retired or lost re-
24 election in 2014, his annual compensation from the NRA would
25 increase. In each amendment to LaPierre's post-employment

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1 contract, which extended the terms and the amount of
2 compensation, the NRA was obligated to continue to pay LaPierre
3 for years after he lost re-election or retired and at a rate
4 higher than his compensation as Executive Vice President."

5 Do you see where it says that, sir?

6 A Yes, I do.

7 Q And Mr. LaPierre did in fact have such a contract, right?

8 A I don't know.

9 MS. CONNELL: I would ask Mr. Thompson if he can
10 please bring up New York Attorney General Exhibit 331.

11 THE WITNESS: No, let me -- I wasn't aware of it is
12 what I'm saying.

13 BY MS. CONNELL:

14 Q I understand. So to your knowledge -- well, to your
15 knowledge, no such contract was ever presented to the whole
16 board for approval. Is that correct?

17 A I don't know. I don't know the length of the contract,
18 when it was issued. I don't know any of that, so I can't --

19 Q Well, sir, I'm going to show you what has been marked and
20 admitted as New York Attorney General 331.

21 A Okay.

22 Q And Mr. Thompson will page through it at the speed you
23 need so that you can review it.

24 Let me know when you'd like him to page down, please.

25 MR. GARMAN: Your Honor, I object unless this exhibit

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1 is being used for impeachment purposes.

2 THE COURT: Ms. Connell?

3 MR. GARMAN: It's a foundation -- it's a foundation
4 objection.

5 MS. CONNELL: Your Honor --

6 THE COURT: Respond, Ms. Connell, on foundation.

7 MS. CONNELL: Your Honor, this contract was already
8 admitted into evidence. This witness testified he believed all
9 of the allegations in the New York State Attorney General's
10 action were -- complaint were false. And I just read the
11 allegations regarding the contract and here is the contract
12 that was in fact admitted to by Mr. LaPierre admitted into
13 evidence. It's impeachment, sir.

14 THE COURT: Overruled.

15 BY MS. CONNELL:

16 Q Should we page down, Mr. King?

17 A Hold on. I was listening.

18 Q I know it's hard to read, sir.

19 (Witness is reviewing exhibit)

20 A Page down.

21 (Witness is reviewing exhibit)

22 Page down.

23 (Witness is reviewing exhibit)

24 Okay.

25 Q So this contract, if you page down a little bit more,

1 Mr. Thompson, you can see it was signed by Mr. LaPierre,
2 correct?

3 A Yes.

4 Q And Wilson Phillips?

5 A Yes.

6 Q The former treasurer and CFO of the NRA, correct?

7 A Correct.

8 Q And Pete Brownell, the former president, correct?

9 A Correct.

10 Q And this contract, in fact, provides for Mr. LaPierre to
11 get more than a million dollars per year after he had left the
12 NRA for any reason, correct?

13 A But it -- yes, it does. But it also provides for him to
14 continue services to the NRA. It's not -- it's not --

15 MS. CONNELL: Your Honor, I move to strike everything
16 after "yes, it does."

17 THE COURT: Sustained.

18 BY MS. CONNELL:

19 Q And that contract continues for a number of years, right,
20 Your Honor -- right, Mr. King, potentially into 2030, correct?

21 A According to this, yes.

22 Q Okay.

23 MS. CONNELL: One final exhibit and one final
24 example, Your Honor.

25 BY MS. CONNELL:

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1 Q I would ask, Mr. King, are you aware of Woody Phillips
2 being given a post-employment contract in 2018?

3 A I've heard of it, yes.

4 Q Okay. So if the Attorney General alleged in her complaint
5 that Mr. Phillips was given a lucrative post-employment
6 contract in 2018, that would be true, correct?

7 A Can't answer that question.

8 Q Okay.

9 MS. CONNELL: Can you please --

10 THE WITNESS: -- I haven't seen it.

11 MS. CONNELL: All right. Mr. Thompson, can you
12 please bring up Paragraph 231 of Exhibit 8?

13 Oh, I'm sorry. Excuse me for one second. I meant
14 the complaint. Yes, 107.

15 One second.

16 BY MS. CONNELL:

17 Q I'd like to go back to one issue, Mr. King. You testified
18 that you had only missed one board meeting in your years as an
19 NRA board member.

20 A Yes.

21 Q Is that correct? So you don't recall --

22 A Yes.

23 Q -- Mr. LaPierre's employment contract being voted on at
24 any board meeting you were at. Is that correct?

25 A I don't recall. You know, this goes back a number of

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1 years. So I mean, maybe we voted on it. Maybe we didn't. I
2 don't -- I don't remember.

3 Q Thank you, Mr. King.

4 So now, looking at Paragraph 231, sir, if you see where it
5 says "In 2017, the NRA began to plan for Phillips' retirement
6 and the introduction of his replacement. As ex-officio
7 director, treasurer, and CFO, Phillips' compensation was
8 required to be set by the NRA board or an authorized committee.
9 He was not permitted to receive any additional compensation
10 without specific board authorization. However, the NRA's
11 president and first vice president gave Phillips a post-
12 employment compensation benefit in the form of a consulting
13 agreement without such authorization."

14 Do you see that allegation, sir?

15 A Yes, I do.

16 Q And then, in the next paragraph, it says "On May 5, 2018,
17 while Phillips was still the treasurer of the NRA, Phillips
18 entered into an independent consulting agreement to continue to
19 be paid by the NRA following his retirement."

20 Do you see that, sir?

21 A Yes, I do.

22 MS. CONNELL: And if we could bring up Mr. Phillips'
23 employment contract.

24 I'm sorry, one second, Your Honor. I just forgot the
25 exhibit number to that.

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1 I apologize, Your Honor. One second. I should have
2 had this ready.

3 THE COURT: It's okay.

4 MS. CONNELL: It's NYAG Exhibit 123, and we're going
5 to screen share it for you, Mr. King.

6 This was admitted into evidence, Your Honor.

7 BY MS. CONNELL:

8 Q Do you see at the top where it says "This independent
9 consulting agreement is made as of December 31, 2018" --

10 A Yes, I do.

11 Q -- "the effective date by and between the National Rifle
12 Association of America." And it says further in that paragraph
13 "and Wilson H. Phillips, Jr."?

14 A Yes, I do.

15 MS. CONNELL: And if you could page down. More,
16 please, Stephen, at the -- Mr. Thompson, at the bottom, you'll
17 see it's dated.

18 BY MS. CONNELL:

19 Q It's signed by Pete Brownell. Is that correct?

20 A Yes, it is.

21 MR. GARMAN: Your Honor, I'd like to lodge an
22 objection. This exhibit is not being used to impeach the
23 witness. This exhibit is attempting to be used for the
24 accuracy of the allegation contained in the New York Attorney
25 General's complaint. And to that extent, it's outside the

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1 scope of my examination.

2 THE COURT: Response.

3 MS. CONNELL: Your Honor, this is my last question on
4 this line of questioning. And it is being used to impeach the
5 witness because the witness had testified that all of the
6 allegations in the NYAG complaint were meritless and without a
7 factual basis. So I'm just selecting a handful to demonstrate
8 that there is a factual basis. So I think we can close this
9 line of questioning with this document, sir.

10 THE COURT: The document may be used for impeachment,
11 but I think you need to move on after that.

12 MS. CONNELL: Yes, sir. Yes, Your Honor. Thank you.

13 BY MS. CONNELL:

14 Q Do you see this contract -- do you see the date of this
15 contract, Mr. King?

16 A Yes, I do.

17 Q Okay. So, Mr. King, in fact, Mr. Phillips entered into a
18 consulting agreement with the NRA. Is that correct?

19 MR. GARMAN: Objection, Your Honor.

20 THE WITNESS: (Indiscernible)

21 MR. GARMAN: Objection, Your Honor. Question lacks
22 foundation as to this exhibit.

23 THE COURT: I think I'll sustain it. I think you can
24 move on. I think you've made your point.

25 MS. CONNELL: Okay. Thank you, Your Honor.

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1 BY MS. CONNELL:

2 Q Mr. King, you're president of the NRA affiliate in New
3 York, right? NYSRPA is the NRA affiliate?

4 A Yes.

5 Q And that is one of the largest NRA state affiliates,
6 right?

7 A Yes, it is.

8 Q And do you maintain the website of NYSRPA?

9 A Yes, we do.

10 Q Okay. And you have stated on the website that you were
11 told at one point that NYSRPA had surpassed Texas and
12 California's state affiliates in size. Is that right?

13 A That was a number of years ago. Yes.

14 Q Right.

15 You are both the president of NYSRPA and the executive
16 director, correct?

17 A Correct.

18 Q And you take a salary as executive director. Is that
19 correct?

20 A Yes, I do.

21 Q Most leaders of state affiliates are volunteers. Isn't
22 that accurate?

23 A Most are not as large as we are and all of the larger
24 state associations have paid executive directors.

25 MS. CONNELL: Your Honor, I move to strike everything

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1 after he initially confirmed.

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

3 MS. CONNELL: Okay.

4 BY MS. CONNELL:

5 Q So you were a volunteer until about 2015. Is that
6 correct?

7 A Yeah, thereabouts.

8 Q Okay. And your salary of \$90,000 makes up almost a fourth
9 of NYSRPA's expenses in a given year, correct?

10 MR. GARMAN: Your Honor, I object.

11 Your Honor, I object to this being outside the scope
12 of my examination and I don't see how it's impeachment.

13 THE COURT: Response.

14 MS. CONNELL: Your Honor, what I'm going to try to
15 establish here is that Mr. King benefits from receiving a
16 salary and money from the NRA and is in fact a strong Wayne
17 LaPierre supporter and benefits from that.

18 THE COURT: So what are you trying to show then,
19 bias?

20 MS. CONNELL: Yes, Your Honor.

21 THE COURT: Overruled.

22 MS. CONNELL: It's only a few more questions, Your
23 Honor. I don't want to belabor this point.

24 BY MS. CONNELL:

25 Q So I think I asked you, Mr. King, your \$90,000 a year

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1 salary makes up about a quarter of the expenses of NYSRPA in
2 any given year, correct?

3 A Yeah. Yes, sometimes. Yes.

4 Q And the NRA provides money for fundraising to NYSRPA,
5 correct?

6 A No.

7 Q Or they provide assistance, correct?

8 A No.

9 Q They don't provide services through a fundraising company?

10 A No. Not to me.

11 Q Not to you, but to NYSRPA.

12 A No. Not to NYSRPA, either.

13 Q Okay. You're an enthusiastic Wayne LaPierre supporter.
14 Is that correct?

15 A Yes, I am.

16 Q You have -- the NYSRPA has a magazine called Bullet
17 Magazine, right?

18 A That's true.

19 Q And Wayne LaPierre was one of its men of the year,
20 correct?

21 A That's true.

22 Q And when we talked before about the brouhaha at the annual
23 meeting in 2019, that involved in part a dispute between Oliver
24 North and Wayne LaPierre, correct?

25 A Correct.

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1 Q And you filed an ethics complaint or a disciplinary
2 complaint, excuse me, against Oliver North to have him removed
3 as a member of the NRA, correct?

4 A Correct.

5 Q In February 2021, in your Bullet Magazine, you wrote an
6 article about wanting to end the persecution of the NRA in New
7 York, right?

8 A I think so. I've written a lot of articles over the
9 years.

10 Q In here, you called New York the belly of the beast,
11 correct?

12 A Yeah, that's probably true. I've used that on a number of
13 occasions.

14 Q Does NYSRPA receive -- NYSRPA receives grants from the NRA
15 Foundation doesn't it?

16 A We've received -- as far as I know in my tenure here, as
17 far as I remember, we have received one grant from the NRA
18 Foundation.

19 MS. CONNELL: Your Honor, if I have -- one second, I
20 think I have one more question.

21 THE COURT: Okay. You can take one second.

22 MS. CONNELL: Your Honor, we're going to --

23 BY MS. CONNELL:

24 Q Mr. King, I would just like to ask you once again. It's
25 your testimony today that NYSRPA does not receive fundraising

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1 assistance from the NRA. Is that correct?

2 A Yeah. To the best of my knowledge, that is in fact the
3 case.

4 Q Okay.

5 And that --

6 One second. We're trying to screen share something with
7 you, sir.

8 MS. CONNELL: Sir, if you can page to the top,
9 please, Mr. Thompson.

10 BY MS. CONNELL:

11 Q Okay.

12 Mr. King, are you aware of the audit committee within the
13 National Rifle Association?

14 A Certainly.

15 Q And have you ever reviewed reports of the National Rifle
16 Association's audit committee?

17 A Yes.

18 Q And have you ever seen this report?

19 A I'm looking at it right now.

20 Could you page up?

21 Q Page up or down?

22 A Down. I'm sorry.

23 MS. CONNELL: Your Honor, this is NYAG Exhibit 60 if
24 I didn't say that.

25 BY MS. CONNELL:

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1 Q And we can page down to the part that mentions NYSRPA,
2 sir.

3 A Go ahead.

4 Q Sir, do you see under Roman Numeral IV?

5 MS. CONNELL: Well, first, Your Honor, I would ask
6 that this exhibit be admitted.

7 Your Honor, I move for admission. I'm sorry. I
8 said, sir.

9 THE COURT: I'm waiting for Mr. --

10 MR. GARMAN: One second, Your Honor.

11 THE COURT: I'm waiting for Mr. Garman.

12 MS. CONNELL: Yes.

13 MR. GARMAN: Counsel, if you'll represent it's
14 complete, I have no objection. I just haven't looked at it all
15 the way through.

16 MS. CONNELL: I will so represent.

17 MR. GARMAN: No objection, Your Honor.

18 THE COURT: Based on that representation, NYAG 60 is
19 in.

20 (NYAG Exhibit 60 admitted to evidence)

21 MS. CONNELL: Thank you, Your Honor.

22 BY MS. CONNELL:

23 Q Mr. King, do you see where it was resolved that the
24 proposed transaction giving NYSRPA assistance in terms of
25 fundraising was approved by the audit committee?

King - Cross/Gruber

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1 A Yeah, but it never happened.

2 Q What didn't happen, sir?

3 A I don't know. It just -- it never happened.

4 Q Okay.

5 MS. CONNELL: I have no further questions, Your
6 Honor. Thank you.

7 Thank you, Mr. King.

8 THE WITNESS: You're welcome, ma'am.

9 THE COURT: Mr. Gruber?

10 MR. GRUBER: Thank you, Your Honor.

11 CROSS-EXAMINATION

12 BY MR. GRUBER:

13 Q Mr. King, my name is Mike Gruber. I represent AMc.
14 You're familiar with the initials?

15 A Yes, I am.

16 Q All right.

17 Let's see if we can clear one thing up real quick. First
18 of all, let me ask you if you can be as specific as you can
19 about when you received the telephone call from
20 Mr. Schneiderman?

21 A No, I have been as specific as I can be. I don't -- I
22 don't know -- I don't know the date. That was a long time ago.

23 Q Do you recall what year it was in?

24 A Yeah, I stated that. 2017.

25 Q Okay.

King - Cross/Gruber

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1 Did you recall initially that the NRA didn't hire the
2 Brewer law firm to assist it with compliance and other issues
3 with the New York Attorney General, it hired the law firm of
4 Morgan Lewis?

5 A No, I was not aware of that.

6 Q Okay.

7 Would you dispute that if I stated it? I'm sure counsel
8 will say something if they disagree with that.

9 A I can't agree or disagree. I don't know.

10 Q Okay.

11 And are you aware that Mr. Brewer's law firm wasn't hired
12 until March of 2018?

13 A Yeah, that sounds about right. Yes.

14 Q Okay.

15 And your call was in 2017, correct?

16 A Yes.

17 Q Okay.

18 You said you agreed both that you think highly of
19 Mr. LaPierre's judgment, I believe, and also of the work that
20 the Brewer law firm does. Is that correct?

21 A That's correct.

22 Q But will you acknowledge that after several years, you're
23 still being investigated by the New York Attorney General and
24 the NRA is in bankruptcy?

25 A Yes.

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1 Q Can I ask you, why is the NRA in bankruptcy? You said you
2 approved of it. Why are they in bankruptcy?

3 A That's a question I can't answer. It was to protect us
4 from the creditors. It was to give us a chance to reorganize.

5 Q Are you aware that actual creditors, I believe, have taken
6 out pension responsibilities or whatever which are kind of pay
7 as they go, that there's only approximately \$14,000 -- I mean,
8 I'm sorry -- \$14 million worth of creditors?

9 MR. GARMAN: Objection. Objection, Your Honor.
10 Foundation. Assumes facts not in evidence, and I also believe
11 it's outside the scope of the direct.

12 THE COURT: Response on that.

13 MR. GRUBER: Your Honor, he said he approved of the
14 bankruptcy and it also goes to the capabilities of the Brewer
15 firm and to Mr. LaPierre's judgment. And I'd like for a board
16 member to tell me why they went into bankruptcy because, quite
17 honestly, we're not sure.

18 MR. GARMAN: Your Honor, I would like to respond if I
19 may.

20 THE COURT: You may.

21 MR. GARMAN: Sir, if counsel would like a board
22 member to respond to their questions, they're free to call in
23 their case-in-chief that's now over any board member they wish.
24 There were no trial subpoenas that I refused and for the
25 avoidance of doubt, it's very important that he did not say he

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1 approved the filing of the Chapter 11 case. I asked him a very
2 specific question, which was whether you support the NRA's
3 filing. I didn't open the door to the filing of this case and
4 this witness's input in that process.

5 THE COURT: I think I'm going to sustain the
6 objection.

7 MR. GRUBER: All right.

8 BY MR. GRUBER:

9 Q Do you believe that the -- you talked in detail about the
10 Attorney General. Do you believe that the Attorney General of
11 the State of New York is somehow harming the NRA at this time?

12 A Yes.

13 Q Okay. And how is that happening?

14 A Because of the -- because of the lawsuits and because of
15 the public opinion, it has started questions among members who
16 are otherwise loyal supporters and has detracted from our
17 business of educating and training and our political action.

18 Q And would you agree that it all comes down to if there is
19 a reason that the New York Attorney General has for
20 investigating, then it's not their fault they're having to
21 investigate. Would you agree with that?

22 MR. GARMAN: Objection. Vague and ambiguous
23 question, Your Honor.

24 THE COURT: I sustain the --

25 THE WITNESS: I understand that --

King - Cross/Gruber

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1 THE COURT: I sustain the objection.

2 MR. GRUBER: All right.

3 THE COURT: Restate it.

4 MR. GRUBER: Okay.

5 BY MR. GRUBER:

6 Q Okay. So the fact that you're being investigated can be
7 due to ill will by the New York Attorney General. You would
8 agree that's one possibility, correct?

9 A Certainly.

10 Q Or, it can also be that the New York Attorney General is
11 seeking compliance which it has not been able to obtain from
12 the NRA thus far. Would that be another possibility?

13 A I would assume so, but I don't know.

14 Q Okay. Were you at the January 7th board meeting of the
15 NRA?

16 A No, I was not. I was -- I was -- that was the one meeting
17 I missed. I was quarantined with COVID.

18 Q I'm sorry to hear that.

19 Can you just tell me whether you knew about the bankruptcy
20 filing potentially happening before it had actually made the
21 news media?

22 MR. GARMAN: Your Honor, object -- I withdraw the
23 objection.

24 THE WITNESS: I was -- no I don't, but the reason for
25 that was I was sick. I was in quarantine. And I was very,

1 very sick, and I didn't know anything that was going on around
2 me.

3 BY MR. GRUBER:

4 Q Okay.

5 But just to be clear, prior to the bankruptcy filing, you
6 didn't know it was going to happen. Is that correct?

7 A I was out of the loop.

8 Q Okay.

9 MR. GRUBER: Pardon the silence, but I'm skipping a
10 whole lot of stuff.

11 THE COURT: Thank you.

12 MR. GRUBER: Your Honor, I don't think I have any
13 other questions of this witness.

14 THE COURT: Thank you, Mr. Gruber.

15 MR. GRUBER: I'll pass the witness at this time.

16 Thank you, Mr. King.

17 THE WITNESS: Thank you, sir.

18 THE COURT: Mr. Journey's attorneys. I'm not sure
19 which attorney is going to cross him.

20 Mr. Watson or Mr. Taylor?

21 MR. TAYLOR: (No audible response)

22 MR. WATSON: Your Honor, Mr. Taylor is here, but we
23 can't hear him.

24 MR. TAYLOR: (No audible response)

25 MR. WATSON: We can't hear you.

1 THE COURT: We don't show him on mute, either.

2 MR. GARMAN: I feel very sympathetic to this spot
3 today.

4 MR. WATSON: We still can't hear you.

5 THE COURT: Is he on mute now?

6 He's not on mute, but we can't hear him.

7 MS. CONNELL: Maybe you could sign in and sign back
8 out, Mr. Taylor.

9 THE COURT: Yeah. Could we go to Mr. Drake while
10 Mr. Taylor is trying to fix his problem? Mr. Watson, are you
11 okay with that?

12 MR. WATSON: Yes, Your Honor. That's fine. Thank
13 you.

14 THE COURT: Okay. Mr. Drake, slightly out of order.
15 Would you go ahead and examine Mr. King next?

16 MR. DRAKE: Your Honor, I don't mind at all the out
17 of order, but unfortunately, it won't help the problem because
18 we actually don't have any questions for this witness. So
19 hopefully, the Court appreciates the efficiency, but I didn't
20 do anything to help Mr. Taylor's problem.

21 THE COURT: I appreciate the help and I know that
22 you're being uncooperative, Mr. Drake, all right.

23 All right. Mr. King, let's just stand by a second
24 for Judge Journey's attorney to see if he can get his machine
25 operating.

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1 THE WITNESS: Okay.

2 MR. TAYLOR: Your Honor, and parties, can you hear me
3 now?

4 THE COURT: I can.

5 Mr. King, can you hear the lawyer?

6 THE WITNESS: Yes, I can.

7 THE COURT: Okay.

8 Mr. Taylor.

9 MR. TAYLOR: Thank you very much. Sorry for the
10 technical difficulties. Apparently, signing in and out does
11 work sometimes.

12 CROSS-EXAMINATION

13 BY MR. TAYLOR:

14 Q Mr. King, do I understand your testimony to be that board
15 members are allowed to speak freely with dissident opinions at
16 board meetings and committee meetings?

17 A Yes, they are. I do it all the time.

18 Q Okay. And is your testimony that there is no punitive
19 actions taken against them if they express those dissident
20 opinions?

21 A I have not seen any action taken against anybody who has
22 expressed an opinion at a board meeting or a committee meeting.

23 Q And it's your testimony that --

24 A I can't hear you.

25 Q Is it your testimony that the nominating committee will

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1 put up board members who express dissident opinions for future
2 elections?

3 A I don't know because the committee -- the nominating
4 committees are done in executive sessions, so I'm not privy to
5 that.

6 Q Okay. Is it your testimony that committee assignments are
7 not taken away from people that express dissident opinions?

8 A I don't know. And the only thing I have to go by is my
9 personal experience. I have many times expressed dissident
10 positions, and I have never had one taken away from me. I have
11 been -- I have been moved to different committees, but all the
12 committees at the NRA are equally important. They all -- they
13 all perform a role.

14 Q Is it your testimony that Judge Journey was not shouted
15 down at the March 28th, '21, meeting?

16 A No, he wasn't. He was not shouted down. There was a
17 board member who got up and spoke her opinion and that was it.
18 He was not shouted down. He never -- he never got up to make a
19 statement at the March board meeting --

20 Q So --

21 A -- during the executive session when we were discussing
22 all of this.

23 Q And it's your testimony he never attempted to?

24 A He never attempted to. He spoke after we went out of
25 executive session and nobody shouted him down.

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1 Q If Judge Journey testified to the opposite of that effect,
2 you take the position that that is false. Is that correct?

3 A Well, the only thing -- I'm not going to not going to --

4 MR. TAYLOR: That's a yes or no question, Your Honor.

5 THE WITNESS: I can't answer that yes or no.

6 Read the minutes of the --

7 MR. TAYLOR: Your Honor, I would like to ask for an
8 instruction to get the witness to answer the question. It is
9 clearly a yes or no question.

10 THE COURT: And is the problem with the question,
11 Mr. King, the word false. Is that what is hanging you up?

12 THE WITNESS: Yes, it is.

13 THE COURT: Would you just restate the question,
14 then. I'll instruct him to answer the question.

15 BY MR. TAYLOR:

16 Q If Judge Journey testified that he was shouted down at the
17 meeting, you believe that to be incorrect. Is that your
18 testimony? Yes or no.

19 A I believe that to be incorrect.

20 Q If Buz Mills testified that Judge Journey was shouted down
21 at the March 28 meeting, it's your opinion that that is
22 incorrect? Yes or no.

23 A Yes, I do believe that is incorrect.

24 Q If Rocky Marshall testified to the same effect, do you
25 take the same position?

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1 A Yes, I do.

2 Q If Esther Schneider testified to this Court that committee
3 member assignments were regularly taken away for those that
4 expressed dissident opinion, you are telling this Court that
5 that is false. Is that correct?

6 A In my experience, it's false. I have no idea what Esther
7 is talking about.

8 Q Okay. Let's move on to the next subject.

9 I believe you testified that the New York Attorney General
10 action is causing questions amongst the public and members of
11 the NRA. Is that correct?

12 A That's correct.

13 Q So therefore, what do you think should be done to clear up
14 those questions?

15 A Well, I think that they've already been answered. And at
16 the board meeting in Indianapolis and at the members meeting in
17 Indianapolis, the members decided the issue. And in the board
18 meeting at Indianapolis, the people who were -- the board
19 members who were speaking against Wayne and the rest of the
20 board were allowed to give their positions.

21 We spent probably, I want to say at least three hours, and
22 when it came to a vote, only one of them voted against Wayne.
23 Only one of the people who were standing up and complaining
24 about how bad things were voted against Wayne in the board as
25 it is now set up.

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1 Q And that's very interesting to me how you answer that
2 question because my question was, do you believe that the
3 questions regarding improprieties have been cleared up? But
4 you answered the question whether Wayne was voted for or
5 against. How does that answer the question?

6 MR. GARMAN: Your Honor, I object. I think he
7 misstates his prior question.

8 THE COURT: Restate your question.

9 MR. GARMAN: His question was what do you think
10 should -- I'm sorry. The question was what do you think should
11 be done to clear up those questions, Your Honor.

12 THE COURT: Restate your question. Sustained.

13 BY MR. TAYLOR:

14 Q So Mr. King, why did you take my question regarding what
15 should be done to clear up the questions amongst the public and
16 members and equate that to a vote for or against Wayne
17 LaPierre? How do those two things equate? Just explain it to
18 me and the Court. I'm not following.

19 A Because -- how they equate is that's what the point of the
20 investigation and the attacks had been against Wayne then the
21 NRA. And the members of the association who were president --
22 who were present at the annual meeting voted that they were
23 happy with the ways things were going and we should continue
24 the course. And then it was brought up in the board meeting.

25 And the same thing happened and the point of my answer is

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1 is that it was already handled. We had taken care of -- the
2 members had spoken, the board spoke, and the committee -- the
3 audit committee and the independent auditors are all doing
4 their job and everything has been addressed.

5 Q Thank you, Mr. King.

6 What about the allegations against Woody Phillips, though?
7 That's not against Wayne, is it?

8 A No, and --

9 MR. GARMAN: Hold on. Objection, Your Honor.
10 Outside the scope of my examination.

11 THE COURT: Overruled.

12 You may answer the question, sir.

13 THE WITNESS: Well, you know, no it isn't directly.
14 But as the way the people look at this, Wayne is responsible
15 for the every day activities, so then, yes, it is. It's
16 against -- and it's against the board of directors and it's
17 accusing us of failure to perform our fiduciary duties.

18 BY MR. TAYLOR:

19 Q What about the allegations of improprieties with various
20 vendors, including, but not limited to, Ackerman McQueen and
21 the MMP and the parties who supply the yacht?

22 A I don't understand what the question. What are you asking
23 me?

24 Q Okay. Those allegations aren't against Wayne directly.
25 Those are against Ackerman McQueen and MMP, correct?

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1 A I don't know. I can't answer that question. I don't
2 know.

3 Q Okay. So it's your testimony that no further
4 investigation needs to be done?

5 A Yes, that's my testimony.

6 Q Okay. And it's your testimony that there's no confusion
7 amongst the membership regarding the propriety of various
8 payments made to Mr. LaPierre or others?

9 A The only -- the only confusion there is is the false
10 statements that are being perpetuated by some of the mainstream
11 media.

12 Q And is it your testimony that members of the public are
13 not confused and concerned by this and therefore scared or
14 otherwise not willing to make donations to NRA because of such
15 allegations?

16 MR. GARMAN: Your Honor, I have objection. Your
17 Honor, I believe that the question is one, outside the scope.
18 But two, it's very argumentative.

19 THE COURT: Want to restate on argumentative. I
20 think he can use this line of questioning to impeach some
21 earlier testimony. So restate your question.

22 MR. TAYLOR: Certainly, Your Honor.

23 BY MR. TAYLOR:

24 Q Mr. King, do you have any concern that members of the
25 public might be reticent to give their hard earned dollars to

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1 the NRA because of the allegations that are floating around
2 both in the media and because of the New York Attorney
3 General's complaint?

4 A No, I don't. I think it could be, but I don't think that
5 it is because NRA membership has been growing. It's highest
6 levels that it's been at this time of year in its history.

7 Q Okay.

8 Thank you, Mr. King.

9 MR. TAYLOR: And thank you to the Court for your
10 time. I have no further questions.

11 THE COURT: Thank you.

12 Mr. Garman?

13 MR. GARMAN: No, sir. I have no redirect.

14 THE COURT: Thank you.

15 Mr. King, a rule of evidence has been invoked. So
16 from this point until I've ruled, which will be a week or so
17 after the hearing has ended, don't speak with anyone about your
18 testimony. Do you understand that?

19 THE WITNESS: Yes, I do, Your Honor.

20 THE COURT: But let me just ask for the record. Does
21 anybody intend to call Mr. King back as a witness?

22 (No audible response)

23 THE COURT: All right. Hearing --

24 MS. CONNELL: No, AG does not, Your Honor.

25 THE COURT: Thank you. Thank you.

1 Hearing none on that, you're welcome to watch the
2 rest of the trial if you want to and I'll release you from that
3 part of the rule.

4 THE WITNESS: Thank you, Your Honor.

5 THE COURT: Thank you for making yourself available
6 to us.

7 Mr. Garman, who is your next witness?

8 MR. GARMAN: As indicated this morning, Your Honor,
9 it will be Mr. Erstling who for reference is one of our whistle
10 blowers. Mr. Erstling is in fact in the building with us so we
11 would need a few minutes to set up the witness room but are
12 ready to proceed.

13 THE COURT: All right. Why don't we take a little
14 bit longer recess and then we'll come back and start his
15 testimony. All right.

16 We'll be in recess for around 10 minutes or so.

17 Thank you.

18 (Recess from 4:25 p.m. until 4:37 p.m.)

19 THE COURT: Everybody ready to go back on the record?

20 MR. KATHMAN: Your Honor, before we start, I was
21 wondering if just by way of housekeeping if we could
22 potentially get the NRA's witnesses for tomorrow, who they
23 think their next witnesses are going to be?

24 MR. GARMAN: So I'm not sure I can tell you that
25 right now, but during the testimony, I will endeavor to do my

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1 best to get you at least the next one or two.

2 MR. KATHMAN: Thank you very much.

3 MR. GARMAN: Thank you.

4 THE COURT: Is the NRA ready?

5 MS. KOZLOWSKI: Yes, Your Honor.

6 THE COURT: All right.

7 You may call your next witness.

8 MS. KOZLOWSKI: Thank you, Your Honor.

9 Michael Erstling.

10 THE COURT: Mr. Erstling, can you hear me?

11 MR. ERSTLING: I can hear you.

12 THE COURT: Good.

13 MICHAEL ERSTLING, DEBTOR'S EVIDENCE, SWORN

14 THE COURT: You may proceed.

15 MS. KOZLOWSKI: Thank you, Your Honor.

16 DIRECT EXAMINATION

17 BY MS. KOZLOWSKI:

18 Q Mr. Erstling, can you please introduce yourself to the
19 Court?

20 A My name is Michael Erstling. I am the director of budget
21 for the National Rifle Association.

22 Q And do you have any certifications?

23 A I do. I have a CPA.

24 Q And what does it mean to be a CPA?

25 A A CPA is a certification where you take studies to pass an

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1 exam and then beyond that exam, you are -- once you pass, you
2 are required to take continuing professional education over the
3 course of your career.

4 Q And are you current on your continuing education?

5 A I am.

6 Q And is there an ethics component to that continuing
7 education?

8 A Yeah. You are required to take 120 hours over a three-
9 year period, a minimum of 20 hours per year, and two of those
10 hours must be taken in ethics every year.

11 Q Okay. And do you believe that ethics requirement is
12 important?

13 A Absolutely. I think it's extraordinarily important for
14 accountants to have the ethics given the, you know, the case of
15 Enron and the like. There has to be trust that the accountants
16 are providing correct information.

17 Q Thank you.

18 How long have you been with the National Rifle
19 Association?

20 A I joined the NRA in July of 2001.

21 Q And what were your prior positions with the association?

22 A So I was the assistant director of budget and financial
23 analysis and the manager of budget and financial analysis.

24 Q Okay. And how long have you been the director of budget
25 and financial analysis?

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1 A Probably over a decade.

2 Q Okay. And how long have you worked with Sonya Rowling?

3 A My whole career at the NRA.

4 Q And do you believe that Ms. Rowling is qualified to serve
5 as the Chief Financial Officer?

6 A I do.

7 Q And why do you believe that?

8 A She has ethics. She's smart. She has over 25 years of
9 not-for-profit accounting experience. She has 20 plus years of
10 institutional knowledge. Level headed and ethical.

11 Q Thank you.

12 And you mentioned the not-for-profit experience, or not-
13 for-profit accounting experience. Why is that so important?

14 A I mean, organizations are different. So a for-profit and
15 a not-for-profit have different accounting structures, have
16 different rules, and so it's important to understand what a
17 not-for-profit can and can't do. And so that's why it's
18 important to have somebody that has experience in that.

19 Q What are your primary responsibilities as the director of
20 budget and financial analysis at the NRA?

21 A I have three responsibilities. One is the association's
22 annual budget. Two is cash forecasting. And three is whatever
23 financial analysis I come across, whatever peaks my interest,
24 whatever peaks the interest of the chief financial officer,
25 whatever the association needs.

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1 Q And can you describe the annual budgeting process for the
2 association?

3 A The annual budgeting process is probably about a six-month
4 long process that starts in and around June and finishes
5 approximately the first to second week of January. In that
6 process, the first quarter of that process, June, July, and
7 August, I am preparing the templates and the assumptions that
8 will be necessary for the managers and directors to actually
9 complete the budget.

10 So that first three months, I'm pulling information from
11 the general ledger, I'm pulling information from human
12 resources. I am making -- doing analysis on the fringe benefit
13 rate. I'm determining what the interest rates are on any type
14 of outstanding loans or lines of credit.

15 And then, I push all that information into these
16 templates. And in or around Labor Day, I will go ahead and
17 start meeting with the staff, managers, directors, of each of
18 the different organizations, different departments in the
19 National Rifle Association, and start handing out these
20 templates for them to complete.

21 Q You're talking about these different groups you're meeting
22 with. Can you explain what you mean by business units or what
23 these groups are?

24 A So the organization has sort of specific functions. One
25 is general operations which is where the C3 -- most of -- all

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1 (indiscernible) C3 programs are contained. Things like Eddie
2 Eagle, hunter education, regular pistol courses, those are held
3 in the general operations division.

4 Then you have publications, and they're responsible for
5 obviously, American Hunter, American Rifleman, America's First
6 Freedom. That's another sort of division. Then you have our
7 institute of legislative action. They're responsible for,
8 obviously, the legislative portion of the NRA.

9 You have our membership division and they're the ones that
10 are really sort of -- sort of touching and feeling and trying
11 to find new members and renewing existing members. And then
12 finally, you have what I would call, the executive group and
13 sort of the overhead, financial services, human resources,
14 information systems.

15 Q And do you have confidence in these departments in
16 preparing the budgets?

17 A I do. You know, I've been with a lot of these people for
18 many years. The people that I'm meeting with understand what
19 their objectives are in completing the budget. Each manager
20 that's completing whatever portion of their budget then reports
21 to our director who is reviewing what that manager is doing in
22 completing that budget. And then, at the end, the executive of
23 that area is also reviewing sort of that line of budget that
24 are in his department.

25 Q And you also said that cash forecasting was one of your

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1 duties. Can you describe your role with respect to cash
2 forecasting?

3 A I operate a -- I create a modern for cash forecasting that
4 is -- stretches out basically a year. And my goal is to try to
5 determine how much the NRA will need to have on its line of
6 credit or how much cash it might have in the bank for that
7 year. And so, I am projecting out, based on the budget and
8 based on past experience, revenue streams that are coming in
9 and expenses that are going out and I'm also working with AP to
10 schedule into that forecast what I call my over 50. So these
11 are invoices that are over \$50,000 that help me to schedule
12 into my forecast for payment purposes.

13 A Okay. Can you explain how the association functions from
14 a cash perspective?

15 Q Yeah. So we use our line of credit as a working capital
16 facility. So in (indiscernible) my career here, most often we
17 have been on the line in some capacity. Rarely do we have cash
18 in the bank. We don't keep cash in the bank. If there is a
19 significant amount of cash, it would be moved to investments.

20 So we use that line of credit as our working capital, so
21 we're going to be going up and down on that line of credit
22 throughout the year. And you know, year over year, there might
23 be different cycles.

24 A. Okay. You were previously talking about your daily
25 report. What information is contained within this daily

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1 report?

2 A So every day --

3 MR. GARMAN: Your Honor, I'm going to object. If
4 he's talking about the contents of a potential document as to
5 be hearsay. So unless there's a document that she wants to put
6 in evidence or something, I'm going to object to him testifying
7 as to what the contents of a document are.

8 THE COURT: Overruled. You may answer that question,
9 sir.

10 THE WITNESS: Every day, I produce an email that has
11 snippets of that spreadsheet that I'm working on. So it's
12 addressed to, you know, the CFO and to Rick Tedrick and David
13 Warren. It has the next four pay dates worth of over 50
14 invoices on it. It tells what the bank transactions were that
15 day. So I can tell the reader what the receipts were, what the
16 expenses -- what the total expense were, if there were large
17 expenses like payroll or payroll taxes or 401K payments, I will
18 note that. And then, below that sort of anecdotal information,
19 I provide a graph that shows where we are on the line of credit
20 and how close we are to the limit on the line.

21 BY MS. KOZLOWSKI:

22 Q Okay. And you said that report is sent to the CFO, Rick
23 Tedrick, and David Warren. Are Mr. Tedrick and Warren in the
24 treasury group as well?

25 A Yes, they are.

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1 Q Why is it important that that report is sent to the CFO
2 each day?

3 A It's -- I liken it to being the canary in the coal mine.
4 This is my opportunity to tell the financial group where we are
5 in the line and if we are getting to the top of the line, what
6 type of steps we're going to need to make to not cross over the
7 line. Once we cross over the line, we just can't make
8 payments. So it's very important that we try to keep under
9 that limit.

10 Q And if a financial issue needs to be escalated to the
11 board or to the executive vice president outside of the
12 treasury group, who is responsible to do that?

13 A That would be the CFO and treasurer.

14 Q You were talking about the NRA's cash flow. Is it a
15 steady cash flow stream or is it cyclical. What does it look
16 like?

17 A It is cyclical. It is cyclical on an annual basis. It is
18 also cyclical for a four-year period. So what you would
19 normally see -- let's look at a four-year period.

20 So when we come into a year like 2016, you would normally
21 see, because it's a federal election, you would normally see
22 the line of credit go up higher because we're spending more for
23 the federal election. And then coming out of 2016, you would
24 see in 2017, less on the line because we're spending less, and
25 then he would go up slightly in 2018 because it's a non-

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1 presidential election, but it is an election year. And then in
2 2019, you would see it decline again. So it's a wave. You're
3 going to see this wave go up and down over that four-year
4 period.

5 Similar to the four-year period, you're going to see a
6 similar type of movement within a particular year. So looking
7 at any particular year, if we go into, like, let's say 2015 for
8 this case, we have these vision mailings that there's two big
9 vision mailings every year, one that happens in the fall and
10 one that happens in the summer.

11 So in the fall -- in the case of the fall, that has
12 actually two mailings to it. One happens around October 31st,
13 give or take, Halloween, and the other one happens on
14 January 1st. So what you would normally see is, after the
15 vision mailing is mailed out, you would normally see the line
16 slowly start to decline in the months of November and December
17 because we're getting responses from those MMP vision mailings.

18 And then, whoever hasn't responded to that gets another
19 mailer in January, January 1, and then we continue to see the
20 line decline through the first quarter. And then, as we come
21 out of that first quarter, the line starts to go up until about
22 June when the summer vision mailing mails out. And then,
23 summer vision mailing mails out, July and August goes down, and
24 then it starts to go back up in August, September, October, and
25 then we start the process again.

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1 So again, it's another wave, right, with this vision
2 mailing. So it's so important for our cash flow.

3 Q And what is the vision mailing?

4 A The vision mailing is a letter that MMP produces for us.
5 It has a letter from Wayne LaPierre. It's usually like a five-
6 or six-page letter from Wayne LaPierre talking about Second
7 Amendment issues.

8 MR. KATHMAN: Your Honor, I'm going to move to strike
9 and hearsay. He's talking about what the contents of a
10 document that's one, not in evidence, and specifically, he's
11 saying -- he's talking about the contents of a document. It's
12 hearsay.

13 THE COURT: Response.

14 MS. KOZLOWSKI: Your Honor, it's an NRA produced
15 document. He's generally describing what the document is and I
16 don't believe it's hearsay.

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

18 You may answer the question, sir.

19 THE WITNESS: So the vision mailing, like I said, is
20 an envelope. It's got this letter from Wayne to the member.
21 It usually has a donation card where it just says, you know,
22 please donate to the NRA. Please increase your annual
23 membership to an endowment or a benefactor member. And it
24 gives price and you can rip off the little buck slip and
25 there's an envelope and you can send your check in. And so,

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1 this is the vision mailing.

2 BY MS. KOZLOWSKI:

3 Q Okay.

4 If the letter and the vision mailing were to come from
5 someone other than Mr. LaPierre, would you expect it to be as
6 effective with the fundraising?

7 MR. MASON: Objection. Foundation. Calls for
8 speculation.

9 THE COURT: Sustained on foundation.

10 BY MS. KOZLOWSKI:

11 Q Mr. Erstling, what is the -- how much money revenue is
12 generally generated from the vision letter?

13 A So the first vision mailing, the one that happens in
14 October, will pull in between \$8 to \$10 million in those -- in
15 the last few months. The follow-up mailer happens in January.
16 That will pull in between \$12 to \$15 million on average. And
17 then the summer vision mailing will pull in between \$8 to \$10
18 million.

19 Q Okay.

20 Do you have a belief as to whether the letter coming from
21 Mr. LaPierre impacts the revenue generated?

22 MR. KATHMAN: Your Honor, I'm going to object.
23 Again, foundation, and I don't think she's laid the foundation
24 for her rationale and why he may have that opinion. And
25 further, to the extent it's opinion testimony, we would object

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1 that he hasn't been identified as an expert.

2 THE COURT: Sustained on foundation.

3 BY MS. KOZLOWSKI:

4 Q Mr. Erstling, what is your involvement with respect to the
5 vision letter and the income generated from it?

6 A I know that the vision mailer goes out. I see the
7 invoices for production. I see the invoices for postage. And
8 when I say I see the invoices, I see an Excel spreadsheet that
9 my AP group produces for me that tells me that an invoice is
10 here to be paid. And I schedule those invoices for the mailer.

11 I also see on the flip side, I see the revenues coming in.
12 Those revenues come in via checks. It comes in via credit
13 card. And so that's what I would see.

14 Q And are those vision letters authored by Mr. LaPierre?

15 A They're signed by --

16 MR. KATHMAN: Your Honor, again, I know I've made
17 this objection. I understand him being able to talk generally
18 about what's in the vision letter, but now she's asking about
19 specific contents of the letter. And so, again, I'd object on
20 hearsay when she's asking about specific contents of the letter
21 that's one, not in evidence, and two, it's hearsay.

22 THE COURT: Overruled.

23 MS. KOZLOWSKI: Your Honor, I simply asked who
24 authored it. Thank you.

25 THE COURT: You're welcome.

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1 You may answer the question.

2 BY MS. KOZLOWSKI:

3 Q Mr. Erstling -- okay.

4 Who authors the vision letter?

5 A Wayne LaPierre.

6 Q Okay. What is your understanding of whether, if the
7 vision letter was sent from someone other than Mr. LaPierre, if
8 it would be as effective?

9 MR. KATHMAN: Objection, Your Honor. Calls for
10 speculation. Foundation.

11 THE COURT: Yeah, I just don't think you've laid the
12 foundation. There is some evidence in the record already about
13 the importance of the image or the signature, but I don't think
14 you're getting it in through this witness. I sustain the
15 objection.

16 MS. KOZLOWSKI: Okay.

17 BY MS. KOZLOWSKI:

18 Q Okay. Do you -- are there other events that cause -- that
19 alter the cycle of revenue as you've described it?

20 A Yes. One significant change in that would be the -- if
21 there's Second Amendment issues in the public discourse, that
22 will cause this cash flow to go off of that common sort of
23 pattern that I've described.

24 Q Okay. And are you familiar -- who is involved in
25 obtaining contributions from the members?

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1 A So MMP is the primary source of contact with the members.
2 So they're the ones that are developing all of the mailers that
3 go out to our membership. So they're producing it. They're
4 the ones that are working with other vendors to actually print
5 it, post it, mail it.

6 Once the letters are received by the end user you would
7 either get the money in via the web, if somebody came to our
8 portal. Maybe they made a phone call to InfoCision to make the
9 donation. Maybe they sent a check via the U.S. Postal Service.

10 Q Okay. Other than sort of this grassroots fundraising, are
11 there any other sources of fundraising that play into the
12 revenue?

13 A Yes. So our advancement office is a major source of
14 revenue, and so, you know, Wayne will go out with Tyler and he
15 will met with high value donors to raise funds for the
16 association.

17 Q Okay. And Mr. LaPierre is the individual that is doing
18 that, that fundraising. Is that correct?

19 A To some extent, yes. I mean, if he's on a trip to raise
20 money, yes, he's the one that the donor wants to meet.
21 Sometimes, the donor meets with an advancement officer.

22 Q You also said that one of your primary responsibilities is
23 financial analysis. What did you mean by that?

24 A So from time to time, you know, the chief financial
25 officer, my boss for Tedrick, might ask me for a specific

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1 analysis on an effort or a review of a particular vendor and
2 the spending on that vendor. In some cases I'm triggered to do
3 analysis on things I see. So in the case of -- you know -- one
4 case of an invoice coming into financial services, it gets
5 logged onto the cash management sheet.

6 I review the cash management sheet and put it into my cash
7 forecast. So I may be looking at something that's showing up
8 in the cash management that gets put onto my cash forecast, and
9 maybe it's more or less than I was anticipating or budgeted
10 for. And so that might trigger me to do an analysis on that
11 particular vendor.

12 Q Okay. Can I have you turn to NYAG 72, please? And do you
13 have the document in front of you?

14 A I do.

15 Q Okay. And do you recognize the document?

16 A I do.

17 Q And what is it?

18 A It is a list of top concerns for the audit committee.

19 Q Okay. And were you one of the authors of this document?

20 A Yes, I was.

21 Q And when was it prepared?

22 A I believe this was prepared in late June, early July of
23 2018.

24 Q Okay. And did you and the other individuals that drafted
25 this suddenly become aware of the issues that are identified

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1 here in June of 2018?

2 A I think we had some idea of issues going on before this
3 memo was created. I think we had had issues for some time, and
4 I think maybe we were able to put together pieces that we may
5 not have known individually.

6 Q Okay. So as you're working through your cash forecasting
7 is there a point where you start to have concerns?

8 A Yes. So starting around 2016 that -- the cash forecast,
9 the -- on the line of credit. So we're looking at the line of
10 credit graph. The line of credit at the beginning of 2016 is
11 at roughly around \$10 million, and Second Amendment issues are
12 in the national discourse.

13 So we see the line of credit dwindle down to zero and by
14 the end of the first quarter we are off the line and have cash
15 in the bank. And so now my graph is no longer sort of having a
16 wave pattern to it. It's just sort of straight down. And then
17 it looks more like a V, because from the end of the first
18 quarter to the end of the year it's a straight line all the way
19 right back up to the limit of the line of credit.

20 And so the spending was incredibly fast in 2016. We were
21 seeing a lot of money going out the door.

22 Q Okay. And just as we're talking about this visual,
23 usually a down graph -- or often, a down graph is a bad thing.
24 In this instance can you explain why a downward trajectory is a
25 good thing?

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1 A Well, at the very beginning of the year -- we're talking
2 about the line of credit, right. So this is like --

3 Q Right.

4 A -- our credit card. So the less you have on your credit
5 card, the better. So you want that graph to go down and be off
6 the line of credit, but when it's going up you are going onto
7 the line of credit. So you're borrowing more money to pay for
8 things that you're doing in the organization.

9 Q Okay. What caused this large spike in expenses in -- you
10 know -- toward the end of 2016?

11 A There were a significant amount of spending that was not
12 in the budget, that was in excess of the budget. It was a lot
13 of advertising, media buys that were being purchased. We had a
14 hunting initiative that was not in the budget. We had a
15 website unification effort that was not in the budget.

16 We had the beginnings of the concealed carry initiative or
17 Carry Guard, and that was an expense happening in 2016, and it
18 just was -- is -- well, it was a lot of money.

19 Q Was there any vendor that was involved in those various
20 unbudgeted initiatives?

21 A All four of those initiatives were Ackerman McQueen.

22 Q Okay. And do you know roughly how much Ackerman McQueen
23 was paid in 2016?

24 A They were paid \$43 million.

25 Q And was --

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1 A In --

2 Q -- was that consistent with higher years or was that an
3 increase?

4 A They were paid \$21 million the year before.

5 Q Okay. And was 21 million consistent with years before
6 that?

7 A It was ever increasing, but I think, you know, going back
8 to 2010 they may have been at 10 to 12 million. So it was a
9 slow increase up to 21 million, but then it was a huge jump.
10 It was a 100 percent increase in 2016.

11 Q Okay. So the election's over in 2016. What happens in
12 2017?

13 A So 2017, if my graphs are correct I should see a decline
14 in 2017. It's a non-election year. What ends up happening is
15 the graph does not perform that way. It is bumping up against
16 the line almost the whole year, and it causes us to take some
17 extraordinary measures.

18 So one of those extraordinary measures is, is we divest of
19 \$10 million worth of investments. We take the cash value out
20 of our insurance, life insurance policies. We transfer money
21 from ILA to NRA, and I believe we borrow money from the
22 foundation.

23 Q And --

24 A To keep the line off the top.

25 Q Okay. And why is it that in 2017 the association is

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1 consuming the majority of its line of credit?

2 A Again, this is, you know, a couple of issues here. We're
3 really starting to increase the spend in two efforts. One is
4 NRA TV, and all the associated expenses with that, and the next
5 is Carry Guard. Carry Guard is a huge -- is a huge endeavor.

6 Q Okay. And were there any vendors that were connected with
7 either the NRA TV or the Carry Guard initiatives?

8 A Both of those were Ackerman McQueen.

9 Q We've talked about the Ackerman McQueen vendors. Were
10 there other vendors that were over budget in 2016 and 2017 that
11 gave you a concern?

12 A I mean, there were a ton of vendors that were expensive.
13 I think Andrew McKenna started to be used more. That's all I
14 can think of at the moment.

15 Q Okay. Who was the chief financial officer during 2016 and
16 2017?

17 A That would be Woody Phillips.

18 Q And were you sending daily cash forecasting to Mr.
19 Phillips?

20 A I was sending that email every day or almost every day to
21 Mr. Phillips.

22 Q And were you expressing concerns about the cash position
23 of the NRA and these expenses?

24 A Yes, because I -- when you look back at the graph now, the
25 line never crosses the threshold, right, because I was

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1 taking -- I was making efforts and adjusting things to make
2 sure it never crossed, right. So early in the year the line
3 may have been through the limit on the line of credit, but
4 that's a forecast.

5 So that was sort of the canary in the coal mine to say,
6 hey, if we don't change something, if we don't do something
7 soon we're going to run out of limit, and we're not going to be
8 able to pay bills.

9 Q And what was Mr. Phillips' response when you raised these
10 concerns?

11 MR. KATHMAN: Objection, Your Honor, calls for
12 hearsay.

13 THE COURT: Response on that.

14 MS. KOZLOWSKI: I can rephrase my question.

15 THE COURT: Okay.

16 BY MS. KOZLOWSKI:

17 Q Do you believe that Mr. Phillips took action in response
18 to your concerns?

19 A He did by borrowing on -- you know -- from the foundation,
20 by liquidating assets, by -- you know -- taking the measures
21 that he did, it wouldn't have the measures I probably would
22 have taken.

23 Q Did he take any measures to reduce spending?

24 A No.

25 Q Were there regular meetings between the finance

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1 professionals and Mr. Phillips in 2016 and 2017?

2 A No.

3 Q Do you feel that you got the support you needed from Mr.
4 Phillips as the CFO?

5 A No.

6 Q Was Mr. Phillips enforcing controls in 2016 or 2017?

7 A No.

8 Q Do you believe that Mr. Phillips was doing his job as CFO
9 in 2016 and 2017?

10 A No.

11 Q In 2018 is there a change in the CFO?

12 A There is, in March.

13 Q Okay. And what happens when -- and who becomes the CFO?

14 A Craig Spray.

15 Q And what happens when Mr. Spray becomes the CFO in March
16 of 2018?

17 MR. KATHMAN: Your Honor, I'm going to object to
18 that, because I've kind of been pretty lenient on the narrative
19 questions, and I think I've let -- kind of let it go. So I'd
20 ask that we kind of get maybe more tight with that question,
21 rather than the question that calls for a narrative.

22 THE COURT: Sustained.

23 BY MS. KOZLOWSKI:

24 Q Does Mr. Spray take any actions when he comes in as the
25 CFO in March of 2018?

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1 A Yes. He institutes --

2 MR. KATHMAN: Objection. Your Honor, objection,
3 everything after "yes." So it's nonresponsive.

4 THE COURT: Sustained.

5 MR. KATHMAN: Everything after "yes."

6 THE COURT: Sustained.

7 BY MS. KOZLOWSKI:

8 Q What actions did he take?

9 A He institutes effectively two -- two meetings with
10 different groups of people. So we started to have a regular
11 staff meeting with Craig and all of the financial staff and IT
12 staff, pretty much everybody that reported up to him in that
13 first line.

14 Those started to happen on a monthly basis and we started
15 to have a financial review of the monthly financial statements.
16 So once the financial statements were closed for the money we
17 would, you know, visit with him in his anteroom in his office,
18 and we would bring up the financial statements. We would bring
19 up the general ledger and he would ask questions.

20 He would ask questions of us of, you know, why is there a
21 variance here. Why is -- you know -- who's -- you know, are
22 the savings over here; are -- can we capture those or is it a
23 timing issue. So those kinds of meetings were very helpful for
24 the staff to get direction.

25 Q Okay. And you said "we" would discuss the financials.

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1 Who is the "we" in that, in that response?

2 A So sitting around the table in those financial reviews
3 would be Craig, Rick Tedrick, Sonya Rowling, myself, Angie
4 St. Ange (phonetic) and David Warren.

5 Q Okay. And all of those folks are within the treasury
6 group. Is that correct?

7 A That is correct.

8 Q And do you share concerns that you had had about the
9 vendors and spending with Mr. Spray?

10 A Yes. We would share our concerns, and I think it was more
11 interesting that he would ask us questions that sometimes we
12 were not able to answer. And so that's sort of an
13 uncomfortable situation to be in. Why is this going higher?
14 Why is this variance so big or small?

15 And so we would have to, you know, track the answer down,
16 and sometimes it was not possible to track the answer down.

17 Q And why was it not possible to always track the answer
18 down?

19 A Sometimes the invoices were too vague to determine what
20 they were.

21 Q Do you have an example of that?

22 A In 2016 there was an invoice from Ackerman McQueen for
23 about \$600,000, and all it said was CCI.

24 Q Okay. And so when you say there were things that were
25 difficult to track down, these are -- this -- these are the

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1 types of -- these are -- that is an example of the type of
2 things that make it impossible to track down the expenses. Is
3 that correct?

4 A That is correct.

5 Q Okay. As you're sharing your concerns with Mr. Spray does
6 there come a point in time where he tells you, you need to talk
7 to somebody else?

8 A Yes.

9 Q Okay. And who does he tell you, you need to speak with
10 about these concerns?

11 A He meets with several of us. I know that I was there.
12 Portia was there. Sonya was there. There may have been some
13 other people. I just can't remember who they might have been.
14 And he says, you know, I think your frustrations and some of
15 the things that you've brought to me so far this year, I think
16 you should talk to Bill Brewer about that, and you know, I need
17 -- you know -- I need you to trust me that, you know, it's
18 going to be okay. And so we went ahead and talked with Mr.
19 Brewer's team.

20 Q Okay. And when did you meet with Mr. Brewer?

21 A I would say it was sometime in the June 2018 time frame.

22 Q Okay. And I don't want you to tell me what was said at
23 that meeting, but can you generally describe -- describe that
24 meeting?

25 A Um --

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1 MR. KATHMAN: Your Honor, I'm going to object to
2 that. I don't think he can have him -- kind of have it both
3 ways. Either he can't talk about what was said at the meeting
4 and preserve the privilege, I'm fine with that. If that's the
5 case he can't then generally describe what was talked about at
6 that meeting either. She's got to kind of pick her horse.

7 THE COURT: Sustained.

8 MS. KOZLOWSKI: Your Honor, I can withdraw the
9 question.

10 THE COURT: Okay.

11 BY MS. KOZLOWSKI:

12 Q So you did meet with Mr. Brewer and his team. Is that
13 correct?

14 A That is correct.

15 Q Okay. And after you had that meeting what happened? Did
16 anything happen?

17 A Um --

18 MR. KATHMAN: Your Honor, again, I'm going to object
19 to the narrative.

20 THE COURT: Sustained.

21 BY MS. KOZLOWSKI:

22 Q Was there -- did some -- was there some change in
23 corporate governance after your meeting with Mr. Brewer?

24 A Yes.

25 Q And what was that?

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1 A On July 26th we had a governance meeting in the
2 auditorium, downstairs in the Emmet Ray Headquarters building,
3 that I attended.

4 Q Okay. Did there come a point in time when you met with
5 the audit committee?

6 A Yes.

7 Q Okay. And when was that?

8 A July 30th, 2018.

9 Q And we looked at your list of top concerns for the audit
10 committee. Do you know if that was provided to the committee
11 in advance of the meeting?

12 A I don't know that for sure.

13 Q Okay. When you met with the audit committee was all of
14 the audit committee present?

15 A Yes.

16 Q Okay. And then did the whole audit committee stay through
17 the entire meeting?

18 A No.

19 Q Who left?

20 A Mr. Cotton and Ms. Meadows.

21 Q And did you and the other whistleblowers present your
22 concerns to the rest of the audit committee?

23 A We did.

24 Q And were you frustrated that Ms. Meadows and Mr. Cotton
25 left?

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1 A I was.

2 Q Okay. Do you believe that ultimately the audit committee
3 heard and took action with respect to your concerns?

4 MR. KATHMAN: Objection, leading.

5 MR. MASON: Objection, leading.

6 THE COURT: Sustained.

7 MR. KATHMAN: And calls for speculation.

8 THE COURT: Sustained on leading.

9 BY MS. KOZLOWSKI:

10 Q Did the audit committee -- what is your belief as to
11 whether the audit committee considered the concerns that were
12 raised?

13 MR. KATHMAN: Again, objection, Your Honor, calls for
14 speculation. Mr. Erstling is not on the audit committee. So I
15 would object to -- calls for speculation as to testifying as to
16 what the audit committee did.

17 MS. KOZLOWSKI: Your Honor, Mr. Erstling certainly
18 could testify as to whether he believes his concerns were
19 heard, whether he understood that they were heard by the audit
20 committee.

21 THE COURT: Overruled.

22 MS. KOZLOWSKI: Thank you, Your Honor.

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

24 THE WITNESS: May I answer or no?

25 THE COURT: You may.

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1 THE WITNESS: I believe that our concerns were heard,
2 because I saw action after that meeting.

3 BY MS. KOZLOWSKI:

4 Q Okay. And what action did you see?

5 A We saw the committee meet and review and discuss the
6 contracts that needed to be reviewed and discussed. We see,
7 obviously, corporate governance is starting to be talked about,
8 and we start working on reviewing transactions within the
9 association.

10 Q In latter 2018 did you have concerns about the NRA's
11 policies and procedures themselves?

12 A No.

13 Q Okay. Was your concern with circumvention?

14 A Yes.

15 Q Were there particular individuals within the NRA that
16 allowed its policies and procedures to be circumvented?

17 A I believe so.

18 Q And who are those people?

19 A Would be Wilson Phillips and Josh Powell.

20 Q Okay. And what informs your believe that Mr. Phillips the
21 NRA's policies and procedures to be circumvented?

22 A Just lack of control. I mean, to have millions of dollars
23 of spending that's not within the budget is a lack of control.
24 To have vague invoicing is not best practice. To have someone
25 buying computer assets on their corporate credit card and not

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1 through the IS department so they can install the correct
2 software is a violation of policy.

3 Q And Mr. Phillips is no longer with the NRA after --

4 A No.

5 Q Okay. And how long has he been gone?

6 A I believe he was gone after 2018.

7 Q And you mentioned Mr. Powell was someone who allowed the
8 violation of the NRA's policies and procedures. Is Mr. Powell
9 still with the NRA?

10 A No, he's not.

11 Q Okay. And was he terminated?

12 A I don't know.

13 Q But he's -- he is no longer with the NRA. Is that
14 correct?

15 A He's not longer with the NRA.

16 Q Do you have an opinion as to whether Mr. LaPierre
17 supported the investigation and correction that started in
18 2018?

19 MR. KATHMAN: Your Honor, I'm going to object, I
20 guess on foundation and also hearsay. To the extent that his
21 belief or opinion is based on something that Mr. LaPierre had
22 told him, I think that's inadmissible hearsay and I don't think
23 she's laid a foundation for what that opinion may be.

24 THE COURT: He can testify, but not as to something
25 that was told to him by LaPierre. You want to restate your

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1 question?

2 BY MS. KOZLOWSKI:

3 Q Mr. Erstling, I'm not asking you for statements made by
4 Mr. LaPierre. I'm asking for whether you have a sense of
5 whether he supported the investigation and correction that
6 started in 2018?

7 A I do, based on the actions that were taking place; based
8 on the reviews that were taking place; based on, you know,
9 contracts being reviewed. You need to have that come from the
10 top. Governance comes from the top. You can't -- it's not a
11 grassroots effort.

12 Q Okay. We've spent a bit of time talking about some of the
13 large vendors. In 2018 were steps taken to address the
14 concerns with respect to vendors?

15 A Yes. So one of the items that came out of the governance
16 was to insure that vendors were properly describing the
17 services and products that they were providing on their
18 invoice. And so a letter went out, I believe it was the early
19 part of August, to all of our vendors, and it went in tranches.

20 So the biggest vendors went out I think on August -- the
21 early part of August, and several weeks later the next tranche
22 and then so on, sort of describing, hey, from here on out we're
23 not paying your bills unless you show us the detail that we
24 need to pay this bill.

25 Q Who was leading the charge with respect to this

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1 enforcement of contract policies?

2 A Craig Spray.

3 Q And in this process were contracts renegotiated?

4 A Some were; some were eliminated.

5 Q Okay. Do you have a general sense of how many were
6 terminated?

7 A Dozens were probably terminated. Dozens were
8 renegotiated.

9 Q Do you have an estimate as to the value of the contracts
10 that were eliminated?

11 A As of today I would say in the tens of millions.

12 Q One of the contract -- was Ackerman McQueen one of the
13 contracts that was terminated?

14 A Yes.

15 Q Who took over the services that were previously provided
16 by Ackerman McQueen?

17 A It was split. So our Publications Division was now
18 responsible for America's First Freedom. So they did the
19 content development for that magazine. So they already printed
20 the magazine and mailed the magazine, but now, they were doing
21 the content.

22 And then Andrew -- and I apologize for the
23 pronunciation -- Arulanandam -- and again, I apologize -- he --
24 his work in public affairs took over some of the PR related
25 items for the association. So he has a small group, maybe

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1 about five or six people, that work for him. And I believe
2 they have one vendor called -- I think it's called StateCraft.
3 They cost us 100,000 bucks.

4 Q Was there a cost savings to the NRA in terminating the
5 Ackerman McQueen contract?

6 A About 30 plus million dollars.

7 Q And is that \$30 million a year?

8 A Yes.

9 Q Looking back at the list of top concerns for the audit
10 committee, are there concerns that are identified there that
11 you believe have not been investigated and addressed today?

12 A I believe everything on this list has been addressed.

13 Q Okay. And Woody Phillips and Josh Powell are no longer
14 with the NRA. Is that correct?

15 A That is correct.

16 Q And Associated TV, Grassroots Behavioral Services, McKenna
17 and Associates, were those contracts all terminated?

18 A They were.

19 Q Okay. Has there been a change in the culture at the NRA
20 since July of 2018?

21 A Yes, right --

22 Q And what is that change?

23 A It's governance. It's accountability. It's transparency.
24 You know, all the things that were lacking have been restored,
25 right. So I had the ability to reach out to the CFO and get a

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1 response. I was meeting with him on a monthly basis. People
2 were following the rules, right. You know, if there was a
3 contract that needed a contract review and signatures, those
4 were being achieved. Those objectives were being achieved
5 before a payment was being made. So yeah, I -- it's night and
6 day now.

7 Q Okay. Sitting here today, do you have concerns regarding
8 financial conflicts of interests within the senior management?

9 A No.

10 Q Do you believe that senior management's overriding the
11 internal controls?

12 A I don't believe they're doing that.

13 Q Do you believe that the NRA's policies and procedu4res are
14 being enforced today?

15 A Yes.

16 Q Do you have concern today that the NRA is subordinating
17 its judgment to its vendors?

18 A No.

19 Q And are there vendor controls in place today?

20 A Yes.

21 Q How important is the CFO in enforcing the NRA's policies
22 and procedures?

23 A The CFO is extraordinarily important, but not the sole --
24 not the sole arbiter of that. The whole organization must be
25 responsible. The whole organization has to have good

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1 governance. It starts from the top and it goes to every level.
2 And while it's extraordinarily important to have a strong CFO
3 that can push back and be at the table to push back, I believe
4 it's important for everyone to be involved in that.

5 Q You said it's important for the CFO to have a -- I think
6 you said strong backbone. Do you have confidence in Ms.
7 Rowling's ability to enforce the NRA's policies and procedures
8 as the CFO?

9 MR. KATHMAN: Objection, Your Honor, leading. I have
10 kind of let a couple of these go now, and I'm going to start --
11 leading.

12 THE COURT: Sustained.

13 BY MS. KOZLOWSKI:

14 Q Do you believe that Ms. Rowling will enforce the NRA's
15 policies and procedures?

16 MR. KATHMAN: Objection, leading.

17 THE COURT: Sustained.

18 BY MS. KOZLOWSKI:

19 Q Was Ms. Rowling one of the authors of the list of top
20 concerns for the audit committee?

21 A She was.

22 Q Do you have a sense of how she -- how important the NRA's
23 policies and procedures are to her?

24 MR. KATHMAN: Objection, Your Honor. Calls for
25 speculation.

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1 THE COURT: Sustained.

2 MR. KATHMAN: And I would also say hear -- okay.

3 Thank you.

4 BY MS. KOZLOWSKI:

5 Q Do you have any opinion regarding what Ms. Rowling will do
6 with respect to the NRA's policies and procedures?

7 MR. KATHMAN: Objection, Your Honor. Calls for
8 speculation, and foundation.

9 THE COURT: I think you can --

10 MS. KOZLOWSKI: Your Honor, Mr. Erstling now reports
11 --

12 THE COURT: I'm going to sustain the objection.

13 MS. KOZLOWSKI: -- policies.

14 THE COURT: I'm going to sustain the objection. I
15 think you can get to where you need to get by just rephrasing
16 your question. But right now, I think the objection is a good
17 one.

18 BY MS. KOZLOWSKI:

19 Q When you prepared this list of top concerns for the audit
20 committee did you expect it to become a public document?

21 A No.

22 Q What was your intention in preparing it?

23 A This was an internal document meant to fix the problems in
24 house, right. I mean, there's -- there's just a lot of good
25 people working really hard to protect the foundation of the

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1 NRA. And to see a couple of bad apples mess it up is very
2 unfortunate. And so this was our way to, you know, hey, let's
3 -- let's clean this up. Let's fix this.

4 Q How do you feel that the New York Attorney General has
5 cited these internal concerns you raised in its effort to
6 dissolve the NRA?

7 A I don't understand the question.

8 Q Are you aware that the NRA has cited the concerns listed
9 in your top concerns in its complaint to dissolve the NRA? I'm
10 sorry -- the N-Y -- I'm sorry. I apparently boggled that
11 question. How do you feel about the New York Attorney General
12 citing the concerns you raised in 2018 as part of its effort to
13 dissolve the NRA?

14 MR. KATHMAN: Your Honor, I'm going to object,
15 relevance. I don't know what mister -- how Mr. Erstling feels
16 about us citing the complaints -- those concerns in a
17 complaint. I don't know how that's relevant to this
18 proceeding.

19 THE COURT: Sustained. You want to re-ask -- or
20 rephrase your question?

21 BY MS. KOZLOWSKI:

22 Q Was it your intention that the list of top concerns be
23 utilized by outside parties against the NRA?

24 A No.

25 Q What was your objective in providing this list of top

1 concerns?

2 MR. KATHMAN: Your Honor, I'm going to object. Asked
3 and answered, I think three times now. He said what it was.
4 It was an internal document to bring those attention to the
5 audit committee. I think it's been asked and answered at least
6 two times, and I think maybe three.

7 THE COURT: I'm going to get him to answer it one
8 more time. You may answer it, sir.

9 THE WITNESS: The objective of this list was to fix
10 the problems internally. This is -- you know -- whether you
11 like the politics or not, it's a great organization. And you
12 know, for 150 years it's been around, and guess what. The last
13 15 has been messed up. But it can be fixed and it was fixed.
14 These problems have been resolved.

15 MR. KATHMAN: Your Honor, I'm going to move to strike
16 after about the first seven words where he says, for internal
17 for it to be fixed, as nonresponsive.

18 THE COURT: I think I sustain that. Just answer the
19 question, sir.

20 THE WITNESS: Can the question be repeated, please.

21 MS. KOZLOWSKI: I think he answered it. We can move
22 forward.

23 BY MS. KOZLOWSKI:

24 Q Has Ms. Rowlings [sic] enforced the NRA's policies and
25 procedures as CFO?

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1 A Yes, ma'am.

2 Q Are you aware that the New York Attorney General and
3 Ackerman McQueen are seeking a Chapter 11 trustee in these
4 cases?

5 A Yes, ma'am.

6 Q Do you have an opinion of what impact a Chapter 11 trustee
7 would have on the NRA?

8 A It would probably be the slow death of the NRA.

9 Q And why do you believe that?

10 MR. KATHMAN: Objection, Your Honor. Could I take
11 the witness on a brief voir dire, please?

12 THE COURT: Only very brief.

13 MR. KATHMAN: I believe it lacks foundation.

14 THE COURT: Only --

15 MR. KATHMAN: Very briefly.

16 THE COURT: -- very briefly.

17 VOIR DIRE EXAMINATION

18 BY MR. KATHMAN:

19 Q Mr. Erstling, have you ever been involved in a bankruptcy
20 before?

21 A Yes, a long time ago.

22 Q Okay. And in that bankruptcy was a Chapter 11 trustee
23 appointed?

24 A I do not know the answer to that.

25 Q Okay. Mr. Erstling, have you ever been involved in a

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1 bankruptcy where a Chapter 11 trustee was appointed?

2 A I do not know.

3 Q Mr. Erstling, do you have a law degree?

4 A No.

5 Q Do you practice bankruptcy law?

6 A No.

7 Q Do you have any experience in bankruptcy law or what
8 happens, outside of what your counsel has told you, if a
9 trustee is appointed?

10 A No.

11 MR. KATHMAN: Your Honor, we'd object on foundation.
12 Any sort of questioning asking about what the effect of a
13 trustee would be, the witness isn't a bankruptcy lawyer and
14 he's just testified he doesn't have any knowledge, outside of
15 what his counsel has told him, about what the effect of a
16 trustee would be.

17 THE COURT: Sustained for now. But counsel for the
18 debtor, did you want to ask him some questions about his --
19 what his understanding is of what a trustee does, that sort of
20 thing?

21 MS. KOZLOWSKI: Yes, Your Honor.

22 DIRECT EXAMINATION RESUMED

23 BY MS. KOZLOWSKI:

24 Q Mr. Erstling, what is your understanding of what a Chapter
25 11 trustee does?

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1 MR. KATHMAN: Your Honor, I'm sorry. I'm going to
2 object, because I just took him on voir dire and asked him. He
3 said his only knowledge is what his lawyers have told him. So
4 he doesn't have personal knowledge. He just knows what his
5 lawyers told him.

6 THE COURT: I'm going to overrule that and let her
7 ask the question and let him try to answer it, Mr. Kathman.

8 You may answer the question, sir.

9 THE WITNESS: A trustee is in charge of everything in
10 the organization. So it is my understanding that all decisions
11 about spending are controlled by the trustee. Trustee
12 controls, effectively, all of the assets of the organization
13 and makes decisions for the organization.

14 BY MS. KOZLOWSKI:

15 Q Mr. Erstling, why -- what is it about having a Chapter 11
16 trustee appointed that leads you to the conclusion that it
17 would be a slow death?

18 A If the association is not allowed to lobby or not allowed
19 to produce and put a television on the air, then we might not
20 be able to communicate with our members. We might not be able
21 to provide the Second Amendment support that our members need
22 in states and in federal legislation.

23 Q Okay. What impact would a loss in confidence in Second
24 Amendment advocacy have from a revenue perspective?

25 MR. KATHMAN: Objection, Your Honor. Calls for

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1 speculation.

2 MS. KOZLOWSKI: Your Honor, Mr. Erstling is the
3 director of budget and financial analysis. He is the
4 individual who manages the revenue, and certainly has a
5 understanding of what the sources of revenue are and what
6 impacts the revenue.

7 THE COURT: Overruled. You may answer the question,
8 sir.

9 THE WITNESS: If the members believe that an outsider
10 is in control it will not donate. I mean, a lot of our members
11 are very skeptical of government to begin with. So if they
12 were to find out that they were sending their money in and it
13 was controlled by a governmental authority they might not, you
14 know, submit their money.

15 BY MS. KOZLOWSKI:

16 Q Okay. Mr. Erstling, you were at the forefront of
17 identifying the issues that needed to be resolved in 2018. Do
18 you have any concern that similar problems could arise now?

19 A No.

20 Q Why not?

21 A I think the association has taken a turn, and governance
22 at all levels is being respected, and I think that there's been
23 a great deal of work and effort put into cleaning up the mess
24 of years of bad management decisions.

25 MS. KOZLOWSKI: Your Honor, I'll pass the witness.

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1 THE COURT: Thank you. Mr. Kathman, how long do you
2 think your cross is going to take?

3 MR. KATHMAN: I want to say I can probably get it
4 done in about 15 or 20 minutes, Your Honor.

5 THE COURT: All right.

6 MR. KATHMAN: I know that's right on the -- I know
7 that's right on the cusp of 6:00 o'clock. That's why I --

8 THE COURT: Well, you can go --

9 MR. KATHMAN: -- caveated that.

10 THE COURT: Yes, I understand. You can go slightly
11 past 6:00, if you need to.

12 Then Mr. Mason, are you going to cross for Ackerman?

13 MR. MASON: Yes, Your Honor.

14 THE COURT: And what's your best guess on your cross?

15 MR. MASON: Twenty to 30 minutes.

16 THE COURT: Okay. And Mr. Taylor.

17 MR. WATSON: Your Honor, this is Jermaine Watson. I
18 have this witness. I'm thinking five to 15 minutes, Judge.

19 THE COURT: Okay. And the committee?

20 MR. DRAKE: Your Honor, at this point I don't have
21 any questions. It's obviously subject to what comes out --

22 THE COURT: Sure.

23 MR. DRAKE: -- during the other examinations, but
24 presently, I think we don't need any questions.

25 THE COURT: All right. So Mr. Kathman, do you want

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1 to go next and keep it to the 15 to 20-minute range?

2 MR. KATHMAN: I will, Your Honor.

3 THE COURT: Okay.

4 CROSS-EXAMINATION

5 BY MR. KATHMAN:

6 Q Good afternoon, Mr. Erstling. My name is Jason Kathman.
7 I'm attorney with Spencer Fane. My firm has been retained to
8 represent the State of New York and the Office of the Attorney
9 General. Mr. Erstling, do you understand the difference
10 between finance and accounting?

11 A Yes.

12 Q Okay. And you would agree with me, accounting is kind of
13 backward looking and finance is more forward looking. Would
14 you agree with me, generally?

15 A Generally.

16 Q Isn't it true that Ms. Rowling has never been a chief
17 financial officer?

18 A I believe that's correct.

19 Q And isn't it true that her role at the National Rifle
20 Association was mostly accounting, making sure things are put
21 in the right accounts, and was more of an accounting function.
22 Isn't that correct?

23 A That's correct.

24 Q Okay. Mr. Erstling, you spoke in different parts of your
25 testimony about concerns with Mr. Phillips. Is that fair to

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1 say?

2 A Yes.

3 Q Okay. I think you even testified you didn't think he was
4 doing his job in 2016 and 2017. Is that right?

5 A That's correct.

6 Q Okay. And you're aware that Mr. Phillips, after he left
7 NRA, was given a contract in which he was to be paid \$30,000 a
8 month. Are you aware of that?

9 A I am aware of that.

10 Q And you're aware that \$30,000 a month was paid on that
11 contract actually in 2019. Isn't that right?

12 A I don't know that for a fact.

13 Q Okay. Mr. Erstling, you testified that after Mr. Spray
14 came on board you would have I believe monthly meetings to talk
15 about the actual performance of the budget compared to the
16 budget. Is that fair?

17 A Yes.

18 Q Okay. And in those meetings did you talk about how the
19 amounts that had been budgeted for Mr. Phillips compared to the
20 amounts that were actually being paid to Mr. Phillips?

21 A Yes.

22 Q Okay. So you did know in 2019 that Mr. Phillips was being
23 paid on a consulting contract. Isn't that right?

24 A I think I already answered that.

25 Q And the answer is yes, you did know?

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1 A I knew that there was a contract. I didn't know if there
2 was a payment or not. It may have been -- the payment may have
3 been commingled with other things. So we may not have gone
4 down to the granular level to know a particular vendor within
5 an account. I may not have known that.

6 Q And well, let me ask this question. Is one of the cost
7 centers that you look at when you're putting the budget
8 together, the executive vice president's consultant budget?

9 A Sonya Rowling puts that together.

10 Q Okay. Mr. Erstling, one of the items in the budget when
11 you're putting the budget together for the NRA is the executive
12 vice president's consultant budget. Isn't that correct?

13 A It is part of the whole budget, yes.

14 Q Okay. And Ms. Rowling, I think you just testified, is the
15 one that puts together that -- when you send the spreadsheets
16 out that you were talking about, Ms. Rowling's the one, doesn't
17 -- and she does that for the executive vice president
18 consultant budget, correct?

19 A That is correct.

20 Q And Mr. LaPierre -- or sorry -- Mr. Phillips' consulting
21 agreement that we were just talking about, that was within the
22 executive vice president's consultant budget, correct?

23 A I believe that's correct.

24 Q Okay. So Ms. Rowling would have known about Mr. Powell's
25 [sic] consulting agreement that was being paid on in 2019.

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1 Isn't that right?

2 A I think you mixed a name up.

3 Q I'm --

4 A Were you talking about Mr. Powell?

5 Q Thank you. I do that too often. I apologize. She would
6 have been aware of Mr. Phillips' consulting agreement, because
7 that would have been in the executive vice president's
8 consultant budget.

9 A I believe --

10 Q Isn't that correct?

11 A -- I believe she would have been.

12 Q Okay. Thank you. You talked about that there were other
13 vendors -- the question was asked, were there other vendors
14 that were over budget, and you answered mister -- I think it's
15 McKenna was the one that you named, and then you couldn't think
16 of any others. Is that right?

17 A Correct.

18 Q Okay.

19 A At the moment, yes.

20 Q Isn't it true in 2015 you emailed Mr. Tedrick about the
21 amounts being paid to Membership Marketing Partners being more
22 than what was in the contract?

23 A Yes.

24 Q Okay. And you know who Membership Marketing Partners is,
25 correct?

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1 A Correct.

2 Q We talked about them earlier. They're the ones that do
3 the mailer?

4 A Um-hum.

5 Q Okay. And so in 2015 you wrote an email to Mr. Tedrick
6 saying that the amounts being paid to MMP were more than what
7 the contract amount was. Isn't that right?

8 A That is correct.

9 Q Okay. And nothing was done about that, was it? The NRA
10 continued to pay more than what was in the contract, correct?

11 A The NRA continued to pay what was in the -- what was on
12 the invoice.

13 Q More than what was in the written agreement, correct?

14 A Correct.

15 Q Okay. And then in 2017, again, you sent an email to Mr.
16 Powell, again raising the issue that amounts being paid to MMP
17 -- and when I say MMP you know I mean Membership Marketing
18 Partners, correct?

19 A Yep.

20 Q In 2017 you email Mr. Powell -- and I do mean Mr. Powell
21 this time -- raising the issue of MMP being paid more than what
22 was in the contract. Isn't that correct?

23 A Unless I see it I -- I'm assuming that there's a document
24 somewhere that says that.

25 A You do recall emailing Mr. Powell and raising the issue of

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1 MMP being paid more?

2 A I do not remember emailing Mr. Powell. I mean, it's too
3 long ago to remember exactly who I was emailing.

4 Q Okay.

5 MR. KATHMAN: Mr. Van Horn, can you bring up the 2017
6 email from Mr. Erstling to Mr. Powell?

7 BY MR. KATHMAN:

8 Q Mr. Erstling, we'll share the screen and bring it up here
9 and just have you take a look at it, see if that refreshes your
10 recollection.

11 A Okay. Okay. I'm on board.

12 Q Okay. Does that refresh your recollection about whether
13 you sent an email in 2017 to Mr. Powell raising the issue that
14 the amounts being paid to MMP were in a higher amount than what
15 was in the contract?

16 A That's correct.

17 Q Okay. And after that email was sent to mister --

18 MR. KATHMAN: Thank you, Mr. Van Horn.

19 BY MR. KATHMAN:

20 Q And after that email was sent the NRA continued to pay MMP
21 more money than what was in the actual written contract. Isn't
22 that correct?

23 A That is correct.

24 Q Okay. If we look at Exhibit No. 72, NYAG Exhibit 72 we
25 were looking at a minute ago?

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1 A One second here. Yes, sir.

2 Q You see Number 4(d) there, "MMP bills violate contract
3 stipulations." Do you see that?

4 A I do.

5 Q That was something that you added to this concerns memo?

6 A I did.

7 Q Okay. And that's relating to those two emails that we
8 just talked about, raising that MMP's being paid more money
9 than what's in the contract, correct?

10 A Correct.

11 Q Okay. And you're aware that MMP to this day and just
12 prior to the petition was still being paid more money than what
13 is in the written contract. Isn't that correct?

14 A Yes.

15 Q Okay. So when you said that all of the concerns here in
16 this NYAG Exhibit 72 had been met, that wasn't a correct
17 statement, was it?

18 A It was a correct statement.

19 Q Okay. But 4(d) says, "MMP bills violate contract
20 stipulations," correct?

21 A That's what it says.

22 Q Okay. And MMP is still being paid more than what the
23 written agreement is, correct?

24 A Yes.

25 Q Okay. Mr. Erstling, you testified -- and I wrote this

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1 down -- that, "Millions of dollars being paid not in the budget
2 is a lack of control." Do you agree with that statement?

3 A I do.

4 Q Okay. Do you budget for the -- for an amount in -- let me
5 scratch that. Does your budget include the contract amount for
6 MMP, or does it include the inflated amount that NRA pays MMP?

7 A I use the trending amount.

8 Q And what is the trending amount?

9 A What they were paid in the last month, prior month.

10 Q Okay. And you're aware of the \$100,000 policy with the
11 NRA?

12 A For contracts?

13 Q For contracts, yes.

14 A Yes.

15 Q Okay. And something else that I wrote down that you said
16 was that, "Governance comes from the top." Did I write that
17 down correctly?

18 A You did.

19 Q Okay. Are you aware of the NRA's conflict of interest
20 policy?

21 A Not specifically. I mean --

22 Q Your --

23 A -- I know what it is, but it's -- I don't -- haven't read
24 it today or.

25 Q You're aware of certain compliance seminars that have been

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1 held by the NRA that employees of NRA have been required to
2 attend?

3 A Yes.

4 Q Okay. And you're aware Mr. LaPierre has never attended
5 one of those compliance seminars. Isn't that right?

6 A I have not seen him at the compliance seminar.

7 Q Okay. You're aware Mr. Cotton, the head of the audit
8 committee, has never attended one of those seminars. Isn't
9 that correct?

10 A He has not been in the room when I've been there.

11 Q Okay. And you're aware that certain officers of NRA are
12 required to file or fill out conflict of interest forms?

13 A Yes.

14 Q Okay. And you're aware that Mr. LaPierre routinely has
15 not completed those conflict of interest forms?

16 A I don't know that.

17 MS. KOZLOWSKI: Object --

18 BY MR. KATHMAN:

19 Q Okay. Are you aware that Mr. LaPierre had not signed the
20 most recent conflict of interest form until the date that he
21 actually testified in this trial?

22 MS. KOZLOWSKI: Your Honor, objection. Mr. Erstling
23 just said he doesn't have knowledge with respect to those
24 forms.

25 THE COURT: The question is, has -- is he aware. He

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1 can answer that question. Are you aware?

2 THE WITNESS: No, I'm not aware.

3 BY MR. KATHMAN:

4 Q Mr. Erstling, if a trustee was appointed you don't know
5 whether the NRA could still lobby, do you?

6 A I do not.

7 Q Okay. If a trustee is appointed you haven't done any
8 analysis of how much revenue the NRA would generate if a
9 trustee was appointed, have you?

10 A No.

11 Q Okay. You haven't done any analysis of what expenses
12 would be saved if a trustee is appointed. Isn't that correct?

13 A That's correct.

14 Q Okay. You don't actually have any knowledge of how a
15 trustee would actually operate the National Rifle Association,
16 do you?

17 A No.

18 Q Mr. Erstling, would you agree with me that Mr. Spray was
19 kind of the catalyst for change at the National Rifle
20 Association?

21 A I would agree with that.

22 Q Okay. And I heard you talk about Mr. Spray and you felt
23 like Mr. Spray, after what I'll call maybe -- well, maybe I'll
24 just ask it this way. Mr. Spray made you feel like you could
25 actually speak up and bring your concerns and be heard. Is

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1 that fair?

2 A Yes.

3 Q Okay, because as we've talked about, you had previously
4 raised your issues about MMP to Mr. Tedrick and Mr. Powell and
5 nothing had changed, correct?

6 MS. KOZLOWSKI: Objection, misstates testimony.

7 THE COURT: You want to restate your question?

8 MR. KATHMAN: Sure.

9 BY MR. KATHMAN:

10 Q Mr. Erstling, well, what I'm really getting at is, Mr.
11 Spray -- Mr. Spray did a lot of good things for the National
12 Rifle Association, didn't he?

13 A Yes.

14 Q Okay. And now, he's not there anymore, is he?

15 A No.

16 Q Okay. And you're aware that Mr. Spray was fired by Mr.
17 LaPierre, correct?

18 A All I know is that we were paying him. He was on the
19 payroll. So as far as I know, he's still the treasurer.

20 Q You're aware that Mr. Spray was fired as the chief
21 financial officer of the National Rifle Association, correct?

22 A I was -- I was -- I am not aware of that.

23 Q Okay.

24 A I know according to the letter that was sent out, he was
25 leaving for -- you know -- to be -- spend more time with his

1 family.

2 MR. KATHMAN: We'll pass the witness, Your Honor.

3 THE COURT: Thank you.

4 Mr. Mason, you'll be up first with the witness
5 tomorrow.

6 Mr. Erstling, you're --

7 MR. MASON: Thank you, Your Honor.

8 THE COURT: During the -- Mr. Erstling, during the
9 overnight don't speak with anyone about your testimony. We're
10 breaking during your testimony. Do you understand that?

11 THE WITNESS: I understand.

12 THE COURT: Okay.

13 MR. MASON: And if we could, Your Honor, could we ask
14 the debtors about the lineup for tomorrow, if they know it.

15 MR. GARMAN: Yeah, of course. So Your Honor, here
16 are the witnesses for tomorrow. We'll start with Mr. Erstling.
17 No one can hold me to the remainder of the order, but I'll tell
18 you the individuals, as we're still working it through, Mr.
19 Schropp, Mr. Staples.

20 And we would intend to read the 30(b)(6) testimony of
21 Mr. Wang from the New York Attorney General into the record.
22 And then, Your Honor, I have to unfortunately raise an issue.
23 Well, I guess I'll label this as perhaps self-reporting, but I
24 had intended to call a lawyer who's on the board whose name is
25 Sandy Froman.

1 I found that about an hour into Mr. Cotton's
2 testimony she was still on the line after invoking the
3 exclusionary rule. I believe that if you were -- the Court
4 were to voir dire Ms. Froman you would hear that she wasn't
5 listening to the testimony and just left the browser open after
6 the openings.

7 But the Court, I assume, will have to make a ruling
8 as to whether or not Ms. Froman is permitted to testify. If
9 she is permitted to testify, I doubt we get to her tomorrow,
10 but there's a possibility we will.

11 THE COURT: Okay. Maybe we can take that issue up,
12 at least tomorrow, on whether she could testify or even if we
13 don't get to her.

14 MR. GARMAN: Yes, Your Honor.

15 THE COURT: Anything that you need of me tonight? I
16 know that I'd asked you all to visit a little bit about how
17 long we think this trial was going to go as far into the
18 future. And I think my law clerk got back with you all, I
19 think to disseminate to the group, that we do have some days
20 the following week. We only have the two days that I gave you
21 for next week and I think one of them might not work for the
22 NRA. So have you all had a chance to talk some?

23 MR. GARMAN: Your Honor, we haven't. I'll probably
24 suggest that's my fault that we haven't talked yet. So I will
25 take the laboring oar in trying to coordinate with the parties

1 tonight and see if we can come up with something.

2 THE COURT: Yes. What I'm asking is what I've sort
3 of asked the movants during their case, that you know, we try
4 to figure out some ways to streamline, I think has been the
5 word that's been used for both sides, and the same thing would
6 apply to the NRA.

7 So if we could talk maybe they can tell you some
8 things that might make your case a little bit shorter,
9 hopefully. We'll start at 8:00 o'clock tomorrow and, you know,
10 we'll try to go to 6:00 again, which is a longer day tomorrow.
11 And see if I had anything else for you all. I think that's all
12 I have right now. Oh, so you named the witnesses.

13 Oh, Mr. Mason, was your fellow able to log back in
14 for me just to have that short conversation with him?

15 MR. MASON: I do not believe so, Your Honor. I don't
16 believe he's been on today. So I -- but I will speak with him
17 tonight, and tomorrow I'll let you know when he is on so that
18 you can --

19 THE COURT: Okay.

20 MR. MASON: -- address him.

21 THE COURT: Yes. You let me know. I'm fine for him
22 to go ahead and start watching, but I just want to have the
23 same conversation I've had with the more recent witnesses that
24 we've released from most -- or much of the rule. All right.
25 You all have a --

1 MR. MASON: Absolutely. I'll let you know, Your
2 Honor.

3 THE COURT: Okay. You all have a nice night. I'll
4 see you at 8:00 o'clock tomorrow morning.

5 (Whereupon, at 6:06 p.m., the trial in the above-
6 entitled matter adjourned.)

7 **C E R T I F I C A T I O N**

8 We, KAREN HARTMANN, DIPTI PATEL, KAREN WATSON AND
9 ELIZABETH REID-GRIGSBY, court approved transcribers, certify
10 that the foregoing is a correct transcript from the official
11 electronic sound recording of the proceedings in the
12 above-entitled matter, and to the best of my ability.

13
14 /s/ Karen Hartmann
15 KAREN HARTMANN

16
17 /s/ Dipti Patel
18 DIPTI PATEL

19
20 /s/ Karen K. Watson
21 KAREN K. WATSON

22
23 /s/ Elizabeth Reid-Grigsby
24 ELIZABETH REID-GRIGSBY

25 J&J COURT TRANSCRIBERS, INC.

DATE: April 22, 2021