

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

IN RE: ) Case No. 21-30085-hdh11  
) (Jointly Administered)  
) Chapter 11  
)  
NATIONAL RIFLE ASSOCIATION ) Courtroom 1  
OF AMERICA AND SEA GIRT LLC, ) 1100 Commerce Street  
) Dallas, Texas 75242-1496  
Debtors. )  
) April 22, 2021  
) 8:04 a.m.  
) (MORNING SESSION)

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

ECRO: Shanette D. Green

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(An attorney from the debtor or interested party above has given an oral appearance, some representing members from their team are present. As represented by a previous hearing, those attorneys are listed, some or all may have attended the hearing. Other attorneys may have been appearing although did not place a formal appearance on the record.)

\* \* \*

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1 THE COURT: Good morning. In the National Rifle  
2 Association case, I'll call roll first, and then take  
3 appearances for those folks that didn't register.

4 Mr. Mason and your group.

5 MR. MASON: Good morning, Your Honor. Brian Mason  
6 and Mike Gruber; and I believe Mr. Acosta will be joining in a  
7 little bit.

8 THE COURT: Okay. I saw him kind of in and out  
9 yesterday; good morning.

10 MR. MASON: Good morning.

11 THE COURT: Ms. Lambert and Mr. Salitore?

12 MS. LAMBERT: Good morning, Your Honor. Lisa Lambert  
13 and Marc Salitore for the United States Trustee, William Neary.

14 THE COURT: Welcome. Neligan and Gaither?

15 MR. GAITHER: Your Honor, I've been asked to mention  
16 that Mr. Neligan will be calling in later. I don't know if  
17 anybody else is joining.

18 MR. NELIGAN: Your Honor -- Your Honor, I'm on. This  
19 is Pat Neligan --

20 THE COURT: Welcome.

21 MR. NELIGAN: -- and I'm on the call; thank you.

22 THE COURT: Welcome.

23 Strubeck, Drake, and Hendrix, and Laura Smith?

24 MR. DRAKE: Yes, Your Honor, we're all here on behalf  
25 of the Official Committee of Unsecured Creditors.

1 THE COURT: I left off Ms. Smith there, too.

2 Mr. Pronske, Van Horn, and Kathman?

3 MR. VAN HORN: Your Honor, we are here, along with  
4 attorneys from the New York Attorney General's Office, Jim  
5 Sheehan, Emily Stern, Monica Connell, and Stephen Thompson.

6 THE COURT: Welcome back.

7 Jermaine Watson and Clay Taylor.

8 MR. WATSON: Good morning, Your Honor.

9 MR. TAYLOR: Good morning.

10 MR. WATSON: Clay Taylor and I are on.

11 THE COURT: Welcome.

12 Anyone else wish to make an appearance that didn't  
13 register?

14 MR. GARMAN: Yes, sir. This is Greg Garman, I and my  
15 team are here, the Ankura team of Mr. Robichaux and Mr. Morton  
16 are in the room. And then Mr. Correll is also present today.

17 THE COURT: Welcome back, sir.

18 Anyone else wish to make an appearance?

19 MS. HINGA NEVITT: Good morning, Your Honor. This is  
20 Alacoque Hinga Nevitt for the District of Columbia.

21 THE COURT: Welcome.

22 MS. HINGA NEVITT: Thank you.

23 THE COURT: Do we have all the appearances?

24 (No audible response heard)

25 THE COURT: All right. Mr. Garman, anything to talk

1 about before we call the next witness?

2 MR. GARMAN: Yes, sir. Yes, sir, we've conferred  
3 with primarily the Ackerman and the NYAG teams as to how we're  
4 going to end this thing. And then I will say, it was just  
5 minutes before the hearing, we called both the Journey team, as  
6 well as the Unsecured Creditors' Committee, so I don't want to  
7 put words in their mouth that they've agreed to our proposal  
8 yet, but here's what there's agreement with.

9 So we're going to put on our witnesses today. We're  
10 going to put on our witnesses tomorrow, which would include Ms.  
11 Rowling, and a couple of Board members who I've agreed to  
12 identify who they'll be. I'm still figuring that out off our  
13 witness list, but we'll disclose those by noon.

14 The parties have generally agreed, both Ackerman and  
15 the New York Attorney General, for a personal request I had,  
16 which was to close down by 3 o'clock tomorrow as I haven't been  
17 home since the first weekend of March. I have a couple of  
18 personal matters to deal with before I come back next week.

19 And then we're going to close out this case, subject  
20 to Your Honor's approval. The debtor will have its final day  
21 of testimony next Tuesday, and which we understand you would be  
22 available. Our three witnesses would be Mr. LaPierre, that we  
23 would expect to put on for two hours ish; we would have Mr.  
24 Robichaux, who I would imagine our affirmative case would have  
25 on for 30 minutes -- maybe 45 minutes, but 30 minutes; and then

1 we would have a third witness next Thursday, which would be Mr.  
2 Plotts, who is the auditor from Aronson.

3 We think that cross-examination of those witnesses  
4 would conclude on Thursday, but we would hold out Friday for a  
5 rebuttal case by the movants.

6 And then our proposal to you, again, subject to you  
7 agreeing to it, would be that we close -- have closing  
8 arguments on Monday, May 3rd.

9 THE COURT: Mr. Pronske, do you want to weigh in?

10 MR. PRONSKE: Yes, Your Honor. I think generally,  
11 that's correct as far as what we've agreed to, subject, of  
12 course, to the Court's input on that.

13 We have agreed -- and we would like to know what the  
14 order of the witnesses is for today.

15 And then as far as tomorrow, that is correct.

16 Thursday, correct, we understand they will finish  
17 their case Thursday.

18 And then that would leave Friday as a potential day  
19 for rebuttal. We don't know that we're going to put a rebuttal  
20 case on, but that would leave Friday for a rebuttal case if we  
21 put one on.

22 And then closing arguments and conclusion on Friday -  
23 - on Monday of the following week.

24 THE COURT: Mr. Mason, work for you?

25 MR. MASON: It does work for me. That's consistent

1 with what I discussed with Mr. Pronske and Mr. Garman, so we're  
2 agreeable to that subject to Your Honor's approval.

3 THE COURT: Okay. Mr. Watson, and then Mr. Strubeck.  
4 I understand this may be newer to you all than the other group.

5 MR. WATSON: Your Honor, it seems reasonable to us.

6 THE COURT: Okay.

7 MR. STRUBECK: And, Your Honor, Louis Strubeck, it  
8 works for us, too.

9 THE COURT: Okay.

10 MS. LAMBERT: Your Honor, the United States Trustee  
11 anticipates crossing during the CRO portion of the testimony.  
12 The schedule sounds fine, I just don't want to suggest that we  
13 aren't participating in that, and also we would anticipate  
14 participating in closing.

15 THE COURT: All right.

16 STENOGRAPHER: Could you state your name, please?

17 MS. LAMBERT: My name is Lisa Lambert, I represent  
18 the United States Trustee.

19 STENOGRAPHER: Thank you.

20 THE COURT: All of that sounds fine to me.

21 Mr. Garman, I'm a little disappointed that you want  
22 off early, I just wondered what you've been doing with all your  
23 time lately, but --

24 (Laughter)

25 MR. GARMAN: I'm going to take a lot of laundry home.

1           THE COURT: That request is more than reasonable. I  
2 was explaining to my wife this morning -- she knows how tired I  
3 am, and I said I wouldn't trade places with the lawyers,  
4 though, because I at least get to go home at night. Y'all  
5 continue to do your working after that, so I appreciate  
6 everybody's hard work.

7           I think that schedule works fine. If there's an  
8 issue, I'll let you know. But for next Thursday, one of my  
9 colleagues is taking my hearings, and then on Monday, she's  
10 also taking my -- the matter that I had.

11           I will say we have a short docket -- the NRA overlays  
12 my existing docket today. So at 9, I'm going to call a very  
13 short matter, and at 1:30, I anticipate a very short matter.  
14 So we may go until about 12:15 this morning so that then you  
15 all can come back at 1:30, rather than come back at 1:15, and  
16 then break for that. But we'll work through that.

17           You may call your next witness, Mr. Garman.

18           MR. GARMAN: Your Honor, I was asked for how we  
19 intended to proceed today, and I'm happy to share that with the  
20 parties so they can prepare.

21           We obviously -- I believe we're still on the cross-  
22 examination Mr. Erstling. I believe that we're to Ackerman on  
23 that point.

24           It would be our intent to put the 30 -- to read a  
25 30(b)(6) New York AG designation of Mr. Wang in after that.

1 We would then call Mr. Staples.

2 We would follow that by calling Mr. Schropp.

3 And then as I indicated, Ms. Froman is a Board  
4 member. I believe Ms. Froman can testified, but as a self  
5 disclosed, she had her browser opened during part of the  
6 testimony. She is a lawyer, Your Honor, she is on the Board of  
7 Trustees of a law school.

8 I would ask the Court to voir dire her and determine  
9 whether or not she violated the rule, to the extent she's  
10 impermissible to testify.

11 That would be how I expect to round out the day. And  
12 then, as I said, I can't imagine we have extra time. But to  
13 the extent we do, I guess our sixth witness in this order would  
14 likely be Ms. Rowling.

15 THE COURT: All right. Let me just react on Ms.  
16 Froman. If you all could talk a little bit about that, maybe  
17 you can reach an agreement.

18 If not, we'll take up the issue of whether she can  
19 testify sometime during the day that's convenient before we get  
20 -- to get to her, all right.

21 MR. GARMAN: And we'll -- maybe we can talk about it  
22 in the lunch break, Your Honor.

23 THE COURT: Okay.

24 MR. GARMAN: Yeah.

25 THE COURT: And, Mr. Mason, I didn't mean to cut you

1 off. I was going -- going from memory, and that wasn't really  
2 good this morning.

3 And also, is your man here now for me just to have  
4 that conversation?

5 MR. MASON: And Mr. -- Mr. Makris, I believe he has  
6 called in. I believe he -- he has called in, so if --

7 THE COURT: Okay. Mr. Makris?

8 MR. MASON: Mr. Makris, so you --

9 THE COURT: Can you hear me, Mr. Makris?

10 MR. MASON: He just sent a note that he is on, so he  
11 may be having microphone problems, Your Honor.

12 THE COURT: Okay.

13 MR. MASON: He's telling me that it won't unmute.

14 UNIDENTIFIED ATTORNEY: Your Honor, he can hear you.

15 MR. MASON: He's going to call back in, Your Honor.

16 But if --

17 THE COURT: Okay.

18 MR. MASON: If you would like for me to go ahead and  
19 proceed, I'm happy to do that. Whatever you prefer.

20 THE COURT: Let me just say this so that we can move  
21 on. Mr. Makris, the other day I asked you not to watch the  
22 hearing, and also not to discuss it with anyone. You can watch  
23 the hearing from this point forward, but the rule on not  
24 discussing it with anyone remains in effect.

25 All right, Mr. Mason?

Erstling - Cross/Mason

13

1 MR. MASON: Thank you, Your Honor. May I proceed?

2 THE COURT: You may, let me re-swear the witness in.

3 Mr. Erstling, are you able to hear me?

4 MR. ERSTLING: Yes. You're a little bit low, but I  
5 can hear you.

6 THE COURT: Thank you. Would you raise your right  
7 hand?

8 MICHAEL ERSTLING, SWORN

9 THE COURT: All right. Mr. Mason, you may proceed.

10 CROSS-EXAMINATION RESUMED

11 BY MR. MASON:

12 Q Good morning, Mr. Erstling. My name is Brian Mason, I  
13 represent Ackerman McQueen; how are you doing this morning?

14 A Pretty good; thank you.

15 Q I would like to begin by just talking a little bit more  
16 about your background. Is my understanding correct that your  
17 current title is Director of Budget and Financial Analysis?

18 A That is correct.

19 Q Who would you consider to be your boss?

20 A Rick Tedrick.

21 Q You report directly to Mr. Tedrick?

22 A That is correct.

23 Q Does Mr. Tedrick provide you an annual review?

24 A Not every year, but on some years, yes.

25 Q And prior to 2018, did you report to Mr. Tedrick, as well,

Erstling - Cross/Mason

14

1 at that time?

2 A Yes.

3 Q Mr. Tedrick's title was Managing Director of Finance, is  
4 that right?

5 A I believe that is correct.

6 Q Mr. Tedrick reported to Mr. Phillips prior to Mr.  
7 Phillips' departure, correct?

8 A That is correct.

9 Q Mr. Phillips was the CFO and the Treasurer, correct?

10 A That is correct.

11 Q You understood that Mr. Phillips reported to Mr. LaPierre,  
12 correct?

13 A Yes, sir.

14 Q Now when Mr. Phillips left, you continued to report to Mr.  
15 Tedrick, correct?

16 A That is correct.

17 Q And when Mr. Spray join the NRA in 2018, you understood  
18 that Mr. Tedrick reported to Mr. Spray, correct?

19 A That is correct.

20 Q Mr. Spray was the CFO and Treasurer until just recently,  
21 correct?

22 A Correct.

23 Q And you understood that when Mr. Spray was here, Mr. Spray  
24 would report to Mr. LaPierre, correct?

25 A For a time, Mr. Spray would report to Mr. Phillips, until

Erstling - Cross/Mason

15

1 Mr. Phillips stepped down. And then Mr. Spray because the  
2 Treasurer, as well as the CFO. And, yes, he would report to  
3 Mr. LaPierre.

4 Q Okay, fair enough. And you talked yesterday about the  
5 budgeting, and specifically you talked about the Ackerman and  
6 NRA budget, do you recall that testimony?

7 A I do.

8 Q Isn't it true, Mr. Erstling, that you were not involved  
9 with the budgeting process between the NRA and Ackerman?

10 A That is also correct.

11 Q Do you know who was at the NRA?

12 A No.

13 Q You didn't sit on any budget meetings with any Ackerman  
14 executives, did you?

15 A No.

16 Q No one asked you what the budget for Ackerman should be,  
17 did they?

18 A No.

19 Q The Ackerman budget at the NRA was part of the public  
20 relations budget, isn't that true?

21 A That is correct.

22 Q And you didn't meet with the manager of the public  
23 relations budget, correct?

24 A The manager -- there were several managers of the PR  
25 budget. That could have been Woody, that could have been

Erstling - Cross/Mason

16

1 Wayne. It depended upon which contractor or item was in that  
2 particular budget; it was a large budget.

3 Q But you didn't meet with the managers of the PR budget  
4 with respect to the Ackerman budget, correct?

5 A I did not meet with anybody at Ackerman McQueen on that  
6 budget, but I may have met with Woody and Rick to discuss the  
7 PR budget in its totality. Yes, I would have done that.

8 Q Isn't it true that Mr. LaPierre never appointed you as a  
9 designee under the services agreement between the NRA and  
10 Ackerman?

11 A That is also correct.

12 Q Now these concerns that you had regarding the size of the  
13 Ackerman budget, you never communicated those concerns to  
14 anyone at Ackerman, did you?

15 A No.

16 Q Did you ever communicate those concerns to Mr. LaPierre?

17 A Not directly, no.

18 Q Did you communicate those concerns to Mr. Phillips?

19 A Yes.

20 Q And is it your testimony that you don't believe Mr.  
21 Phillips took any action with respect to your concerns?

22 A No.

23 Q So despite the concerns that you had, is it fair to say  
24 that you didn't go to anybody else after expressing those  
25 concerns to Mr. Phillips about the concerns with respect to the

Erstling - Cross/Mason

17

1 size of the Ackerman budget?

2 A Can you repeat the question, please?

3 Q Sure. So, Mr. Erstling, you were so concerned about the  
4 Ackerman budget being too high, that you didn't go to anybody  
5 else besides Mr. Phillips when you weren't getting the feedback  
6 that you were wanting, isn't that true?

7 A Yes.

8 Q When the budgets were exceeded during the year, you didn't  
9 go to Mr. LaPierre and tell him that you had concerns about the  
10 changes to the Ackerman budget, did you?

11 A That would have been Mr. Phillips' responsibility.

12 Q And when Mr. Phillips, according to you, wasn't responsive  
13 to your concerns, you didn't take any additional action, did  
14 you?

15 A No.

16 Q You didn't report these concerns about the size of the  
17 Ackerman budget to the Board during any meetings, did you?

18 A No.

19 Q And when it comes to presenting information to the NRA's  
20 Board, am I correct that you typically attend about three  
21 Finance Committee meetings a year?

22 A That is correct.

23 Q And one of those meetings, you run the slide show, is that  
24 correct?

25 A That is correct.

Erstling - Cross/Mason

18

1 Q And the other two, you just sit in a chair, isn't that  
2 your testimony?

3 A I attend, yes.

4 Q You've actually never given a presentation to the Finance  
5 Committee, correct?

6 A That is correct.

7 Q And the NRA was Ackerman McQueen's client, right?

8 A That's the way it should have been, yes.

9 Q Right. And the client decides and approves what the  
10 budget is at the end of the day, right?

11 A That's the way it should work.

12 Q With respect to the changes to the Ackerman and NRA budget  
13 throughout the year, you don't have any knowledge as to who  
14 requested those changes to be made, do you?

15 A No.

16 Q You testified yesterday that millions of dollars not in  
17 the budget is a lack of control, do you recall that testimony?

18 A Yes.

19 Q If Mr. LaPierre requested that changes should be made to  
20 the Ackerman budget that was in the millions of dollars, do you  
21 believe that Mr. LaPierre is responsible for that lack of  
22 control?

23 A I believe Mr. Phillips is responsible for the finances of  
24 the organizations, that's his responsibility.

25 MR. MASON: Objection; non-re --

Erstling - Cross/Mason

19

1 A It's -- that's -- that's his job. That's his job  
2 description.

3 MR. MASON: Objection; non-responsive, move to  
4 strike.

5 THE COURT: Sustained.

6 BY MR. MASON:

7 Q Mr. Erstling, if Mr. LaPierre requested that changes  
8 should be made to the Ackerman budget that exceeded the budget  
9 by millions of dollars, do you believe that Mr. LaPierre is  
10 responsible for that lack of control?

11 A No.

12 Q Mr. Phillips reports to Mr. LaPierre, correct?

13 A Yes.

14 Q So ultimately, the decisions that Mr. Phillips does or  
15 does not make are the responsibility of Mr. LaPierre, correct?

16 A Eventually, yes.

17 Q You testified that in 2017, the Ackerman budget increased  
18 because of, I believe, two areas: NRA TV and Carry Guard, do I  
19 understand your testimony?

20 A Yes.

21 Q Let's talk about NRA TV a little bit. You don't know who  
22 came up with the idea of NRA TV, do you?

23 A No.

24 Q You don't know how NRA TV was created.

25 A No.

Erstling - Cross/Mason

20

1 Q You don't know all the costs associated with running or  
2 operating NRA TV, do you?

3 A I see the bills, so I know what the expenses are.

4 MR. MASON: Objection; non-responsive.

5 THE COURT: Overruled.

6 Q You don't know how much money was paid to third parties  
7 with respect to NRA TV, do you?

8 A Unless they're on the bill, no.

9 Q You don't know how much Colonel North was paid as part of  
10 NRA TV, do you?

11 A Now I do.

12 Q You didn't --

13 A At the time, no.

14 Q You don't know how much money was paid to Dana Loesch for  
15 NRA TV, do you?

16 A At the time, no; now I do.

17 Q You don't know how much was paid to Grant Stinchfield  
18 prior to 2019 as part of NRA TV, did you?

19 A No.

20 Q And at no point did you go to Mr. LaPierre and say, "We're  
21 spending too much money on NRA TV," you didn't do that, did  
22 you?

23 A I went to my boss and to -- eventually to Mr. Phillips.

24 Q You went to Mr. Phillips and told them you thought too  
25 much money was being spent on NRA TV.

Erstling - Cross/Mason

21

1 A I went to Mr. Phillips and showed him a cash graph that  
2 said we're running out of money.

3 Q And when -- and your testimony is Mr. Phillips took no  
4 action with respect to your concerns, correct?

5 A Not that I could see.

6 Q And then after that, you were so concerned about it that  
7 you just didn't do anything else, right?

8 A I continued to report it to my boss. I continued to show  
9 them the graph daily, that we're running out of money. And  
10 instead of cutting expenses, they borrowed more, they -- you  
11 know, converted investments to cash, borrowed on the, you know,  
12 the value of the insurance policies. That was the solution at  
13 that time, so --

14 Q You didn't express any of those concerns to Mr. LaPierre,  
15 did you?

16 A No.

17 Q Regarding Carry Guard, you don't know who came up with the  
18 concept of Carry Guard, do you?

19 A No.

20 Q Do you understand that Josh Powell oversaw Carry Guard?

21 A Yes.

22 Q Do you know what Ackerman's role was with respect to Carry  
23 Guard?

24 A Just -- just from the invoices.

25 Q So you don't know the different aspects of -- do you even

1 know what Carry Guard is?

2 A Yes.

3 Q What is it?

4 A Carry Guard is a program similar to USCCA's insurance  
5 program. It was supposed to have a insurance portion, it was  
6 supposed to have a training portion. I believe there's a  
7 portion, which I can't recall at the moment, but it was  
8 supposed to mirror the USCCA product.

9 Q And you don't know what Ackerman's role with respect to  
10 Carry Guard was, correct?

11 A (No verbal response).

12 Q Aside from -- aside from viewing invoices, and we'll talk  
13 about that in a minute.

14 A I believe they were designing the materials for Carry  
15 Guard; they were working on training aspects; they were  
16 creating training videos. That's what I could decipher from  
17 the invoices.

18 Q And you don't know who at the NRA directed Ackerman  
19 McQueen to do that work, do you?

20 A No, I do not.

21 Q Let's talk a little bit about invoicing. You testified  
22 yesterday that you had concerns about Ackerman's invoicing to  
23 the NRA, is that right?

24 A Yes.

25 Q You believe that the Ackerman's -- the Ackerman's invoices

1 to the NRA was not descriptive enough, is that fair?

2 A That is correct.

3 Q Did you ever express those concerns to Mr. LaPierre?

4 A No.

5 Q Did you ever express those concerns to Mr. Phillips?

6 A I can't recall that.

7 Q Did you ever express those concerns to Mr. Tedrick?

8 A Yes.

9 Q What did Mr. Tedrick do about it?

10 A I don't know what Mr. Tedrick did.

11 Q Did you do anything else besides going to Mr. Tedrick?

12 A If an invoice is signed off on by two executives, and has  
13 proper coding, what more can I do?

14 Q And --

15 A I trust my executives.

16 Q And the Ackerman invoices, they were signed off by the  
17 executives, right?

18 A That is correct.

19 Q And as you sit here today, you don't know why the Ackerman  
20 invoices contain so little information, correct?

21 A Correct.

22 Q You don't know what Ackerman was told with respect to how  
23 to bill the NRA, correct?

24 A Correct.

25 Q You testified that you believe that vague invoicing is a

Erstling - Cross/Mason

24

1 lack of control, as well, do you recall that testimony?

2 A I do.

3 Q If Mr. LaPierre instructed Ackerman to intentionally keep  
4 their invoices vague, would that be a lack of control by Mr.  
5 LaPierre?

6 A You have to repeat that question because I don't -- I  
7 don't -- you said something that I don't know.

8 Q Sure. If Mr. LaPierre intentionally instructed Ackerman  
9 McQueen --

10 MR. MASON: Let me restate the question.

11 Q If Mr. LaPierre instructed Ackerman to intentionally keep  
12 their invoices to the NRA vague, would that be a lack of  
13 control on Mr. LaPierre's part?

14 A If he -- if he did that, and the key word is "if," that  
15 would be a lack of control.

16 Q Okay. And if Mr. Phillips instructed Ackerman to  
17 intentionally keep the Ackerman invoices to the NRA vague, you  
18 would agree, as well, that that would be a lack of control on  
19 Mr. Phillips' part.

20 A Key word "if," yes.

21 Q Isn't it the NRA's responsibility to make sure that the  
22 invoices that Ackerman sends to the NRA are sufficiently  
23 detailed?

24 A Under good controls, yes.

25 Q And if the NRA had concerns about the amount of detail in

Erstling - Cross/Mason

25

1 the -- well, let me ask it this way. You're not aware of the  
2 NRA instructing Ackerman to include more detail in their  
3 invoices, and then Ackerman not complying with that request,  
4 are you?

5 A I am not aware of that situation happening.

6 Q In fact, in 2018, when Mr. Spray came on board, you would  
7 agree that the Ackerman invoices began to include more detail,  
8 isn't that true?

9 A I cannot speak to that, I just -- I don't -- don't know a  
10 specific example, I would have to see something.

11 Q Fair enough. The specific invoice you referenced  
12 yesterday, I believe there was a \$600,000 invoice that you had  
13 concerns about because of the level of -- the lack of  
14 specificity, do you recall that testimony?

15 A I do.

16 Q You have no idea what that invoice is for, do you?

17 A No, other than concealed carry initiative, I do know that.  
18 But I don't know what it was buying.

19 Q Are you aware of any Ackerman invoices that were not paid  
20 by the NRA because they lacked a sufficient amount of detail?

21 A Not that I could think of.

22 Q Let's talk a little bit about the money that was paid to  
23 Ackerman. You testified yesterday that you recall  
24 approximately \$43 million was paid to Ackerman in 2016, is that  
25 true?

Erstling - Cross/Mason

26

1 A That is true.

2 Q You don't know Ackerman's net income of that 43 million,  
3 do you?

4 A No.

5 Q You don't know, of that 43 million, what was for pass-  
6 through expenses, do you?

7 A No.

8 Q You don't know who directed the pass-through expenses at  
9 Ackerman, do you?

10 MS. GRAY KOZLOWSKI: Objection, Your Honor; that  
11 calls -- assumes facts not in evidence.

12 THE COURT: Overruled.

13 MR. MASON: Your Honor --

14 THE COURT: You may answer the question, Mr.  
15 Erstling.

16 THE WITNESS: I'm sorry?

17 THE COURT: You may answer the question.

18 BY MR. MASON:

19 Q You could answer the question.

20 A Can you repeat the question; I'm sorry?

21 Q Sure. You don't know at the NRA who directed Ackerman  
22 McQueen to pass through the various expenses back to the NRA,  
23 correct?

24 A No.

25 Q You don't know what part of that \$43 million was used for

1 NRA talent, do you?

2 A At the time, no, and probably not now.

3 Q You don't know what part of that \$43 million was used for  
4 Tyler Schropp's expenses, do you?

5 A No.

6 Q You don't know what part of that \$43 million was used for  
7 Wayne LaPierre's expenses, do you?

8 A No.

9 Q Do you know all of the services -- well, let me ask it  
10 this way. As you sit here today, you don't know all of the  
11 services that Ackerman McQueen performed for the NRA, do you?

12 A No.

13 Q And you haven't done any calculation or analysis to  
14 determine what value Ackerman brought to the NRA or Mr.  
15 LaPierre, isn't that true?

16 A Not directly, no.

17 Q You haven't done any calculation or analysis to determine  
18 what value Ackerman brought to the NRA's fundraising efforts,  
19 have you?

20 A There's no -- there's no way to tie it back, so, no.

21 Q You don't have any personal knowledge as to why the NRA  
22 and Ackerman's relationship was terminated, do you?

23 A No.

24 Q You don't know who terminated the relationship, do you?

25 A No.

Erstling - Cross/Mason

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1 Q Let's talk about public relation services a little bit.  
2 You testified yesterday that the, if I understand correctly,  
3 that the NRA has essentially taken their PR in-house after --  
4 post Ackerman, is that true?

5 A Yes.

6 Q And that the NRA has saved millions of dollars because of  
7 -- they're no longer paying Ackerman, right?

8 A Correct.

9 Q Mr. Erstling, and I -- don't take this -- I don't mean to  
10 be disrespectful -- disrespectful when I'm asking this  
11 question, but is it fair to say you're a numbers guy? Is that  
12 a fair characterization?

13 A I'm a budget guy.

14 Q Budget guy; fair enough. And you track numbers, and you  
15 pass those numbers along to your superiors, right?

16 A Yes.

17 Q You're not managing the relationships between the NRA and  
18 its vendors, right?

19 A I am not.

20 Q You're not involved in the market and advertising that was  
21 -- and the branding, and publication relations, and crisis  
22 management that was going on between Ackerman and the NRA,  
23 right?

24 A That's correct.

25 Q And when you see the cost savings the NRA has had since

Erstling - Cross/Mason

29

1 the relationship with Ackerman has ended, you don't know as you  
2 sit here right now all of the services that the NRA is no  
3 longer being provided as a result of that relationship no  
4 longer going forward, right?

5 A I know some of them, I don't know all of them.

6 Q With respect to the PR services, I believe you said some  
7 of that is now being handled by -- is it America's First  
8 Freedom, is that correct?

9 A No, America's First Freedom is the magazine that was once  
10 -- the content was once produced by Ack-Mac, and the content is  
11 now produced by our publications division.

12 Q How long did Ackerman produce the content in that magazine  
13 prior to 2019?

14 A Since, I think, the magazine's inception.

15 Q Do you know when that was?

16 A I do not.

17 Q Was it over a decade ago?

18 A Yes.

19 Q Was it over two decades ago?

20 A I believe America's First Freedom was around when I  
21 started, so it could have been (indiscernible - multiple  
22 speakers) --

23 Q I'm sorry, I didn't mind to cut you off. Remind me --

24 A 2001.

25 Q Remind me when that was.

Erstling - Cross/Mason

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1 A I started in 2001.

2 Q Sorry.

3 A Is that what you're looking for?

4 Q 2001. You said, I believe, part of the PR work is now  
5 being handled by Andrew Arulanandam's team in the PR unit, is  
6 that true?

7 A Yes.

8 Q Isn't it true that Mr. Arulanandam is also working with  
9 the Brewer law firm relating to public relations work?

10 A I have no idea what Andrew is working with. I don't.

11 Q Are you aware of the Brewer law firm invoicing the NRA for  
12 public relations work?

13 A I am not aware of that.

14 Q Do you know who Travis Carter is?

15 A No.

16 Q Are you aware that the Brewer law firm combines their  
17 public relations invoices together with their legal invoices?

18 A I'm not aware of that.

19 MS. GRAY KOZLOWSKI: Objection; foundation, Your  
20 Honor.

21 THE COURT: Overruled.

22 Q You testified that you believe that governance comes from  
23 the top, is that true?

24 A Yes.

25 Q And that you believe internal controls are extremely

Erstling - Cross/Mason

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1 important in a large organization, right?

2 A Yes.

3 Q I believe you testified that you -- that it was a great  
4 deal of work to clean up the mess of years of bad management  
5 decisions, is that right?

6 A Yes.

7 Q Would you agree that Mr. LaPierre was ultimately  
8 responsible for those years of bad management decisions?

9 A I believe a group of people were responsible for bad  
10 decisions.

11 Q And did those groups of people report to Mr. LaPierre?

12 A Yes.

13 Q Does Mr. LaPierre get a free pass?

14 A I don't believe he does.

15 Q You testified that the NRA now has governance,  
16 accountability, and transparency, things that were previously  
17 lacking, is that true?

18 A Yes.

19 Q Do you believe that it's good corporate governance -- let  
20 me ask it this way. Do you believe that it's good corporate  
21 governance for the NRA to fire Craig Spray?

22 A As far as I know --

23 MS. GRAY KOZLOWSKI: Objection. Your Honor, this  
24 misstates his prior testimony with respect to Mr. Spray.

25 THE COURT: I --

Erstling - Cross/Mason

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1 MR. MASON: Your Honor, may I --

2 THE COURT: I don't think the question asked about  
3 his testimony. I'll overrule that.

4 BY MR. MASON:

5 Q You can answer the question, Mr. Erstling.

6 A So as far as I know, Mr. Craig [sic] still works with the  
7 NRA, he's still getting paid. And, you know, the letter that I  
8 saw was that he left for, you know, family reasons. I don't  
9 know anything other than that.

10 Q Mr. Erstling, I'll represent to you there's been --  
11 there's been testimony and evidence in this trial that has come  
12 out that Mr. LaPierre fired Craig Spray. He told him that he  
13 was no longer going to be part of the NRA going forward.

14 MS. GRAY KOZLOWSKI: Your Honor, I believe this does  
15 misstate testimony.

16 THE COURT: Do you want to --

17 MR. MASON: Your Honor --

18 THE COURT: -- restate your question, Mr. Mason, to  
19 comport with what I think the testimony was what Mr. LaPierre  
20 said to Mr. Spray about going in a different direction, I think  
21 is the -- so would you restate your question?

22 MR. MASON: Sure.

23 Q Mr. Erstling, Mr. LaPierre has testified that he notified  
24 Craig Spray that the NRA was going to go in a different  
25 direction that was not going to include Craig Spray. So my

Erstling - Cross/Mason

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1 question for you is do you believe it's good corporate  
2 governance -- well, let me -- and I'll -- let me say this, as  
3 well. I'll also represent to you that Mr. Spray has testified  
4 that his departure from the NRA has nothing to do with health  
5 reasons.

6 MS. GRAY KOZLOWSKI: Objection, Your Honor; I do  
7 believe that also misstates Mr. Spray's testimony.

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

9 MR. MASON: Your Honor --

10 THE COURT: Go --

11 BY MR. MASON:

12 Q So Mr. LaPierre has told Mr. Spray that he's not coming  
13 back, he's letting him go, he's not part of the future. Mr.  
14 Spray has testified that he was not planning to leave, that it  
15 was not for health reasons.

16 So my question for you, Mr. Erstling, is do you  
17 believe that it's good corporate governance for the NRA to  
18 release or let go Craig Spray who, I believe, you testified  
19 yesterday was a catalyst for change.

20 A So I -- I don't know what the reason was, so I can't speak  
21 to whether it's right or wrong. I don't know what the reason  
22 was for the direction change away from Craig Spray, so I can't  
23 answer the question. I don't know.

24 Q Are you aware that Mr. Spray was not advised of the  
25 bankruptcy filing before it was actually filed?

Erstling - Cross/Mason

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1 A I know he was angry, but I don't know if he was advised or  
2 not.

3 Q Do you believe it's good corporate governance for the NRA  
4 not to let their CFO and Treasurer know that they're going to  
5 file for bankruptcy?

6 A It probably would be good -- good corporate policy to let  
7 the guy know, but I don't know if he knew or not.

8 Q You're aware that Mr. Spray did not sign the 2019 990,  
9 correct?

10 A Correct.

11 Q Do you believe it's good corporate governance for the CFO  
12 and Treasurer not to sign the NRA's 990?

13 A If he --

14 MS. GRAY KOZLOWSKI: Your Honor, this calls for  
15 speculation.

16 THE COURT: Overruled.

17 You may answer the question, sir.

18 A If he -- if he knew something in there that made him  
19 uncomfortable, then I can understand why he wouldn't sign it.

20 Q And if that was Mr. Spray's testimony, that he wasn't  
21 comfortable with the 990, would that be concerning to you?

22 A I don't know what he was uncomfortable about, so I don't  
23 know.

24 Q Are you aware that the NRA's general counsel was not  
25 advised that the NRA was going to be filing bankruptcy before

Erstling - Cross/Mason

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1 it actually happened?

2 A I did not know that.

3 Q Do you believe it's good corporate governance for the NRA  
4 not to tell the NRA's general counsel that they're going to be  
5 filing for bankruptcy?

6 A It -- probably not good corporate governance.

7 Q Are you aware as you sit here today as to whether or not  
8 Mr. Spray is the Acting Treasurer at the NRA?

9 A I don't know what he's doing, I just don't.

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

11 THE COURT: Thank you.

12 Mr. Taylor, I think we can get your cross in before I  
13 have to call the 9 o'clock docket based on your estimate  
14 yesterday.

15 MR. WATSON: Your Honor, it's Jermaine Watson, I'm  
16 going to be handling --

17 THE COURT: Oh, okay.

18 MR. WATSON: -- the direct of Mr. Erstling.

19 THE COURT: Okay; thank you, Mr. Watson.

20 MR. WATSON: Good morning.

21 CROSS-EXAMINATION

22 BY MR. WATSON:

23 Q Good morning, Mr. Erstling. My name is Jermaine Watson, I  
24 represent Judge Journey and other members of his group. You  
25 testified that you never saw Charles Cotton at a compliance

Erstling - Cross/Watson

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1 seminar, right?

2 A That's correct

3 Q And Charles Cotton is an NRA Board member, isn't he?

4 A Yes.

5 Q Charles Cotton is also a member of the Special Litigation  
6 Committee, isn't he?

7 A I don't know who's part of the Special Litigation  
8 Committee.

9 Q Okay. But you understand that he is a Board member.

10 A Yes.

11 Q And you also testified that good corporate governance  
12 comes from the top, right?

13 A Yes, sir.

14 Q And you also testified that to fully remain in compliance  
15 with financial controls and good corporate governance, it  
16 requires the input of everyone, isn't that correct?

17 A That is correct.

18 Q Do you feel that Mr. Cotton not attending the compliance  
19 seminar is good corporate governance?

20 A No.

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

22 THE COURT: Thank you.

23 Why don't we go ahead and start -- Mr. Drake, do you  
24 still have no questions, first, I guess?

25 MR. DRAKE: Yeah, Judge, we don't have any questions.

Erstling - Redirect/Gray Kozlowski

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1 THE COURT: Okay; thank you.

2 Why don't we go ahead and start redirect, but we need  
3 to stop around 9 for just a minute.

4 (Pause)

5 UNIDENTIFIED ATTORNEY: I believe -- I believe you're  
6 on mute.

7 UNIDENTIFIED ATTORNEY: Counsel, I think you're on  
8 mute.

9 MS. GRAY KOZLOWSKI: Thank you; apologies.

10 REDIRECT EXAMINATION

11 BY MS. GRAY KOZLOWSKI:

12 Q Good morning, Mr. Erstling. For the record, Talitha Gray  
13 Kozlowski.

14 Yesterday, do you recall Mr. Katham asking you  
15 questions about MMP?

16 A Yes, ma'am.

17 Q Okay. And did you express a concern regarding MMP in the  
18 July, 2018 list of top concerns?

19 A Yes, ma'am.

20 Q Do you have that same concern about MMP today?

21 A I do not.

22 Q And why not?

23 A They have not increased their rates one bit since that  
24 communication. And I know that Craig Spray and David Warren  
25 did a complete analysis on MMP and its services, and considered

1 them to be fair.

2 MR. KATHMAN: Your Honor, I'm going to object and  
3 move to strike that last part where he's talking about what Mr.  
4 Warren and Mr. Spray did, that's hearsay.

5 THE COURT: What they did wouldn't be hearsay, but  
6 what they considered would be, so I'll strike it in part.

7 BY MS. GRAY KOZLOWSKI:

8 Q Mr. Erstling, what is your understanding as to the  
9 conclusion Mr. Spray and Mr. Warren reached with respect to  
10 MMP?

11 MR. KATHMAN: Your Honor, objection; hearsay.

12 THE COURT: Same ruling.

13 Q Yesterday Mr. Kathman asked you about Sonya Rowling's  
14 prior position at the NRA, do you recall that?

15 A Her prior position?

16 Q Yes.

17 A I think she worked for the Government.

18 Q I apologize. Prior to becoming the CFO, he was asking you  
19 about her position as --

20 A Oh, she was Director of Accounting Operations.

21 Q Okay. Do you believe that her prior position as the  
22 Director of Accounting Operations at the NRA makes her more  
23 qualified or less qualified to be the CFO?

24 A I think it makes her more qualified. I think she has a  
25 full understanding of the organization and its needs.

Erstling - Redirect/Gray Kozlowski

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1 Q Okay. Mr. Kathman asked you about Mr. Spray, and I  
2 believe you testified that he did a lot of good things, do you  
3 recall that?

4 A Yes, ma'am.

5 Q Do you have confidence that Ms. Rowling will be as good of  
6 a CFO as Mr. Spray?

7 A Yes.

8 MR. KATHMAN: Objection; leading.

9 THE COURT: Overruled.

10 Q Why do you believe that?

11 A Again, she's ethical, she's strong, she's a good  
12 communicator, she's got institutional knowledge, she's got 25  
13 plus years of experience in accounting and financial awareness.  
14 Just a good candidate.

15 Q Okay. How effective has been Ms. Rowling been since she  
16 was appointed as CFO earlier this year?

17 A Extraordinarily good, in my opinion. I mean she's handled  
18 a lot of interesting and different situations, and I thinks  
19 he's done a great job.

20 Q Thank you. Mr. Mason was asking you about the public  
21 relations budget this morning, do you recall that?

22 A Yes, ma'am.

23 Q And as part of the budgeting process, did you receive --  
24 or what was your involvement in the public relations budgeting  
25 process?

Erstling - Redirect/Gray Kozlowski

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1 A So for most of the public relations budgeting is -- I look  
2 at trailing 12 months to try to create a budget for public  
3 relations. I would not get any type of information feeding  
4 into me on the public relations budget. So I was basically  
5 using the past trailing 12-month trend to trend forward into  
6 the new year.

7 Q Okay. And utilizing the prior year's information, did  
8 Ackerman McQueen exceed the NRA's budget in 2016?

9 A Yes, ma'am.

10 Q And did it exceed it in 2017?

11 A Yes, ma'am.

12 Q And did it exceed it in 2018?

13 A I just don't have the data in front of me to know that.

14 Q Okay. Mr. Mason was asking you about why you didn't come  
15 -- why you didn't effectively go over Mr. Phillips' head, do  
16 you recall that?

17 A Yes.

18 Q But in July of 2018, you did meet with the Audit  
19 Committee, is that right?

20 MR. MASON: Objection; leading.

21 THE COURT: Overruled.

22 A Yes, I did.

23 Q Okay. And why was that the first time that you brought  
24 these issues with respect to vendors, including Ackerman  
25 McQueen, to the Audit Committee?

Erstling - Redirect/Gray Kozlowski

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1 A I -- I didn't feel I had someone sitting at the table to  
2 back me up, to stand behind me and say, "Yeah, this guy has  
3 concerns and we have to listen."

4 Q And who was -- in 2018, what changed? Who was the person  
5 that was standing behind you?

6 A It was the catalyst, it was Craig Spray. Craig Spray is  
7 the one that told us to tell our truth, come forward and tell  
8 your truth.

9 Q Is it fair -- is it fair to say that Mr. Phillips -- when  
10 you say nobody was standing behind you, Mr. Phillips is the  
11 individual you're referring to?

12 A That is correct.

13 Q Mr. Mason asked you a number of questions about who is  
14 responsible for the lack of control with vendor invoices, do  
15 you recall that?

16 A Yes.

17 Q Who do you believe is responsible for a lack of control  
18 with vendor invoices?

19 A Your Chief Financial Officer and your treasurer.

20 Q And when Ackerman McQueen was submitting vague invoices,  
21 who was the CFO?

22 A Wilson Phillips.

23 Q And when Ackerman McQueen was exceeding the budget by tens  
24 of millions of dollars, who was the CFO?

25 A Wilson --

Erstling - Redirect/Gray Kozlowski

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1 MR. MASON: Objection; leading, argumentative.

2 THE COURT: Overruled.

3 You may answer the question, sir.

4 A It was Wilson Phillips.

5 Q And Mr. Mason was asking you about Carry Guard and Mr.  
6 Powell, do you recall that?

7 A Yes, ma'am.

8 Q Is Mr. Powell still with the NRA?

9 A No, he is not.

10 Q And have those expenses been eliminated from the budget?

11 A Yes, they have.

12 Q When we were talking about the vague invoices from  
13 Ackerman McQueen, was Woody Phillips an officer that approved  
14 those invoices?

15 A He would have been one of them, yes.

16 Q And there were a number of questions about good corporate  
17 governance. Do you believe that the NRA is exercising good  
18 corporate governance today?

19 A I do believe that is correct, yes, they are -- we are  
20 doing the right things.

21 Q And what informs your belief?

22 A The actions we've taken, the processes that people are  
23 following today, the detailed invoices that are coming through  
24 the accounting department.

25 MS. GRAY KOZLOWSKI: No further questions.

Erstling - Recross/Kathman

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1 THE COURT: Thank you.

2 MS. GRAY KOZLOWSKI: Thank you, Mr. Erstling.

3 THE WITNESS: Thank you.

4 THE COURT: Does anyone else have any questions of  
5 this witness?

6 MR. KATHMAN: Your Honor, I think I just have about  
7 maybe four.

8 THE COURT: Okay.

9 RECROSS-EXAMINATION

10 BY MR. KATHMAN:

11 Q Good morning, Mr. Erstling. Counsel was just asking you  
12 about your belief that the NRA is exercising good corporate  
13 governance. Do you have an understanding of what the bylaws  
14 are of the National Rifle Association?

15 A I have not read them completely, no.

16 Q Okay. If the National Rifle Association had not followed  
17 -- had not followed its bylaws in getting approval for this  
18 bankruptcy filing, would you consider that not good corporate  
19 governance?

20 A I don't know it's in the bylaws, I can't speak to that.

21 Q Well, listen to my question. Well, let me ask it this  
22 way: Is following a company's bylaws good corporate  
23 governance?

24 A Yes.

25 Q Okay. Mr. Erstling, there were a number of questions

Erstling - Recross/Kathman

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1 asked to you about Mr. Phillips being responsible for lack of  
2 internal controls, and there were a number of things where you  
3 said Mr. Phillips was the one that was responsible, do you  
4 recall that testimony just moments ago?

5 A Yes, sir.

6 Q Okay. And you also said yesterday that compliance starts  
7 at the top, do you remember that?

8 A Yes, sir.

9 Q And Mr. Phillips reported to Mr. LaPierre, isn't that  
10 right?

11 A That is true.

12 MR. KATHMAN: No further questions, Your Honor.

13 THE COURT: Thank you.

14 Does anyone --

15 MR. MASON: Your Honor, just a brief --

16 THE COURT: Go ahead.

17 MR. MASON: A brief -- a few brief ones, Your Honor.

18 RECCROSS-EXAMINATION

19 BY MR. MASON:

20 Q Mr. Erstling, you testified that prior to, I believe, the  
21 summer of 2018, you didn't feel like you had somebody at the  
22 table basically. You didn't have an outlet, you didn't have  
23 somebody that you could go to and express your concerns, and  
24 that Mr. Spray was the catalyst, he allowed you to tell -- tell  
25 your truth, do I understand that correctly?

1 A Yes, sir.

2 Q And prior to that time, Sonya Rowling also worked in the  
3 treasure department, right?

4 A Yes, sir.

5 Q So you didn't feel like Ms. Rowling, prior to that time,  
6 was somebody you could go to and tell your truth, and that she  
7 would -- she wouldn't be a catalyst for the finance department,  
8 right?

9 A That's incorrect because Sonya and I were at the same  
10 level, and we both reported up to the same person, Rick  
11 Tedrick, and then to Wilson Phillips. So at the time, she --  
12 she knew exactly what I knew, and she was as frustrated as I  
13 was.

14 Q But yet you didn't feel like she was in a position to be  
15 that catalyst before Craig Spray came on board, right?

16 A She wasn't in the right position, she didn't have a seat  
17 at the table. Now she has a seat at the table.

18 Q And she is not the -- she is the CFO, and not the  
19 Treasurer, as far as you know, right now?

20 A She is the Acting CFO right now.

21 Q Who was the other officer that approved the Ackerman  
22 invoices?

23 A It would -- it could have been either John Frazer, Wayne  
24 LaPierre, or Woody Phillips, those are the three officers that  
25 had approval for those.

Erstling - Recross/Mason

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1 Q Okay. So the Executive Vice President, the general  
2 counsel of the National Rifle Association, and/or the CFO and  
3 Treasurer of the National Rifle Association approved the NRA's  
4 invoices to Ackerman -- I mean -- I'm sorry, Ackerman's  
5 invoices to the NRA?

6 A Anything over 50,000.

7 Q And -- and you said that the -- that Ackerman exceeded the  
8 budget in 2016, 2017, and 2018, do you recall that?

9 A I said 2016 and '17. I don't have the numbers in front of  
10 me for 2018.

11 Q Sure. Didn't the NRA exceed the budget in 2016 and 2017?  
12 Aren't they the ones paying the money?

13 A In the end, yes.

14 MR. MASON: No further questions, Your Honor.

15 THE COURT: Mr. Watson, anything?

16 MR. WATSON: No, Your Honor; I'll pass the witness.

17 THE COURT: Thank you.

18 Anything further from the debtor?

19 MS. GRAY KOZLOWSKI: No, Your Honor.

20 THE COURT: Does anyone intend to call Mr. Erstling  
21 back as a witness?

22 MR. KATHMAN: The New York Attorney General does not,  
23 Your Honor.

24 MR. MASON: Ackerman does not.

25 THE COURT: Thank you.

1           Hearing none, Mr. Erstling, there's been an  
2 evidentiary rule invoked before the trial started, and you're  
3 not to speak with anyone about your testimony until I've ruled,  
4 which will be in a couple of weeks. Do you understand that?

5           MR. ERSTLING: I do, Your Honor.

6           THE COURT: You're welcome, though -- I'll release  
7 you from part of the rule. You're welcome to watch any part of  
8 the trial from this point forward if you want to.

9           MR. ERSTLING: Thank you, sir.

10          THE COURT: Thank you. Thanks for coming down here,  
11 sir.

12          MR. ERSTLING: Thank you.

13          THE COURT: All right. I think this would be a good  
14 time just to stop the NRA hearing for a couple of minutes.  
15 Just -- if y'all would just standby, we have a very short  
16 matter on my 9 o'clock docket, and then we'll go to the next  
17 witness.

18                   (Recess 9:02 a.m./Reconvene 9:05 a.m.)

19          THE COURT: All right. We'll go back on the record  
20 now in the NRA matter.

21           The debtor may call its next witness.

22          MS. PILATOWICZ: Thank you, Your Honor. The debtors  
23 call William Wang as the corporate representative of the New  
24 York State Attorney General, and we'll be reading in his  
25 deposition testimony for that this morning.

1 THE COURT: Okay. Could you give me just a second to  
2 get --

3 MS. PILATOWICZ: Sure.

4 (Pause/Off-the-record colloquy)

5 THE COURT: Of course, we're having printer problems  
6 here. But I think -- let's go ahead and start. I have access  
7 to it on my screen, and hopefully somebody will hand me a hard  
8 copy, which just made it way more convenient the other day when  
9 Mr. Mason was doing his.

10 MS. PILATOWICZ: Certainly, Your Honor. I'll make  
11 sure to point out the page number that we're going to so that  
12 the Court can follow along.

13 THE COURT: Thank you.

14 MS. STERN: Before we start, can I just clarify just  
15 the process? Are we going to read each of the objections?  
16 There's one portion of the transcript where there are a fair  
17 number of objections, so I just wanted to clarify how the  
18 debtors intended to proceed with that.

19 MS. PILATOWICZ: It is our intent to read in the  
20 objection. And to the extent that the Attorney General  
21 continues to pursue that objection, address it at that time.

22 MS. STERN: Thank you.

23 THE COURT: I think that process worked fine -- I'm  
24 losing my days, but the other day when I think Mr. Mason was  
25 doing -- presenting his.

Wang Deposition Reading

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1 MS. STERN: Thank you, Your Honor.

2 THE COURT: All right.

3 MS. PILATOWICZ: Is the Court ready for us to  
4 proceed?

5 THE COURT: I'm ready; thank you.

6 MS. PILATOWICZ: Thank you, Your Honor.

7 So starting at Page 8.

8 WILLIAM WANG, DEPOSITION READINGS

9 "Q Mr. Wang, what is your position with the New York  
10 Attorney General's Office?

11 "A My position is I am an Assistant Attorney General  
12 within the Enforcement Section of the Charities Bureau."

13 MS. PILATOWICZ: Okay. Turning to Page 9 at Line 7.

14 "Q I'd like to direct your attention to Topic 17 on Page  
15 9 of Debtor's 1.

16 "A Yes.

17 "Q Are you the corporate representative for the New York  
18 Attorney General's Office today as to Topic 17?

19 "A Yes.

20 "Q I'd like to direct your attention to Page 8 of  
21 Debtor's 1, Paragraph 13. Does Paragraph 13 refer to your  
22 communications with the following persons, including,  
23 without limitation, communications with counsel, or agents  
24 acting under the supervision on the behalf of such persons  
25 regarding the New York Attorney General NRA Investigation:

1 Andrew Cuomo, Maria Vullo, Linda Lacewell, Everytown,  
2 AMC." Is that what Paragraph 13 states?

3 "A That is what Paragraph 13 states.

4 "Q Are you the representative of the New York Attorney  
5 General's Office today with regard to that topic?

6 "A Yes.

7 "Q Same question with regard to Topic 1 on Page 6.  
8 Let's take a look at it. Do you see the paragraph that  
9 starts with the name and role of each designated 30(b)(6)  
10 witness, and then it goes on for a couple of lines?

11 "A I see Paragraph 1.

12 "Q Does it state the name and role of each designated  
13 30(b)(6) witness for a response to each of the numbered  
14 paragraphs herein?

15 "A That is part of the first sentence of Paragraph 1.

16 "Q Are you the corporate representative on behalf of the  
17 New York Attorney General's Office today with regard to  
18 the first paragraph of the notice?

19 "A I am.

20 "Q Focusing your attention on Paragraph 13, focusing on  
21 Everytown, communications with Everytown between New York  
22 Attorney General's Office and Everytown regarding the  
23 investigation. Who, at the office of the New York  
24 Attorney General's Office participated in the selection of  
25 you to be the witness for this topic?

1 "A My understanding is that the entire team conferred,  
2 and decided that I would be the corporate representative."

3 MS. PILATOWICZ: Turning now to Page 13, Line 20.

4 "Q What documents did you review to prepare to testify  
5 about the topic of your office's communications with  
6 Everytown regarding the investigation?

7 "A I reviewed electronic communications between members  
8 of the New York Attorney General team working on the NRA  
9 matter and individuals from Everytown.

10 "Q How many communications did you review?"

11 MS. PILATOWICZ: And there's an objection by Ms.  
12 Stern.

13 MS. STERN: That objection is withdrawn, Your Honor.

14 THE COURT: Thank you.

15 "Q You may answer.

16 "A There were a number of communications, in the  
17 ballpark of ten."

18 MS. PILATOWICZ: We're now going to move to Page 52.  
19 And it's at Page 52, starting at Line 11. If the witness can  
20 tell me when he's there, that would be helpful.

21 MR. CICILIANO: I'm there.

22 MS. PILATOWICZ: Thank you.

23 "Q Setting aside what those communications said, what is  
24 the complaint by Everytown?

25 "A My understanding is that Everytown raised concerns

1 with respect to public filings made by the NRA. I believe  
2 in particular, the 2017 990, and they also raised the Wall  
3 Street Journal article, I believe, from late 2018.

4 "Q Who at Everytown raised concerns about public filings  
5 of the NRA?

6 "A This was first communicated through to Everytown,  
7 Jason Lilien."

8 MS. PILATOWICZ: And moving to Page 53 at Line 2.

9 "Q How did Mr. Lilien convey this concern?

10 "A My understanding is that Mr. Lilien requested a  
11 meeting with the Attorney General's Office.

12 "Q When did he do this?

13 "A I believe it was in January of 2019."

14 MS. PILATOWICZ: Moving to the bottom of Page 53 at  
15 Line 18.

16 "Q Who at the office did he ask for the meeting?

17 "A My understanding is he requested that meeting with  
18 Bureau Chief James Sheehan.

19 "Q Was Mr. Lilien's request for a meeting granted?

20 "A Yes.

21 "Q How many meetings occurred in response to Mr.  
22 Lilien's request?"

23 MS. PILATOWICZ: And there is an objection by Ms.  
24 Stern.

25 MS. STERN: And that objection's withdrawn.

1 THE COURT: Thank you.

2 MS. PILATOWICZ: And then it proceeds to say:

3 "Q You can answer.

4 "A One single meeting.

5 "Q When did the one single meeting occur?

6 "A February 14th, 2019.

7 "Q Where was this meeting?

8 "A At the New York State Attorney General's Office, 28  
9 Liberty.

10 "Q In New York City?

11 "A New York, New York 10005.

12 "Q How long was this meeting?

13 "A My understanding was it was approximately one hour."

14 MS. PILATOWICZ: Moving down to Line 17 of that same  
15 page.

16 "Q And who from the New York Attorney General's Office  
17 was at the meeting?

18 "A James Sheehan and Laura Wood.

19 "Q W O O D?

20 "A Correct.

21 "Q What is Ms. Wood's title?"

22 MS. PILATOWICZ: And there's an objection by Ms.  
23 Stern.

24 MS. STERN: Objection withdrawn.

25 THE COURT: Thank you.

1 "A Ms. Wood is no longer with the New York State  
2 Attorney General's Office."

3 MS. PILATOWICZ: And moving to Page 55, Line 8.

4 "Q What was her title at the time of the meeting?

5 "A She was Assistant Attorney General within the  
6 Executive Division of the Office."

7 MS. PILATOWICZ: Moving down to Line 16.

8 "Q Who from Everytown attended the meeting?

9 "A Everytown was represented at the meeting by counsel,  
10 Jason Lilien. And also attending the meeting were  
11 Nicholas Suplina, Rachel Nash, Michael-Sean Spence, and  
12 Michael Kane, K A N E.

13 "Q The names that you referenced, is it individuals  
14 working for Everytown?

15 "A That is my understanding, other than Mr. Lilien who  
16 is counsel to Everytown.

17 "Q What happened at the meeting?"

18 MS. PILATOWICZ: And there's an objection by Ms.  
19 Stern.

20 MS. STERN: Objection withdrawn, Your Honor.

21 THE COURT: Thank you.

22 "A There was a discussion by Everytown that involved the  
23 NRA.

24 "Q Who from Everytown spoke at the meeting?"

25 MS. PILATOWICZ: And there's an objection by Ms.

1 Stern.

2 MS. STERN: Objection withdrawn, Your Honor.

3 THE COURT: Thank you.

4 "A I was not physically present at that meeting -- at  
5 the meeting."

6 MR. CICILIANO: Pardon.

7 "Q So you don't know, correct?

8 "A I was not physically present at the meeting, so I  
9 can't tell you who spoke. If I was to tell you who spoke,  
10 I would be presuming."

11 MS. PILATOWICZ: And then we're moving down to Line  
12 22 of Page 56.

13 "Q Okay. What did Mr. Sheehan say about the meeting?"

14 MS. PILATOWICZ: And there's an objection by Ms.

15 Stern.

16 MS. STERN: Objection withdrawn.

17 "Q Did Mr. Sheehan say anything at that meeting?

18 "A My understanding is that this meeting was mostly the  
19 Attorney General's Office listening to a complaint that  
20 Everytown raised, and we listened to it.

21 "Q Did Mr. Sheehan make any statements other than to  
22 confirm that he was listening to what was being presented?

23 "A He did.

24 "Q What did he say?"

25 MS. PILATOWICZ: And then, Your Honor, there's a

1 discussion on the record, but the next designated portion is at  
2 Page 57, Line 25.

3 "A I know that Mr. Sheehan was mostly listening. And  
4 the one thing that I know Mr. Sheehan said was that  
5 Everytown could not be involved in any investigation, and  
6 the investigation would be completely independent."

7 MS. PILATOWICZ: And, Your Honor, the next  
8 designation is at Page 61, Line 24.

9 "Q Mr. Wang, you testified that during the meeting,  
10 Everytown referenced a complaint that they had, is that  
11 fair?

12 "A Correct.

13 "Q What was Everytown's complaint?

14 "A My understanding is that Everytown's complaint  
15 involved the 2017 IRS 990 of the National Rifle  
16 Association of America, and media -- publicly available  
17 media reporting, such as the Wall Street Journal article  
18 from late 2018. My understanding is that they raised  
19 these items, and that was the extent of the meeting. Mr.  
20 -- these items were already within the purview of Mr.  
21 Sheehan.

22 "Q When you say that, quote, 'these items were already  
23 within the purview of Mr. Sheehan,' end quote, let's  
24 deconstruct that. By, quote, 'items,' what are you  
25 referring to, Form 990 and the Wall Street Journal article

1 or something else?

2 "A The raising of the Form 990 and the public media  
3 reporting were nothing new to Mr. Sheehan.

4 "Q Okay. So he already was familiar with the fact that  
5 the NRA had filed an IRS 990?

6 "A Yes. As you are aware, the Charities Bureau is a  
7 regulator of New York Not For Profit Corporations and  
8 under an obligation to file those documents with our  
9 office on an annual basis."

10 MS. PILATOWICZ: Okay. Moving to Page 63 at Line 10.

11 "Q What did you mean by 'purview' in that response?

12 "A I meant that the information that Everytown raised  
13 and brought to the attention to our office was not new  
14 information to Mr. Sheehan.

15 "Q Okay. Had your office already begun an investigation  
16 into the NRA by the time of this meeting with Everytown?"

17 MS. PILATOWICZ: And the answer continues -- or  
18 starts at Page 63, Line 24.

19 "A So the answer to this question revolves around  
20 definitions of the word 'investigation.' Our office --  
21 the general rule of thumb in our office is that an  
22 investigation begins when the Attorney General grants us  
23 the authority to open an investigation. Leading up to the  
24 formal opening of an investigation, there's typically a  
25 pre-investigation inquiry stage. At the point of time

1 that we're discussing, this February 14, 2019 meeting with  
2 Everytown, a pre-investigation inquiry phase was already  
3 underway.

4 "Q When did the pre-investigative inquiry stage with  
5 regard to the NRA begin?

6 "A My understanding is late 2018.

7 "Q Was it in December?

8 "A My understanding is that it was between November and  
9 December."

10 MS. PILATOWICZ: Okay. Moving to Page 65, at  
11 Line 18.

12 "Q When -- did there come a time when Attorney General  
13 James granted the authority to begin an investigation into  
14 the NRA?

15 "A Yes.

16 "Q When did that happen?

17 "A In order to formally open an investigation, the  
18 Attorney General grants the authority to the Charities  
19 Bureau to do so, to open the investigation. That happened  
20 on April 19th, 2019."

21 MS. PILATOWICZ: And then Page 69 at Line 7.

22 "Q Is it your understanding that Mr. Sheehan did not  
23 indicate to Everytown that the pre-investigative inquiry  
24 stage had already begun?

25 "A As I said before, what I know is that Mr. Sheehan

1 told Everytown that any investigation would be completely  
2 independent."

3 MS. PILATOWICZ: Page 73 at Line 15.

4 "Q As a corporate representative, is it your position  
5 here today that Mr. Sheehan did not ask Everytown  
6 representatives any questions during that meeting?

7 "A I am not aware of any questions that Mr. Sheehan  
8 would have asked at that meeting."

9 MS. PILATOWICZ: And starting at Page 74, Line 2.

10 "Q Are you aware that no questions were asked by Mr.  
11 Sheehan at that meeting?"

12 MS. PILATOWICZ: And there's an objection by Ms.  
13 Stern.

14 MS. STERN: Objection withdrawn, Your Honor.

15 THE COURT: Thank you.

16 "A I'm not aware of whether Mr. Sheehan asked any  
17 questions at that meeting."

18 MS. PILATOWICZ: Moving down that page to Line 11.

19 "Q What did representatives of Everytown say at the  
20 meeting about the Form 990?

21 "A My understanding is that they raised the Form 990,  
22 and they raised public media reporting, specifically the  
23 late 2018 Wall Street Journal article regarding the NRA at  
24 that meeting.

25 "Q What specifically did they say, in sum and substance,

1 about the Form 990?"

2 MS. PILATOWICZ: And there's an objection by Ms.  
3 Stern.

4 MS. STERN: Your Honor, we object as this is hearsay.

5 THE COURT: Response on that?

6 MS. PILATOWICZ: Your Honor, we can move on to the  
7 next question on that one.

8 THE COURT: Okay; thank you.

9 MS. PILATOWICZ: So Page 74, Line 22.

10 "Q When you say they raised the Form 990, is it your  
11 testimony today that they raised -- that there were  
12 problems with the Form 900?"

13 MS. STERN: Your Honor, this question, as well as the  
14 next that follow are all the same line of questioning, and it's  
15 all seeking to elicit hearsay testimony.

16 MS. PILATOWICZ: And, Your Honor, the corporate  
17 representative was testifying on behalf of the NYAG about their  
18 impressions of the meeting, was the sense of the question.  
19 There's not any questions about what was said in these  
20 questions, and it doesn't go to the truth of the matter  
21 asserted.

22 THE COURT: I'll overrule that. You may read that  
23 into the record.

24 "A They wanted to bring the Form 990 to our office's  
25 attention.

1 "Q Did they specify why they wanted to bring it to your  
2 office's attention?

3 "A I'm not aware of that. I'm not aware of any  
4 specification by Everytown.

5 "Q Did Everytown convey the general sum and substance of  
6 their concern about the 990?"

7 MS. PILATOWICZ: And there's an objection to lack of  
8 foundation.

9 MS. STERN: And, Your Honor, this is also hearsay.  
10 And I understand the Court's ruling, I would just point out  
11 that, once again, this is asking for what was communicated in  
12 the meeting, and not the impression. But nevertheless, we just  
13 assert the objection and look to the Court.

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

15 "A The only thing I'm aware of is that there were  
16 related party transaction issues, and I believe Everytown  
17 pointed to those in the Form 990.

18 "Q Did Everytown bring copies of the Form 990 to the  
19 meeting with them?

20 "A I'm not aware of whether or not they had copies of  
21 the Form 990 within their briefcases at that meeting, but  
22 it certainly wouldn't be necessary to provide the  
23 Charities Bureau with a copy of a document that has to be  
24 filed with the Charities Bureau, in any case.

25 "Q Was a copy of a Form 990 used by any participant of

1 the meeting during the meeting?

2 "A Not that I'm aware of.

3 "Q What specific transactions did Everytown mention?

4 "A I'm not aware."

5 MS. PILATOWICZ: And then there's an objection with  
6 an instruction to go ahead.

7 MS. STERN: And this is also hearsay, Your Honor.  
8 They're seeking to -- what specific transactions was mentioned  
9 is hearsay testimony from Everytown.

10 THE COURT: I'm going to sustain that one.

11 "Q Is it your testimony that they referred to specific  
12 transactions?"

13 MS. STERN: And this is the same objection on  
14 hearsay, it's the same line of questioning.

15 THE COURT: Same ruling on that one.

16 MS. PILATOWICZ: Moving down to the end of Page 76,  
17 Line 24.

18 "Q With regard to the 990, is it your understanding that  
19 Everytown raised any other issues other than the related  
20 party transaction issues?

21 "A The related party transaction issue is the one that I  
22 -- is what I'm aware of."

23 MS. PILATOWICZ: Page 77, Line 10.

24 "Q Did Mr. Sheehan meet with any meeting participants at  
25 any later point?

1 "A Other than the single meeting on February 14th, 2019,  
2 no other meetings with Everytown, agents of Everytown,  
3 representatives of Everytown took place.

4 "Q So there was no meeting between Ms. Wood and any of  
5 the Everytown participants after February 14th?

6 "A No further meeting took place with respect to the NRA  
7 investigation between NYAG and Everytown.

8 "Q Did any of the Everytown participants ever email Mr.  
9 Sheehan?"

10 MS. PILATOWICZ: And there's a scope objection.

11 MS. STERN: And I think that -- the scope objection  
12 was with respect to the time period, but I think that the  
13 further -- the transcript further reflects that I asked, "I  
14 assume you're limiting it to the Topic 13 question in the  
15 30(b)(6) notice," and the attorney -- Ms. Eisenberg said,  
16 "Correct."

17 And so the objection's withdrawn with that  
18 limitation.

19 THE COURT: Thank you.

20 "A Not that I'm aware of."

21 MS. PILATOWICZ: And, Your Honor, the next  
22 designations are on Page 87, starting at Line 23.

23 "Q How did Everytown reach out to your office to ask for  
24 the February 14th meeting? Was it by email, through a  
25 call, or something else?

1 "A My understanding is that Mr. Lilien, counsel to  
2 Everytown, called Mr. Sheehan.

3 "Q Had they spoken before the call ever?

4 "A In their lifetimes.

5 "Q Yes?

6 "A Yes, they've spoken before; Mr. Lilien used to work  
7 in this office.

8 "Q Until when?

9 "A Before my time, I don't know when.

10 "Q And when did you --

11 "A It was a prior -- I'm sorry.

12 "Q And you started six years ago?

13 "A Yes. So he worked -- he was not here when I was  
14 here, so it was earlier. He must have left the office  
15 earlier than 2015.

16 "Q Did he and --

17 "A He was the former -- he was the former Bureau Chief.

18 "Q What bureau did he supervise?

19 "A Charities Bureau.

20 "Q Did Mr. Sheehan work at the office when Everytown's  
21 general counsel worked at the office?

22 "A Oh, he wasn't" --

23 MS. PILATOWICZ: And there's an objection.

24 MS. STERN: Yes, Your Honor, the objection was for  
25 lack of foundation; I think it's addressed by the subsequent

1 question, so it's withdrawn.

2 THE COURT: Thank you.

3 "A I think you -- you misunderstood. Mr. Lilien is not  
4 general counsel to Everytown, I believe he's outside  
5 counsel. I don't know the name of the law firm that he  
6 works for.

7 "Q Let me rephrase. When Mr. Lilien worked at the New  
8 York Attorney General's Office, did Mr. Sheehan work at  
9 the New York Attorney General's Office, as well?

10 "A No. My understanding is they were not colleagues at  
11 the Attorney General's Office.

12 "Q Is it your understanding that Mr. Sheehan joined the  
13 office only after Mr. Lilien left?

14 "A I believe that's correct."

15 MS. PILATOWICZ: And then there's a representation  
16 from Ms. Stern that indicates, "I'll represent to you, Counsel,  
17 that Mr. Lilien was Bureau Chief prior to Mr. Sheehan being the  
18 Bureau Chief."

19 "A That's what I thought, but I wasn't 100 percent sure.

20 "Q And was Mr. Sheehan Mr. Lilien's immediate successor?

21 "A That is my understanding."

22 MS. PILATOWICZ: And moving to Page 91.

23 "Q What did Mr. Lilien say?

24 "A My understanding is that Mr. Lilien requested a  
25 meeting during this telephone conversation."

1 MS. PILATOWICZ: Moving to Page 94.

2 "Q Okay. So did Mr. Lilien mention the NRA on the mid-  
3 January call that he had with Mr. Sheehan, yes or no?

4 "A My understanding is that Mr. Lilien had a phone call  
5 with Mr. Sheehan. He requested a meeting, he indicated he  
6 represented Everytown. And Mr. Sheehan knew that the  
7 meeting was going to take place -- was going to be about  
8 the NRA. The specifics of whether or not the NRA was  
9 mentioned on the phone call, I don't have direct knowledge  
10 of."

11 MS. PILATOWICZ: And then the next designation is at  
12 Page 101 at Line 20.

13 "Q What specifically did Mr. Lilien say about this Wall  
14 Street Journal article, Debtor's 2, at the February 14th  
15 meeting with representatives of your office?

16 "A What I'm aware of is he raised the existence of the  
17 article and the concerns raised within the article."

18 MS. PILATOWICZ: And then we move to Page 121,  
19 starting at Line 21.

20 "Q Understanding that those were the two documents that  
21 were discussed at the meeting, did Mr. Lilien convey to  
22 Mr. Sheehan that he believed that there was something  
23 wrong about the 990?"

24 MS. PILATOWICZ: And there's an objection raised.

25 MS. STERN: Your Honor, this is also eliciting

1 hearsay testimony.

2 THE COURT: Sustained.

3 MS. STERN: As is the following question.

4 THE COURT: I'm overruling on that. The question was  
5 just whether they were raising concerns about specific  
6 transactions.

7 MS. PILATOWICZ: Thank you, Your Honor.

8 "Q So Mr. Lilien was raising concerns about specific  
9 transactions?"

10 MS. PILATOWICZ: And there's an objection to lack of  
11 foundation.

12 MS. STERN: Withdrawn.

13 "Q You can answer.

14 "A Everything that was disclosed in the 990 -- the 990  
15 was the topic of discussion at this meeting.

16 "Q But what was he concerned about? Was he concerned  
17 about everything that was disclosed or something  
18 specific?"

19 MS. PILATOWICZ: And there's an objection to lack of  
20 foundation.

21 MS. STERN: And there's also a hearsay objection,  
22 Your Honor.

23 THE COURT: And the same --

24 MS. PILATOWICZ: And, again, Your Honor --

25 THE COURT: The same -- same ruling as on the

1 previous question. Overruled.

2 MS. PILATOWICZ: Thank you, Your Honor.

3 "A As I said, the 990 from 2017 was the topic of  
4 discussion at this meeting in 2019 between Everytown and  
5 the Attorney General's Office."

6 MS. PILATOWICZ: And the next designation is on Page  
7 146, starting at Line 10.

8 "Q Okay. Were there communications between your office  
9 and Everytown about the February 14th meeting that were  
10 not about the NRA investigation?"

11 MS. PILATOWICZ: And there is an objection to scope  
12 by Ms. Stern.

13 MS. STERN: Your Honor, the objection to scope is  
14 that it goes beyond the Topic 13, which was limited to the  
15 communications about the NRA investigation. I really think  
16 that's clear in the answer, and so on that basis, we withdraw  
17 it.

18 "A As I've discussed, there was a specific process that  
19 I went through to prepare myself to testify today as the  
20 30(b)(6) witness. I can -- sitting here today, I can tell  
21 you that as a result of my preparation, that after the  
22 February 14, 2019 meeting, there were no further  
23 communications between the Attorney General's Office and  
24 Everytown concerning or with regard to the NRA  
25 investigation. Were there other communications? I don't

1 know."

2 MS. PILATOWICZ: And the next designation is at Page  
3 174, starting at Line 12.

4 "Q When was the first phone call between your office and  
5 Ackerman?

6 "A The first telephonic communication would have  
7 occurred shortly after the document preservation notice  
8 was served on May 3rd of 2019.

9 "Q Who participated in that phone call?

10 "A My understanding is that at the time, Ackerman was  
11 represented by Pamela Mann, and my understanding is that  
12 Ms. Mann called Mr. Sheehan."

13 MS. PILATOWICZ: Moving now to Page 175, starting at  
14 Line 5.

15 "Q Mr. Wang, recall prior testimony that shortly after  
16 May 3rd, 2019, Mr. Sheehan received a call from Ms. Mann.

17 "A Was there a question.

18 "Q Yes. Do you recall testifying to that effect?

19 "A Yes.

20 "Q And Ms. Mann is a former Charities Bureau Chief to  
21 the New York Attorney General's Office, is she not?

22 "A Correct.

23 "Q And what did Ms. Mann and Mr. Sheehan say during that  
24 call?

25 "A My understanding is that that call was made to

1 discuss the document preservation notice.

2 "Q Okay. And what type of discussion occurred at that  
3 meeting -- or, I'm sorry, during the call?

4 "A I think it was an initial call, and I think it was a  
5 call to set up another discussion.

6 "Q Okay. So it's your understanding that they discussed  
7 the document preservation notice and attempted to set up  
8 another discussion?

9 "A Correct. Ms. Mann confirmed that she was  
10 representing Ackerman, that the document preservation  
11 notice was received, and that they'd like to set up a  
12 further meeting to discuss compliance with the document  
13 preservation notice.

14 "Q How many other conversations has your office had with  
15 Ms. Mann about this investigation?

16 "A My understanding is that a follow-up meeting to that  
17 phone call did take place.

18 "Q Was it an in-person meeting?

19 "A My understanding was that it was telephonic."

20 MS. PILATOWICZ: Your Honor, now I believe we jump  
21 down to Page 233, and starting at Line 13.

22 "Q Okay. And it references future assets. What future  
23 assets is the New York Attorney General seeking to have  
24 distributed?

25 "A My understanding is that when discussing this

1 process, that ultimately it is the court's determination  
2 of whether or not dissolution is appropriate. And the  
3 specific process with respect to the distribution of  
4 assets is governed by statute, and that's Article 11 and  
5 Article 10 of the Not For Profit Corporation Law."

6 MS. PILATOWICZ: Okay. Turning to Page 234 at Line  
7 12.

8 "Q You've used the term, quote, 'process,' several  
9 times. What is the process for collecting and preserving  
10 the NRA's assets in order to effectuate the requested  
11 liquidation and distribution?"

12 MS. PILATOWICZ: And there is an objection from Ms.  
13 Stern.

14 MS. STERN: With -- we'll withdraw this objection, we  
15 counter-designate this.

16 THE COURT: Thank you.

17 "A My understanding is that this process is defined by  
18 Articles 11 and Articles 10 of the NPCL, and I reviewed  
19 those. And my understanding is that 1109 provides the  
20 court with certain consideration in the dissolution  
21 process. And, again, as I stated before, to the extent a  
22 court finds that dissolution is appropriate, then this  
23 process would come into play. And this process --  
24 fundamentally, one of the most important parts of the  
25 process is that any proposed recipient of distributed

1 assets has purposes that are substantially similar to the  
2 organization that is being dissolved. And there's a  
3 process to it, and it's all defined within the statute  
4 that includes opportunity for creditors to be heard --  
5 notice to creditors. And it includes a provision within  
6 11, 1109, and refers to 11, 1115, that discusses the  
7 importance of the public interest to be considered by the  
8 court, and in the case of a membership organization, for  
9 the court to consider the interest of the members. And  
10 that's what I understand the process to entail, and that's  
11 what I understand to be coming out of the statute.

12 "Q Okay. So I've read the statutes to you, and I guess  
13 my question's a little bit more specific. What does the  
14 New York Attorney General anticipate will be done with,  
15 for instance, the guns and other memorabilia that's at the  
16 NRA Museum if it's -- the liquidation and dissolution that  
17 it's seeking is granted? Like what" --

18 MS. PILATOWICZ: And then there's an objection by Ms.  
19 Stern.

20 MS. STERN: Yes, Your Honor, we object on two  
21 grounds:

22 This is, one, calling for a legal conclusion as to  
23 how the statute would be applied;

24 And it also calls for speculation as to how that  
25 statute would be applied at some point in the future concerning

1 assets that we don't know the -- under what provisions that  
2 they were contributed to the NRA, and restrictions, and other  
3 relevant facts.

4 MS. PILATOWICZ: And, Your Honor, may I respond?

5 THE COURT: You may.

6 MS. PILATOWICZ: Your Honor, the New York Attorney  
7 General has sought to dissolve the NRA in its entirety.

8 The question as to whether a plan has been discussed  
9 or whether there's any intention of the New York Attorney  
10 General of what they intend to do with all of the assets is a  
11 question that this Court, during the hearing on the protective  
12 order, indicated was relevant to this Court's consideration.

13 So the question seeks to elicit information about  
14 whether the New York Attorney General -- whether at the time it  
15 sought to dissolve the NRA, or during the time it filed its  
16 motion, has a plan in place about what it would do with the  
17 NRA's assets were there to be a dissolution.

18 MS. STERN: Your Honor, may I respond to that?

19 THE COURT: Briefly. Briefly.

20 MS. STERN: I think that you will -- yes. You'll see  
21 from the testimony that it's -- and this has been discussed in  
22 the course of this hearing. There is a judicial process under  
23 the New York law with respect to the distribution of assets in  
24 the event of a dissolution, it's a determination that is made  
25 by the Court. The Attorney General does not have the authority

1 to determine how charitable assets or otherwise restricted  
2 assets of a charity like the -- not the NRA would be  
3 distributed. And so that the entire premise of all these  
4 questions is misplaced.

5 THE COURT: The objection's overruled.

6 MS. PILATOWICZ: Thank you, Your Honor.

7 "A These -- these determinations are with the purview of  
8 the court, and it is not the Attorney General's role to  
9 marshal the assets, for lack of a better phrase. To the  
10 extent a court determines that dissolution is appropriate,  
11 then it will be up to the court to determine how those  
12 assets should be distributed.

13 "Q So sitting here today, the New York Attorney General  
14 doesn't have an understanding of what would happen with  
15 respect to the assets specifically, is that correct?

16 "A That's not 100 percent correct. I think the  
17 understanding that the New York Attorney General's Office  
18 has is that a court would follow the statutory process.

19 "Q But sitting here today, we don't know anything more  
20 than the court would institute some sort of mechanism, but  
21 we don't -- do we have any clarity as to what would --  
22 what that would actually look like today?"

23 MS. PILATOWICZ: And there's an objection by Ms.  
24 Stern.

25 MS. STERN: And, Your Honor, this calls for

1 speculation. And I understand the Court's ruling on the legal  
2 conclusion objection, but I would just assert that it also  
3 applies here.

4 THE COURT: Thank you. Overruled.

5 MS. PILATOWICZ: And then it goes into another  
6 question.

7 "Q I'm asking what would happen if dissolution was  
8 ordered were the New York -- the New York Attorney General  
9 to prevail, what would happen to the assets? Do we know  
10 sitting here today? Is there any clarity that we have  
11 today as to what would happen?"

12 MS. PILATOWICZ: And there's an objection.

13 MS. STERN: I don't want to tire out the Court's  
14 patience, but for the record, I'm just going to assert that we  
15 still have the same objection, that it calls for speculation.

16 THE COURT: It's early in the morning, you're not  
17 even close to trying my patience, Ms. Stern.

18 MS. STERN: I am thankful that we're not doing this  
19 at 4:30 in the afternoon, I will say that.

20 (Laughter)

21 THE COURT: Yeah.

22 MS. STERN: Thank you to the debtors.

23 THE COURT: Objection's overruled.

24 MS. PILATOWICZ: Thank you, Your Honor.

25 "A I think the only way to answer that question is to

1 say that what the Attorney General expected to happen is  
2 that a court will follow the process that is defined in  
3 the statute.

4 "Q Okay. And does the statute expressly state what will  
5 happen with the assets?"

6 MS. STERN: So the new variation on the objection,  
7 Your Honor, is that it calls for a legal conclusion, and the  
8 statute says what the statute says.

9 THE COURT: Overruled.

10 MS. PILATOWICZ: And, Your Honor, the debtors'  
11 response would be that we're asking for the New York Attorney  
12 General's understanding of what would happen, not a legal  
13 conclusion.

14 THE COURT: The objection's overruled.

15 "A I think the statute generally defines the process  
16 that should take place if a finding of liability for  
17 dissolution is determined.

18 "Q Does the statute explain what would happen with, for  
19 instance, NRA member prepaid dues in the event that  
20 dissolution was granted?"

21 MS. PILATOWICZ: And there's another objection by Ms.  
22 Stern.

23 MS. STERN: And, again, Your Honor, the objection is  
24 it calls for a legal conclusion as to how the statute would be  
25 applied, and speculation.

1 THE COURT: Overruled.

2 "A I don't think the legislators who drafted that  
3 statute had envisioned that specific level of minutia that  
4 you're referencing down to that specific level of detail.  
5 I think the statute defines the process in a -- in a  
6 broader manner than that.

7 "Q Okay. So help me understand then. Like what  
8 transpires? Because I think we can agree the statute  
9 doesn't say, for instance, what would happen with  
10 endowments. It doesn't say what would happen with  
11 membership dues. It doesn't get down into those kind of  
12 specifics. So what does the New York Attorney General's  
13 Office believe will happen from a practical standpoint if  
14 it obtains dissolution -- dissolution that it's seeking?"

15 MS. PILATOWICZ: And there's an objection by Ms.  
16 Stern.

17 MS. STERN: And the same objection on the terms of  
18 speculation and how the statute would be applied.

19 THE COURT: Same ruling.

20 "A I just have to refer back to the statute because I  
21 think the statute is the best guidance in order to be able  
22 to try to predict what a court would do, not what our  
23 office would do. So the statutory language is the best  
24 place to go. And, again, I'd point to the substantially  
25 similar purpose language of 1109.

1 "Q Does the New York Attorney General have an opinion as  
2 to what would happen with restricted -- the NRA's  
3 restricted accounts or endowments that are restricted for  
4 a particular purpose if dissolution was granted?"

5 MS. PILATOWICZ: And there's an objection.

6 MS. STERN: Actually I think that the transcript  
7 reads that I asked the -- Ms. Kozlowski to clarify if she was  
8 asking for the witness to provide opinion testimony, and then I  
9 believe she negates the question, so --

10 MS. PILATOWICZ: Fair -- fair enough; thanks for that  
11 clarification.

12 So I'll move onto the next line with Ms. Kozlowski.

13 "Q I'm asking -- I'm asking for the New York Attorney  
14 General's position as to what it believes would happen to  
15 endowments that are restricted, and other restricted  
16 assets owned by the New York Attorney -- I'm sorry --  
17 owned by the NRA in the event of a dissolution."

18 MS. PILATOWICZ: And then there's an objection.

19 MS. STERN: Once again, legal conclusion and  
20 speculation as to how a court would apply the statute to  
21 restrict the assets which are specifically addressed in the  
22 statute.

23 THE COURT: Overruled.

24 "A I think the only way to answer that -- that question  
25 is to say that the Attorney General expected that if a

1 court finds dissolution to be appropriate, the court will  
2 follow the provisions of the statute."

3 MS. PILATOWICZ: And, Your Honor, then we move on to  
4 Page 242 at Line 19.

5 "Q Okay. Has the New York Attorney General's Office  
6 identified any entities that it believes has a mission  
7 consistent with that set forth in the NRA certificate of  
8 incorporation?"

9 MS. PILATOWICZ: And I believe there's an instruction  
10 by Ms. Stern not to invade the privilege, but --

11 MS. STERN: Right, there's no objection.

12 MS. PILATOWICZ: -- I don't believe it's an  
13 objection.

14 MS. STERN: That's correct, Your Honor.

15 "A It's the same answer, and sort of -- I think it's  
16 important to recognize that the State enforcement action  
17 is still at a relatively early stage, discovery is just  
18 underway. And so sitting here today as a corporate  
19 representative, I'm not aware of any of those actions  
20 which you identified in your question, which I can't  
21 repeat to you, but not that I'm aware of."

22 MS. PILATOWICZ: And now moving down to Page --  
23 moving to Page 246 at Line 17.

24 "Q Does the New York Attorney General believe that  
25 Everytown For Gun Safety would be an appropriate recipient

1 of the NRA's assets?"

2 MS. STERN: Your Honor, the objection here, again, is  
3 the same -- calling for speculation. There's a quasi  
4 Cybrary (phonetic) standard articulated in the statute, and  
5 there would be no way that we would be able to know at this  
6 time, not knowing what the assets are, and how that would apply  
7 to the substantially similar purposes. So I just wanted to  
8 state that for the record.

9 THE COURT: Overruled.

10 MS. PILATOWICZ: And, Your Honor, if I may respond.

11 THE COURT: I overruled your objection.

12 MS. PILATOWICZ: Thank you, Your Honor. Thank you,  
13 Your Honor.

14 "A Again, I think it would be up to a court to determine  
15 whether or not Everytown For Gun Safety's mission is a  
16 purpose that is substantially similar to the purpose of  
17 the NRA. It's not a determination that is appropriate for  
18 the Attorney General's Office to make.

19 "Q Does the Attorney General have an opinion as to  
20 whether Everytown For Gun Safety would be an appropriate  
21 recipient?"

22 MS. PILATOWICZ: And there is an objection.

23 MS. STERN: And that there's no further testimony, we  
24 objected on privilege grounds and the -- it wasn't pursued  
25 beyond that.

1 MS. PILATOWICZ: And I'm sorry, Your Honor, I think  
2 it goes into the discussion that starts at 248. I think  
3 there's another question, so I assume that there's no objection  
4 if the objection is essentially withdrawn, but I defer to you,  
5 Ms. Stern.

6 THE COURT: Well --

7 MS. STERN: I'm sorry. I'm not really following.  
8 There was no answer, I think the -- Ms. Kozlowski just went on  
9 to --

10 THE COURT: Yeah.

11 MS. STERN: -- a new question.

12 THE COURT: So I don't think --

13 MS. STERN: Certainly, so we'll --

14 THE COURT: I don't think there's anything for me to  
15 rule on there since there wasn't an answer given.

16 MS. STERN: That's my understanding, Your Honor.

17 THE COURT: Okay.

18 MS. PILATOWICZ: Thank you, Your Honor.

19 Moving on to Page 248, Line 20.

20 "Q I'm just trying to understand to whom the New York  
21 Attorney General believes assets should be distributed  
22 when it is seeking dissolution of the NRA."

23 MS. PILATOWICZ: And I believe there's an objection  
24 by Ms. Stern.

25 MS. STERN: There -- yeah, there was an objection

1 that it was asked and answered. At this point, I'm not sure if  
2 we're into hour seven of these questions, this is a nine-hour  
3 deposition of Mr. Wang.

4 But the -- you know, the testimony goes on, so I  
5 would just withdraw the asked and answered at this point.

6 MS. PILATOWICZ: And I think this -- for completeness  
7 of the record, Ms. Kozlowski goes on on Page [sic] 1 of 249:

8 "MS. GRAY KOZLOWSKI: I understand your objection, I  
9 don't believe you've instructed the witness not to answer.  
10 I would like an answer to that question, please."

11 "A The Attorney General's position is that it is the  
12 Court's determination to follow the statute, and make an  
13 interpretation of the language of the statute,  
14 substantially similar purpose to the dissolved entity.

15 "Q I understand that. But has the New York Attorney  
16 General had any communications with Mr. Bloomberg about  
17 the distribution of the NRA's assets if dissolution is  
18 granted?"

19 MS. PILATOWICZ: And there's an objection by Ms.  
20 Stern.

21 MS. STERN: Yes, Your Honor. There was  
22 (indiscernible) that was not designated, and they were --  
23 there's an objection on the scope. If Your Honor recalls,  
24 there were two topics -- two substantive topics that you  
25 authorized them to take up to probe at a 30(b)(6) deposition,

1 and one was communications with a variety of third parties, and  
2 Mr. Bloomberg was not one of those parties, and we objected on  
3 scope.

4 THE COURT: All right. And I don't see the question  
5 being answered, is that right?

6 MS. PILATOWICZ: That's correct, Your Honor.

7 THE COURT: Okay.

8 MS. PILATOWICZ: And I think the purpose of all this  
9 being designated is it gets to the question that there's some  
10 clarifications in the objection that I think provides context  
11 to the narrowed questions.

12 THE COURT: Sure, that's fine.

13 MS. PILATOWICZ: So on Page 249, Line 15, Ms.  
14 Kozlowski's question continues:

15 "Q Has anyone at the New York Attorney General's Office  
16 had any communications with Mr. Bloomberg about being a  
17 recipient of the NRA's assets."

18 MS. PILATOWICZ: And, again, there's an objection.  
19 And Ms. Kozlowski's question continues, so I'm happy --

20 MS. STERN: Right.

21 MS. PILATOWICZ: -- to continue with that.

22 MS. STERN: That's fine.

23 "Q 17, again, discusses what happens to the NRA's assets  
24 if the New York Attorney General is successful in  
25 dissolution. To the extent that the New York Attorney

1 General has had conversations with Mr. Bloomberg, who has  
2 multiple New York nonprofits about being a recipient of  
3 the NRA's assets, that is absolutely within the scope of  
4 Question 17."

5 MS. PILATOWICZ: And then there's an objection.

6 MS. STERN: On lack of foundation, and this is --  
7 just goes to the incorrect assumption that the Attorney General  
8 has authority with respect to how those assets are distributed,  
9 and is exercising such control -- sorry -- is exercising or  
10 taking any steps in that regard which was already addressed in  
11 the deposition, that there was no such claim.

12 THE COURT: Overruled.

13 "A The Attorney General's position is that the court is  
14 the appropriate body to make the determination of who is  
15 and who is not an appropriate recipient under the  
16 statutory process defined in Articles 11 and 10 of the  
17 NPCL, and to interpret the language of the statute,  
18 substantially similar purposes."

19 MS. PILATOWICZ: And, Your Honor, for some reason,  
20 there's not a highlighting on my copy, I'm not sure if it's on  
21 the Court's, but the next designation was at 250, Line 13  
22 through 251, Line 15.

23 "Q My question specifically was have there been any  
24 communications with Mr. Bloomberg, who has multiple New  
25 York nonprofits, about being a recipient of the NRA's

1 assets. I understand what the court process is, but have  
2 there been any communications with Mr. Bloomberg about  
3 receiving the NRA's assets if the New York Attorney  
4 General is successful in its dissolution action?"

5 MS. PILATOWICZ: And there's an objection.

6 MS. STERN: And, again, Your Honor, this was asked  
7 and answered repeatedly during the deposition. There was some  
8 earlier testimony that there were no such discussions with  
9 respect to distribution of the assets.

10 MS. PILATOWICZ: And, Your Honor, I'm not sure that  
11 that accurately characterizes the testimony. There were  
12 discussions about a meeting with Everytown in 2018, and the  
13 purpose of the continued questioning was that an answer had not  
14 been provided in the debtors' opinion.

15 THE COURT: Overruled.

16 "A I think based on those instructions, the only way to  
17 answer this question is to say, again, to point to the  
18 phrase under which the State enforcement action currently  
19 is at, which is early in discovery, and to say the  
20 language of the statute is what governs. The language of  
21 the statute puts this determination within the court's  
22 purview, not within the Attorney General's.

23 "Q So you're not going to answer whether or not there  
24 have been any communications, is that correct?

25 "A I'm answering the question to the best that I can

1 with respect to also observing the various instructions  
2 with respect to attorney-client privilege and attorney-  
3 client work product."

4 MS. PILATOWICZ: Okay. Moving onto Page 252,  
5 starting at Line 2.

6 "Q Has the New York Attorney General's Office had any  
7 communications with any other New York nonprofits about  
8 receiving the NRA's assets if it is successful in  
9 obtaining dissolution?"

10 MS. PILATOWICZ: And there's a scope objection.

11 MS. STERN: This is the objection on the scope of --  
12 these are not communications that were covered by Request  
13 Number 13, which identified specific third parties.

14 MS. PILATOWICZ: And, Your Honor, the question in 13  
15 of the scope was whether there had been any discussions with  
16 nonprofit entities that may be the recipients of the assets of  
17 the NRA if there were a successful dissolution.

18 THE COURT: All right. I don't think we have an  
19 answer yet, I think there's some more conversation, so go  
20 through that until we get to -- to ruling on the objection.

21 MS. PILATOWICZ: Sure. Would it be helpful, Your  
22 Honor, if we read through that so the Court can see the context  
23 of the communications between Ms. Stern and Ms. Kozlowski?

24 THE COURT: I think so.

25 MS. PILATOWICZ: Okay.

1           Ms. Stern, I'm happy to let you read your portion, or  
2 I can read it all.

3           THE COURT: Or --

4           MS. STERN: Be my guest.

5           MS. PILATOWICZ: Okay.

6                               (Laughter)

7           "MS. STERN: Okay. I'm going to object as these  
8 questions are beyond the scope. If you had sought to seek  
9 information about the Attorney General's communication --  
10 communications with particular not for profits, then they  
11 would be itemized in 13.

12                       "We answered the questions for, I think, about  
13 six hours about the entities and individuals in Item 13.  
14 And we've answered the questions as to the Attorney  
15 General's intentions with respect to the distribution.

16                       "So unless you can show me how they fit into  
17 these topics, then object to his further testifying as  
18 beyond the scope."

19           Ms. Kozlowski says:

20           "MS. GRAY KOZLOWSKI: So communication?"

21           And Ms. Stern continues:

22                       "MS. STERN: The judge -- I'm sorry. The judge  
23 clearly circumscribed the scope of the debtors' deposition  
24 today of the representative of the Attorney General's  
25 Office. We have been here for quite some time, I would

1 guess coming on seven hours. So I would ask you to just  
2 to cover the topics that the judge allowed, and then we  
3 can call it a day.

4 "MS. GRAY KOZLOWSKI: So I understand, for the  
5 record, the judge permitted the question that says your  
6 intention to distribute the NRA's assets and  
7 communications with other nonprofits about receiving those  
8 assets is unequivocally within Topic 17. Thus far, the  
9 witness has refused to answer a single question about what  
10 other nonprofits have -- the New York Attorney General has  
11 discussed receiving the NRA's assets."

12 And Ms. Stern continues:

13 "MS. STERN: Your question assumed facts that  
14 are not in the record. He answered the questions with  
15 respect to the intentions of the process. I'm sorry if  
16 you're not satisfied with those answers, but your  
17 questions are assuming facts that will assume other  
18 answers. You can't assume the answers, so we can go  
19 around and around on this."

20 And Ms. Kozlowski says:

21 "MS. GRAY KOZLOWSKI: My question was has there  
22 been any communications, that's a yes or a no question --  
23 answer.

24 "MS. STERN: Have there been communications?  
25 Can we have the full question, please?

1 "MS. GRAY KOZLOWSKI: Sure."

2 "Q Have there been any communications with other  
3 nonprofits about receiving the NRA's assets in the event  
4 that the New York Attorney General is successful in  
5 obtaining dissolution?"

6 And then Ms. Stern indicates:

7 "MS. STERN: Subject to your obligations under  
8 the attorney work product doctrine and preservation of  
9 privileged communications, attorney-client communications.  
10 If you can answer the question, you may do so."

11 And then there's an answer.

12 MR. CICILIANO: Would you like me to proceed with the  
13 answer, Your Honor?

14 THE COURT: Yes, sir; thank you.

15 "A It's an impossible question to answer because the --  
16 it's inappropriate to assume that this is the Attorney  
17 General's role. It is not the Attorney General's role, it  
18 is the court's determination to make. It is the court's  
19 determination under the statute to determine whether or  
20 not substantially similar purpose, what that  
21 interpretation is. So essentially it's not appropriate  
22 for the Attorney General to opine at this time."

23 MS. PILATOWICZ: Moving down to Page 254 at Line 20.

24 "Q All right. Mr. Wang, are you testifying today that  
25 the New York Attorney General's Office has not had any

1       communications with other nonprofits about receiving the  
2       NRA's assets if the New York Attorney General is  
3       successful in dissolving the NRA?"

4               MS. PILATOWICZ: And there's an objection by Ms.  
5       Stern to the scope and the work product and privilege grounds,  
6       and requesting an answer.

7               MS. STERN: And there is an answer, so we're fine  
8       with going onto the answer.

9               MS. PILATOWICZ: Thank you.

10       "A I think the -- the best way to approach that question  
11       is to say, you know, I think Topic 17 -- the way the  
12       language of the topic is drafted sort of misunderstands  
13       the process to some degree because it says 'your intent.'  
14       And I can tell you that our intention is only to ask the  
15       Court to follow the law, and to interpret the statute  
16       appropriately.

17               "Now I know that your question is with respect  
18       to what plans our office has, or any communications we've  
19       had with other nonprofits. And I can say that the  
20       Attorney General's Office does not have any specific plan  
21       at this point in the litigation with respect to the  
22       distribution of the NRA's assets in the event a court  
23       decides -- makes a determination that dissolution is  
24       appropriate.

25               "Our only plan and our only intention is to ask

1 the court to follow the letter of the law, to follow the  
2 statute. To make an interpretation of 1109 that says  
3 substantially similar purpose, and evaluate the purposes  
4 the statutory -- the purposes and the mission statements  
5 of various nonprofits, and to see if that purpose matches  
6 up with the NRA's purpose. And we're confident that a  
7 court will interpret that language properly. Does that  
8 answer your question?

9 "Q It does not because my question was whether you've  
10 had communications with other nonprofits about receiving  
11 NRA's assets, that is my question?

12 "A I think the answer to that question is there's  
13 currently no plan in place other than to ask the court to  
14 follow the statute.

15 "Q Again, but my question was whether you've had any  
16 communications with other nonprofits about receiving the  
17 assets?"

18 MS. PILATOWICZ: And there's an objection.

19 MS. STERN: Your Honor, it's withdrawn. The answer -  
20 - the question's answered.

21 "A I just -- the only way I can answer your question is  
22 to say there's currently no plan with respect to the  
23 distribution of the assets in the event that a court finds  
24 that the NRA should be dissolved, and the only plan there  
25 is to ask a court to follow the law."

1 MS. PILATOWICZ: Okay. Moving onto Page 257 at  
2 Line 7.

3 "Q In the event that the New York Attorney General was  
4 successful in obtaining the dissolution and liquidation of  
5 the NRA, will the NRA's creditors be paid in that  
6 process?"

7 MS. PILATOWICZ: And there's an objection.

8 MS. STERN: Your Honor, this objection -- this  
9 question, I'm sorry, calls for speculation about not just how  
10 the law would be applied, but what the financial status of the  
11 NRA would be at the time of a dissolution. What their assets  
12 were, what creditors were present, all facts unknown at this  
13 time.

14 MS. PILATOWICZ: And, Your Honor, if I may respond.

15 THE COURT: You may.

16 MS. PILATOWICZ: Your Honor, the -- again, the New  
17 York Attorney General has sought to dissolve the NRA in its  
18 entirety. And their understanding as to whether the creditors  
19 will be paid in full in the event of that dissolution and  
20 liquidation in that process is a proper question, and relevant  
21 to these proceedings.

22 THE COURT: Overruled.

23 "A The question is essentially the same question. The  
24 same answer to that question is there's the statutory  
25 process. That statutory process -- there's a provision

1 for notice to creditors, so the court would follow the  
2 statute. And to the extent the creditors can be paid out  
3 of that -- out of whatever assets are remaining, it would  
4 be up to the court to determine how that distribution plan  
5 would be implemented.

6 "Q So is it true that you don't know whether or not the  
7 NRA's creditors would be paid in full? Is that a true  
8 statement?"

9 MS. PILATOWICZ: And there's an objection.

10 MS. STERN: And, again, Your Honor, I do believe that  
11 this calls for the Attorney General's Office to speculate on  
12 what the financial status of the NRA is at the time of a  
13 dissolution, which is not known.

14 THE COURT: Overruled.

15 "A I can't speculate with respect to the total number of  
16 the NRA's creditors, how many claims there are, what the  
17 true financial condition of the NRA is at this time. How  
18 much more money is spent between now and the determination  
19 of dissolution down the road. I think there are so many  
20 unknown variables between now and the point in time that  
21 you're talking about in the future that it would be  
22 impossible for me to predict sitting here today whether or  
23 not every single NRA creditor will be paid, or if there  
24 would be sufficient assets within the estate to pay the  
25 creditors. That's an I'm possible question to answer.

1 "Q So a variation of that, do you know whether -- if the  
2 New York Attorney General is successful in obtaining  
3 dissolution and liquidation, whether there would be  
4 sufficient assets to pay the NRA's pension liabilities in  
5 full?"

6 MS. PILATOWICZ: And there is an objection.

7 MS. STERN: Your Honor, it's the same objection in  
8 terms of speculation.

9 THE COURT: Thank you. Same ruling; overruled.

10 "A That is the same kind of question where, again, it  
11 requires you to go down the line all the way until the  
12 point where the court has determined the NRA is dissolved.  
13 We don't know how much, in terms of assets, the NRA is  
14 currently expending. We don't know how much of that  
15 pension exists. It's an impossible question to answer  
16 because it requires me to speculate on the NRA's finances  
17 several months or years down the road."

18 MS. PILATOWICZ: And then we go onto Page 260,  
19 Line 9.

20 "Q Okay. And do you know whether the five million  
21 members would be noticed under that provision?"

22 MS. PILATOWICZ: And there's an objection.

23 MS. STERN: Yes, Your Honor, this is calling for the  
24 -- a legal conclusion, asking the witness to interpret the  
25 notice provisions of the New York Not For Profit Corporation

1 Law in a specific context.

2 MS. PILATOWICZ: And, Your Honor, the question was  
3 asking the New York Attorney General's understanding as their  
4 request to dissolve and what the notice process would be.

5 THE COURT: Overruled.

6 "A It -- I don't think the Attorney -- the Attorney  
7 General's Office does not have any knowledge about whether  
8 or not the -- the five million members would be given  
9 notice with respect to the statutory process. It is not  
10 clear, as far as I understand."

11 MS. PILATOWICZ: And then, Your Honor, there's a  
12 couple of additional questions that were designated that were  
13 Committee's -- that were asked by the Creditors' Committee,  
14 starting at Page 268, Line 9.

15 "Q And, Mr. Wang, I do appreciate that you've been here  
16 for a long time. By my count, it's, you know, over nine  
17 hours sitting in that chair, and I know how tiring that  
18 can be, so I will be brief. Understanding that the New  
19 York Attorney General has not identified any charities to  
20 whom assets would be distributed, and further  
21 understanding that it is the New York Attorney General's  
22 position that it will be up to the court to decide how  
23 this process ultimately plays out, I have a few questions  
24 about what the New York Attorney General has or has not  
25 done. Has the New York Attorney General performed any

1 analysis regarding whether the NRA's creditors will be  
2 paid in full if it is successful in its dissolution  
3 action?"

4 MS. PILATOWICZ: And there's an objection.

5 MS. STERN: Your Honor, it's really the same  
6 objection that we've been talking about for quite some now,  
7 which is asking this witness to predict what might happen in  
8 the future with respect to facts that are not known, and  
9 application of the statute.

10 THE COURT: Overruled.

11 MS. PILATOWICZ: There's a little bit of a discussion  
12 between counsel that I think is relevant to the next question.  
13 Ms. Stern asked Mr. Hendrix:

14 "MS. STERN: Are you asking that question in the  
15 context of the State enforcement action?"

16 Mr. Hendrix responds:

17 "MR. HENDRIX: Yes."

18 Ms. Stern responds:

19 "MS. STERN: Okay. And okay. So subject to,  
20 you know, attorney-client privilege communications and  
21 attorney work product, to the extent that you can answer  
22 that question, you may do so."

23 "A I think this is a very similar question to one of the  
24 questions Ms. Gray asked, and I think that makes the  
25 question difficult to answer in the unpredictability of a

1 number of variables, including the length of time the  
2 State enforcement action may take, the legal -- legal  
3 bills that may continue to accrue, and just too many  
4 unknown variables where it would be impossible to  
5 speculate and predict whether or not if a court were to  
6 make a determination of dissolution, whether or not every  
7 single NRA creditor would be paid in full.

8 "Sitting here today, testifying on behalf of the  
9 Attorney General's Office, I simply can't make that  
10 prediction because there are too many unknown variables at  
11 this point with respect to the financial wherewithal of  
12 the NRA.

13 "Q The New York Attorney General has not performed any  
14 analysis regarding whether they'll be paid in full, it's  
15 just too soon for them to make that determination?"

16 MS. PILATOWICZ: And there's an objection.

17 MS. STERN: Withdrawn, Your Honor.

18 "A I think I'm going to rest on my previous answer,  
19 which was I think it's an impossible question to answer at  
20 this point in time because of the unknown variables  
21 between now and this unknown date in the future where  
22 there's a potential dissolution.

23 "Q Right. My question, I guess is more, you know,  
24 retrospective. Has the New York Attorney General, as of  
25 today, performed any analysis regarding whether the

1 creditors will be paid in full if the NRA is dissolved?"

2 MS. PILATOWICZ: And there's an objection.

3 MS. STERN: Withdrawn, Your Honor.

4 "A It's the same question. I think it's an impossible  
5 analysis to make.

6 "Q Okay. Has the New York Attorney General performed  
7 any analysis regarding whether the pension liabilities  
8 will be satisfied if the New York Attorney General is  
9 successful, and the NRA is ultimately dissolved?"

10 MS. PILATOWICZ: And there's an objection.

11 MS. STERN: Your Honor, it's withdrawn.

12 "A This question also sounds a lot like a question that  
13 Ms. Gray asked earlier in the course of this deposition,  
14 and I think I'm going to give the same answer that I gave  
15 to the first question, which is that is an impossible  
16 analysis to make at this point in time."

17 MS. PILATOWICZ: And then there's a designation by  
18 the New York Attorney General, which is Ms. Stern's statement,  
19 so we'll go ahead and read it.

20 "MS. STERN: And, again" --

21 MS. STERN: I'm sorry, what page are you on?

22 MS. PILATOWICZ: 271, Lines 5 through 10.

23 MS. STERN: We withdrew that counter-designation.

24 MS. PILATOWICZ: Thank you.

25 271, Line 17, and it actually looks like the question

1 starts at Line 16, so, unless the NYAG has an objection, I  
2 think we'll start at 16.

3 MS. STERN: Certainly.

4 MS. PILATOWICZ: Thank you.

5 "Q Sitting here today, has the New York Attorney General  
6 performed any analysis regarding the go-forward impact to  
7 the NRA's trade vendors if the NRA is ultimately  
8 dissolved?"

9 MS. PILATOWICZ: And there is an objection.

10 MS. STERN: There was an objection on lack of  
11 foundation for this question, Your Honor.

12 MS. PILATOWICZ: Your Honor, the question was whether  
13 the New York Attorney General had, at the time of the  
14 deposition, performed any analysis on the impact of trade  
15 creditors.

16 THE COURT: Overruled.

17 "A It's the same answer. Given the different unknown  
18 variables, such an analysis would be impossible to make at  
19 this point in time."

20 MS. PILATOWICZ: And, Your Honor, that's the  
21 conclusion of the deposition testimony of Mr. Wang on behalf of  
22 the New York Attorney General's Office.

23 THE COURT: Thank you, that was nicely handled by  
24 both of you; thank you very much.

25 MS. PILATOWICZ: Thank you, Your Honor.

1 STENOGRAPHER: This is the stenographer. Can I just  
2 clarify, who was reading the witness' answer?

3 MR. CICILIANO: Yes, ma'am. This is Dylan Ciciliano,  
4 I'm counsel for the debtor.

5 STENOGRAPHER: Thank you. And is that Miss -- uh --  
6 Pilatowicz.

7 MR. CICILIANO: Pilatowicz.

8 MS. PILATOWICZ: Yes, sorry, Ms. Pilatowicz.

9 STENOGRAPHER: Thank you.

10 MS. PILATOWICZ: And, Your Honor, is this a good time  
11 to take the morning break so that we can get the next witness  
12 situated?

13 THE COURT: I think it will be. Who is the next  
14 witness?

15 MS. PILATOWICZ: The next witness will be Tyler  
16 Schropp.

17 THE COURT: Let's take a 15-minute recess. And just  
18 by way of reminder, we'll probably going to go a little bit  
19 past noon today just so that you all don't start at 1:15, and I  
20 immediately have to stop us at 1:30 for a short hearing.

21 So we'll be back in 15 minutes.

22 (Recess 10:27 a.m./Reconvene 10:45 a.m.)

23 THE COURT: The debtor may call its next witness.

24 MR. NOALL: Your Honor, the debtor calls Tyler  
25 Schropp.

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1 THE COURT: Mr. Schropp, can you hear me?

2 MR. SCHROPP: Yes; is my video working?

3 THE COURT: I don't --

4 MR. NOALL: It has gone dark. Maybe you can reset  
5 the camera, Mr. Schropp.

6 MR. SCHROPP: Okay; sorry.

7 (Pause)

8 STENOGRAPHER: This is the stenographer, just to  
9 confirm, this is Mr. Garman?

10 MR. NOALL: It's Mr. Noall. William Noall.

11 STENOGRAPHER: Thank you.

12 (Pause/Sound testing)

13 THE COURT: Mr. Schropp, would you raise your right  
14 hand?

15 TYLER SCHROPP, SWORN

16 THE COURT: Mr. Noall, you may proceed.

17 MR. NOALL: Thank you, Your Honor.

18 DIRECT EXAMINATION

19 BY MR. NOALL:

20 Q Mr. Schropp, can you hear me okay?

21 A I can.

22 Q Would you please state your full name for the record?

23 A Tyler Timothy Schropp.

24 Q And are you employed?

25 A Yes.

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1 Q And by whom are you employed?

2 A The National Rifle Association of America.

3 Q Are you a senior advisor to Mr. LaPierre?

4 A Yes.

5 Q And you graduated from high school?

6 A Yes.

7 Q And after you graduated from high school, did you attend  
8 college?

9 A Yes.

10 Q And where did you attend college?

11 A Georgetown University.

12 Q And do you recall what you studied at Georgetown?

13 A Yes, I was in the School of Foreign Service, I studied  
14 diplomacy and international security.

15 Q And did you graduate?

16 A Yes.

17 Q Do you recall when you graduated?

18 A 1991.

19 Q What did you do after you graduated from Georgetown  
20 University?

21 A I took a job at a small PR and fundraising firm in  
22 Washington, DC.

23 Q And what was the name of that fundraising firm?

24 A Kessler and Associates.

25 Q And what was the nature of that business, Mr. Schropp?

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1 A They had clients that they would engage in fundraising for  
2 in various PR or marketing projects, and they also had a small  
3 lobbying shop, as well.

4 Q And when you went to work for Kessler and Associates, what  
5 did you do?

6 A I -- I worked on several clients, but the main client I  
7 worked on was the American Air Museum in Britain campaign,  
8 which was a fundraising campaign to build a museum paying  
9 tribute to American air power to be built in England, just  
10 outside of London.

11 Q And what type of fundraising campaigns were involved in  
12 your effort?

13 A The real basic campaigns, standard campaigns, direct  
14 marketing, direct mail campaigns, and there was a fundraising  
15 dinner, as well, in my time while I was there.

16 Q And were you supervised in your position?

17 A I was to start out, yes.

18 Q And what did you learn while you were at Kessler in that  
19 regard?

20 A I learned how to analyze direct marketing reports, how to  
21 interact with the donors, I frequently received phone calls  
22 from our donors, and I learned the basic structures as to how  
23 to put on fundraising events.

24 Q And you mentioned, I think you said, a dinner.

25 A Yes.

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1 Q Can you tell me about that fundraising dinner that you  
2 were involved in?

3 A We -- we had a large fundraising fundraiser in Los Angeles  
4 in Beverly Hills to raise money for the museum.

5 Q And who did you work with in that regard?

6 A One person in particular, I worked with Charlton Heston.  
7 He was the co-chair of the fundraising campaign, so he was the  
8 US co-chair for the overall campaign, so I worked with him very  
9 closely on that.

10 Q And when you were working with Mr. Heston on this dinner  
11 in Beverly Hills, where were you deployed? Where was your work  
12 office?

13 A Our office was in the District of Columbia.

14 Q Okay. And so you testified that you worked with Mr.  
15 Heston. Did there come a time that you met somebody named Tony  
16 Makris?

17 A Yes.

18 Q And how did you meet Mr. Makris?

19 A Mr. Heston asked us to employ -- "us" being Kessler and  
20 Associates -- to employ Mr. Makris to help with the dinner in  
21 Los Angeles.

22 Q In what regard?

23 A Tony was well-connected in Hollywood and Los Angeles, and  
24 in other celebrity circles. So we were working with Tony to  
25 help us bring celebrities to the event.

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1 Q And the dinner kicked off, and was completed?

2 A It was. The first attempt actually was scheduled during  
3 the LA riots, so we had to postpone that event until -- I can't  
4 remember exactly how much later, maybe six months later.

5 Q But eventually the dinner completed?

6 A It did.

7 Q And was the museum wing built in the UK?

8 A The museum was built in the United Kingdom.

9 Q And how much did the campaign for the museum raise?

10 A The overall campaign on the US side, I believe, raised \$40  
11 million.

12 Q Thank you. Did there come a time when you met Wayne  
13 LaPierre?

14 A Yes.

15 Q And when did you meet Wayne LaPierre?

16 A Tony Makris introduced me to Wayne, I believe, in 1992.

17 Q And what were those circumstances?

18 A We -- I can't remember the exact event, but we were at an  
19 event for the museum -- for the American Air Museum.

20 Q Did there come a time that you left Kessler?

21 A Yes.

22 Q And what were the circumstances regarding your departure  
23 from Kessler?

24 A Well, I had worked very closely with Tony in that time  
25 period, and in 1993, Tony Makris hired me to go work at

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1 Ackerman McQueen.

2 Q And where were you stationed when you went to work for  
3 Ackerman McQueen?

4 A In Washington, DC.

5 Q And what were your duties when you were hired by Ackerman  
6 McQueen in 1993?

7 A I was in account service, but my primary duty was to be --  
8 be a close liaison with Wayne LaPierre.

9 Q And so what does that mean?

10 A That means I would travel around, travel with him. If he  
11 had speeches or other engagements, and on the ground provide  
12 logical support, make sure we were going where we needed to be,  
13 and that we were actually where we needed to be at the right  
14 time.

15 And then also if there was a need by Ackerman McQueen  
16 or others to get in touch with Wayne, they could reach out to  
17 me to do that. Or if there was a need for him to see  
18 something, they could work through me to get that completed.

19 Q So this was the time before wide cell phone use?

20 A Yes. I -- I had a beeper, and a very -- and a cell phone.

21 Q What was your relationship like back then with Mr.  
22 LaPierre?

23 A Well, to start, Wayne's very private, and he really didn't  
24 want to have a whole lot to do with me. So I didn't -- at  
25 first, I didn't see him a whole lot.

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1 Q Did that change?

2 A It did.

3 Q And how often would you travel with him or go to events  
4 with him in terms of your total work time for Ackerman McQueen  
5 at this time?

6 A At that time, it was probably 70 to 80 percent, or more,  
7 of my time was spent traveling and working with Wayne.

8 Q So you spent a lot of time on the road with him back then.

9 A Yes.

10 Q Okay. Did there come a time when your role at Ackerman  
11 McQueen changed?

12 A Yes.

13 Q And when was that, for the Judge?

14 A In the late '90's, it was probably '96 into '97, I went to  
15 work on the Six Flags account, still in the Washington area,  
16 and was deployed to the actual park. Six Flags America, I  
17 think, is what it was eventually called.

18 Q And did your role or clients change after that?

19 A Well, at that time, I was working on Six Flags  
20 exclusively.

21 Q And did you remain in Maryland the whole time you were  
22 working for Six Flags?

23 A No.

24 Q You moved about a bit?

25 A Yes.

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1 Q Okay. And did there come a time that you ceased working  
2 for Six Flags -- the Six Flags account?

3 A Yes, it was 1998, if I'm getting my timeline correct.

4 Q And what did you do then?

5 A I went from the Six Flags account to the William Energy  
6 account in Tulsa, Oklahoma.

7 Q And then after that?

8 A I went -- after ten months on that account, I went back to  
9 Six Flags for ten months in Oklahoma City.

10 Q And then after that?

11 A After that, my wife and I moved to New York City for two  
12 years.

13 Q And who asked you to move to New York City?

14 A Angus McQueen.

15 Q And why did Angus McQueen ask you to move to New York  
16 City?

17 A We were attempting to open an Ackerman McQueen office in  
18 the City.

19 Q And how long were you in New York City working on that  
20 project?

21 A Until early 2001.

22 Q So then what happened?

23 A At that point, Tony Makris -- while I was in New York, or  
24 around that time, the Tulsa, Oklahoma/City of New York time  
25 frame, Tony was no longer President of Mercury Group. So in

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1 2001, he was going back to be President of Mercury Group, and  
2 he asked me if I would move from New York back to Mercury Group  
3 to help him run the agency there.

4 Q Sir, you haven't -- you haven't testified for the Judge  
5 what Mercury Group is, I think you testified you worked for  
6 Ackerman McQueen.

7 A Correct.

8 Q Can you tell the Judge what Mercury Group is?

9 A Mercury Group is a wholly owned subsidiary of Ackerman  
10 McQueen that specializes in crisis PR.

11 Q And -- and that was a company that had historically been  
12 operated by Mr. Makris?

13 A Yes.

14 Q But you said that he was not operating it at the time of -  
15 - that you ended your tour in New York?

16 A I don't have the timing exact in my head, but when I --  
17 when my wife and I were living in Tulsa, Tony and his wife were  
18 also in Tulsa working on the Williams Energy account.

19 Q So in early 2001, when you left New York, what were the  
20 circumstances under which you left?

21 A Tony was taking the Mercury Group -- was going to be  
22 President again, and he asked me to move back to the Washington  
23 area to help him run the Mercury Group.

24 Q And did you accept that suggestion?

25 A Yes.

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1 Q And what was your position when you went back to -- or you  
2 went to work for the Mercury Group?

3 A I recall it being a Senior Vice President, still working  
4 in the account service area.

5 Q And who was your client or clients when you went to work  
6 for the Mercury Group?

7 A At that time, my client was the National Rifle  
8 Association.

9 Q That was the sole client?

10 A Yes.

11 Q And --

12 A As -- as I remember it.

13 Q And you had worked, as you testified a few minutes ago,  
14 for the National Rifle Association as a client with Mr.  
15 LaPierre as he traveled and to assist him. How -- was this  
16 role the same role when you went to work at the Mercury Group?

17 A It was generally the same role, although with my  
18 experiences through the other client interactions, my abilities  
19 in account service had grown. So I was able to take on more,  
20 and understanding more, and expand the -- what I could do with  
21 the client after gaining all those experiences.

22 Q Are you able to give us a few examples of -- so we  
23 understand what you mean by that?

24 A So I would have been given more responsibility in terms of  
25 going and presenting an ad that Mercury Group or Ackerman

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1 McQueen had created to another area of the association, another  
2 department, maybe membership, or some other area within the  
3 organization.

4 Q Were you primarily responsible for the NRA account on  
5 behalf of Mercury Group?

6 MR. KATHMAN: Objection, Your Honor; leading.

7 THE COURT: Overruled.

8 A No, that would have fallen to -- for Mercury Group, that  
9 would have fallen to Tony Makris as President of Mercury Group.

10 Q And what about for Ackerman McQueen?

11 A That was -- Melanie Montgomery, then -- at that point it  
12 was Melanie Hill and Angus McQueen.

13 Q And was there overlap in the creative decisions and  
14 account services decisions between the people that worked at  
15 Ackerman McQueen and the Mercury Group with respect to the  
16 provision of client services to the NRA?

17 A Yes.

18 Q So who were involved in the decisions?

19 A Tony Makris, Melanie Montgomery, Angus McQueen, and if it  
20 was a financial matter, Bill Winkler.

21 Q And so were there any fundraising campaigns that you  
22 worked on at this time for the National Rifle Association while  
23 you were working at Mercury Group after you went to work in  
24 2001 for that entity?

25 A For the National Rifle Association?

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1 Q Yes.

2 A No, other than attending Friends of NRA events with Wayne.

3 Q And could you tell us a little bit about what that  
4 involved, maybe the size and scope, just touch on that?

5 A So the Friends of NRA program was created in 1993, and  
6 they run -- a typical year now is around 11 hundred fundraising  
7 dinners that benefits the NRA foundation. And Wayne would  
8 frequently attend those -- because of his connection with the  
9 membership, he would attend those dinners quite often and  
10 either speak or simply just work the room and shake people's  
11 hands. And he would go to every table, most of the time  
12 wouldn't eat or sit down, he would go to every table and shake  
13 every person's hands.

14 Q And during this time, how did your relationship -- did  
15 your relationship with Mr. LaPierre change at all?

16 A Well, as much time -- as much time as we were spending  
17 together, it not only grew professionally because I had more  
18 experience and I had more I could -- I could lend to the  
19 effort, but also we spent a lot of time together, so we got to  
20 be friends, very good friends, excellent friends actually.

21 Q What percentage of your time during this period did you  
22 spend with Mr. LaPierre, approximately?

23 A Probably 60 to 70 percent, approximately.

24 Q Sixty to 70 percent of your working hours, you spent with  
25 Mr. LaPierre?

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1 A I would say so.

2 Q Thank you. During this time, did you have any involvement  
3 with an entity called Under Wild Skies?

4 A Yes.

5 Q Can you tell us about what Under Wild Skies is?

6 A Under Wild Skies is a hunting show that is hosted by --  
7 that was created and hosted by Tony Makris.

8 Q And did you have any connection with Under Wild Skies?

9 A I did.

10 Q And what was that connection?

11 A I believe it was in 2001, Tony asked me to be treasurer of  
12 Under Wild Skies.

13 Q And did you agree to be treasurer?

14 A Yes.

15 Q Do you remember if there were any other officers of Under  
16 Wild Skies besides yourself?

17 A I believe Donna -- well, I don't -- I don't know if Donna  
18 Makris was an officer, but Jaidey (phonetic) Williams, a friend  
19 of ours, was -- I believe he was President, but I can't  
20 remember exactly what his title was.

21 Q Did you receive an interest -- ownership interest in Under  
22 Wild Skies?

23 A Yes.

24 Q What -- was Under Wild Skies a corporation?

25 A Yes.

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1 Q And what interest did you get in Under Wild Skies?

2 A Point O two percent.

3 Q And did you pay for that interest?

4 A No.

5 Q Do you know why you received that interest?

6 A Because I was treasurer.

7 Q And -- and did you -- and did you ever receive any  
8 distribution or compensation from Under Wild Skies?

9 A No.

10 Q Not any?

11 A No.

12 Q Did you ever get a K-1?

13 A Yes.

14 Q Did that K-1 ever show that you received any distributions  
15 from Under Wild Skies?

16 A Yes.

17 Q And what were those distributions, if you recall?

18 A Depended on the year, but they ranged anywhere from a  
19 nickel to, I think, the maximum was \$83. There were -- the  
20 last two years were zero.

21 Q And do you recall how many years you owned an interest in  
22 Under Wild Skies?

23 A From 2001 to -- I believe it was 2018, I think was -- it  
24 could have been 2017.

25 Q Did -- did Under Wild Skies have any agreements with the

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1 National Rifle Association?

2 A Yes.

3 Q And can you tell the Court about those agreement -- that  
4 agreement or those agreements?

5 MR. KATHMAN: Objection, Your Honor; best evidence  
6 rule, and hearsay to the extent he's going to testify to the  
7 contents of the agreement.

8 MR. NOALL: I'll rephrase the question, Your Honor.

9 THE COURT: Okay.

10 BY MR. NOALL:

11 Q Mr. Schropp, were you aware of whether the National Rifle  
12 Association had any agreements with Under Wild Skies?

13 A Yes.

14 Q And are you aware of what the nature of those agreements  
15 were?

16 A Yes.

17 Q And what were they?

18 MR. KATHMAN: Your Honor, against, best evidence  
19 rule, the nature of the agreement, the best evidence of the  
20 agreement is the actual agreement itself; best evidence rule.

21 THE COURT: Overruled.

22 You may answer the question, sir.

23 A Yes, separate agreements: one for advertising and one for  
24 sponsorship.

25 Q Okay. And what -- you mentioned a moment ago about what

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1 Under Wild Skies did, but what did -- what did Under Wild Skies  
2 do with respect to the National Rifle Association?

3 A It established a profile or an identity of sorts with --  
4 within the hunting community.

5 Q And so moving forward to approximately 2005, was there a  
6 change in the landscape with respect to fundraising concerning  
7 the Second Amendment?

8 A Yes, at that time -- at that time -- I'm point to a  
9 specific example. Wayne and I were traveling, and he handed me  
10 a news article that showed that George Soros and others were  
11 going to invest somewhere between 80 and \$100 million against  
12 us in an anti Second Amendment stance.

13 Q And did the NRA react in response to this event?

14 A Yes, Wayne had a vision to create a new division within  
15 the NRA in order to be able to counterbalance these large sums  
16 of money that were coming in on the other side.

17 Q And generally, what was the plan?

18 A The plan was to create a major donor division similar to a  
19 development office that a university would have.

20 Q And did the National Rifle Association take steps to open  
21 that office?

22 A Yes.

23 Q And what did it do?

24 A It created the NRA Office of Advancement.

25 Q And who -- or how was that office staffed, if you will?

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1 A A gentleman by the name of Ben Case who is a -- had been a  
2 fundraiser in the university system, was hired to develop and  
3 build the structure for that office.

4 Q And so did Mr. Case do that?

5 A Yes.

6 Q And he hired people to work in the office?

7 A Yes.

8 Q Now during the time that you were working for the Mercury  
9 Group, did you travel at all with respect to the production of  
10 Under Wild Skies?

11 A Yes.

12 Q Okay. And do you recall how many times you traveled?

13 A This -- this was just in the time frame of when I was at  
14 Mercury Group?

15 Q Yes.

16 A I'm -- yes, 2007, I traveled to Africa.

17 Q Okay. And why did you travel to Africa?

18 A To open up my experience to African hunting.

19 Q And then after 2007, did there come a time when -- when  
20 you left the Mercury Group?

21 A Yes.

22 Q And what was your -- did your title change when you left  
23 the Mercury Group?

24 A When I left Mercury Group, I was a Executive Vice  
25 President.

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1 Q So had you -- had you advanced? Had you been promoted, so  
2 to speak, while you were at the Mercury Group?

3 A Yes.

4 Q Okay. And so when you left the Mercury Group, what were  
5 the circumstances under which you left?

6 A Ben Case had been running the office of advancement, and  
7 that -- I wasn't involved in this part of it, but it just  
8 wasn't working out. So Wayne asked me to come and run the  
9 Office of Advancement.

10 Q So Mr. LaPierre asked you to go to work for the National  
11 Rifle Association?

12 A Yes.

13 Q And when he asked you, what did you do?

14 A I said, yes.

15 Q Why?

16 A Because this was Wayne LaPierre and I knew his vision, I  
17 knew his passion, I knew his connection with the members. I  
18 had seen him interacting for years with members, and the time  
19 that he spent with members, and the dedication he had to the  
20 membership, and to the organization, and how much they loved  
21 him. So for me, it was a no-brainer because I knew if this was  
22 his vision, and what an instrumental part he was as a  
23 fundraiser, that we would make this a success together.

24 Q And how would you characterize your relationship with  
25 Wayne LaPierre in 2009 when he extended this offer?

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1 A We were great, great friends, and spent a lot of time  
2 together, and I think we had a mutual respect for each other.

3 Q And what did you feel that you could bring to the NRA?

4 A I thought I could bring energy, and maybe a new  
5 perspective, and maybe some new ways of doing things. But I  
6 also had great experience within the organization, and had  
7 great experience having been with Wayne in so many areas with  
8 the membership. So --

9 Q So when you went to work for the NRA, in what capacity  
10 were you hired?

11 A I was the Executive Director of the Office of Advancement.

12 Q And what happened to Mr. Case?

13 A He -- he signed a contract to help in the transition with  
14 the Office of Advancement, and was very helpful to me during  
15 that time period because everybody on the staff were people  
16 that he had hired. So it was extremely valuable for me to be  
17 able to have him around, and to help me transition in that  
18 office.

19 Q So now that you are working in the Office of Advancement,  
20 you just got hired, what do you do?

21 A Along with Ben's help, I mean we went into kind of a full  
22 evaluation mode. I obviously got to know all of the staff, and  
23 was able to kind of dig into how we did business, and the way  
24 we did business, and the way we did our research, and all the  
25 different elements that go into a development office like that.

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1 Q Did you make changes?

2 A I did make staff changes, quite a few.

3 Q Did you make any operational changes?

4 A Some, but some of those came later.

5 Q So in 2009, when you went to work in the Office of  
6 Advancement, did you take another trip with Under Wild Skies?

7 A I did, yes.

8 Q And can you tell us about that?

9 A It was, again, a trip to Africa, but there were donors or  
10 potential donors on that trip.

11 Q And why did you go?

12 A One, to spend time with those potential donors. But also,  
13 again, to build on my experience -- my experiences in hunting -  
14 - in African hunting.

15 Q Why is that important as a fundraiser for the NRA?

16 A Well, because many of our donors are hunters, and many of  
17 them -- certainly not all, but there are quite a few African  
18 hunters that are in our universe, so building that experience,  
19 and being able to talk about it, and understand it, and hold  
20 conversations with them as you're building relationships is  
21 very important.

22 Q Are these donors different than the types of donors that  
23 would come to your dinners, your fundraising dinners?

24 A The Friends of NRA dinners?

25 Q Yes.

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1 A The Friends of NRA Dinners?

2 Q Yes.

3 A Mostly, yes, although there is crossover.

4 Q Okay. Did you take any other trips with Under Wild Skies?

5 A One other in 2011 to Argentina.

6 Q And why did you go on that trip?

7 A Again, we had some very prominent high donors on that  
8 trip, as well.

9 Q And so what was your business objective in going on that  
10 trip?

11 A Continuing to build the relationship. It's an ongoing  
12 process in terms of how you build the relationships and trust,  
13 and there's really, I believe, no better way than around the  
14 campfire or a dinner table after or during a hunt.

15 Q To do that?

16 A To interact and build those relationships, and tell  
17 stories.

18 Q So was the program, Under Wild Skies, the production being  
19 filed while you were on these trips that you've discussed?

20 A Yes.

21 Q And were you involved in the filming process at all?

22 A No, the first -- I believe it was the first trip to  
23 Africa, I did a very brief interview but I don't recall whether  
24 that made the air or not. But I was -- on the Africa trips, I  
25 was never an official hunter, so I never had a camera crew that

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1 was with me or following me around.

2 Q So moving forward to today, since you were hired in 2009,  
3 what are you doing for the NRA?

4 A I am the Executive Director of the Office of Advancement.

5 Q And would you please tell the Judge about the structure of  
6 that organization -- or that -- that part of the National Rifle  
7 Association?

8 A So the Office of Advancement is a division within the NRA,  
9 and it's separated into departments. You've heard us talking  
10 about the Friends of NRA dinners, one of those departments that  
11 we merged with the Office of Advancement in 2018 is our Field  
12 Operations Department. And they are responsible for running  
13 those 11 hundred dinners across the country that appear in  
14 virtually every state. And we have field reps in just about  
15 every state. Some states, there are multiple field reps in  
16 order to put on those dinners. And they work with probably  
17 thousands -- probably 13 or 15,000 volunteers to put on those  
18 dinners. Each dinner has a volunteer committee that acts as  
19 kind of the lead in putting on that dinner, and our field rep  
20 works with that committee in order to help them put on that  
21 dinner.

22 Also we have a Gift Planning Department, that is  
23 where our fundraisers, both our major gift cash fundraisers and  
24 our plan giving fundraisers are located.

25 We have a Corporate Partners Department that handles

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1 all of our philanthropic relations with industry and other  
2 corporations that are interested in supporting the  
3 organization.

4 We have a communications -- small communications  
5 department that handles maybe news letters, blast emails,  
6 creative work.

7 We have a Political Affairs Department that helps if  
8 there's any liaison we need with the NRA's Institute for  
9 Legislative Action, or any type of communication we have in the  
10 political area.

11 We have an Events Department that right now the three  
12 members of the Events Department are still on furlough, but  
13 hopefully as we bring back more events, we can have them back  
14 on staff.

15 And we have what is generally our support system,  
16 which is Advancement Services. Advancement Services records  
17 all the data for the gifts, they keep updated records and  
18 databases of our donors, and the interactions with our donors.  
19 They also are in charge of making sure thank you letters and  
20 notices of gifts, and also our accounting department is within  
21 the administrative services.

22 And the last department is my department -- or my  
23 office of the Executive Director, and in that -- in my  
24 department is housed the Women's Leadership Forum group, and  
25 the Hunters' Leadership Forum group.

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1 (Pause)

2 A I'm sorry, I can't hear you. Sorry.

3 Q I put my hand on the wrong place on the podium, I hit the  
4 mute button.

5 Can you tell us a little bit about those last two  
6 groups, Women's Leadership and the Hunters' Forum?

7 A Yes. The Women's Leadership Forum is probably our fastest  
8 growing and most influential philanthropic group within the  
9 NRA. And that is primarily we started the Women's Leadership  
10 Forum to have women be more philanthropically involved with the  
11 organization, and supporting the organization's programs. It's  
12 been tremendously successful, and like I said, it's probably  
13 the driving, if not the number one driving force, one of the  
14 most influential driving forces within our philanthropic  
15 efforts right now.

16 The Hunters' Leadership Forum is comprised of hunters  
17 that are interested in supporting the NRA's efforts in the  
18 hunting area. And essentially what we did was create the  
19 Hunter's Leadership Forum as a way for hunters who wanted to  
20 give major philanthropic gifts to get involved with the  
21 organization through this group, and to be with like-minded  
22 hunters and like-minded people. So we created the Hunters'  
23 Leadership Forum to do that.

24 Q So under the umbrella of the Office of Management for  
25 which you're responsible, approximately how much money do you

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1 raise a year in your office?

2 A So a typical year with all of those field ops and all of  
3 those departments, we'll raise right around \$100 million in  
4 cash and commitments.

5 Q And that's annually.

6 A A hundred million dollars annually, that's annually.

7 Q And how are these funds used by your office or the  
8 National Rifle Association?

9 A Well, each of the -- each of the gifts are given to a  
10 certain area of the organization. So for instance, the Friends  
11 of NRA dinners, those proceeds go to the foundation. So those  
12 are used for educational purposes.

13 And interestingly, part of the reason it's so  
14 successful is half of the net dollars from those dinners  
15 actually goes back into the states to support local qualified  
16 groups that apply for grants to support their activities. And  
17 then also some of those gifts go to the NRA, some go to the  
18 Institute for Legislative Action, some go to Freedom Action  
19 Foundation, the Civil Rights Defense Fund, or the Special  
20 Contributions Fund, which is the Whittington Center.

21 Q In your view, who's the single most important person to  
22 the Office of Advancement efforts at fundraising for the  
23 National Rifle Association?

24 A Without question, it's Wayne LaPierre. He is completely  
25 engaged in our effort.

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1 Q In what regard?

2 A We call on him frequently for donor meetings. He still  
3 makes frequent trips to Friends of NRA events. He'll write  
4 handwritten thank you notes. He'll make phone calls. He's  
5 involved -- I talk to him frequently about strategy. He's --  
6 he is completely engaged in what we're doing and how we're  
7 doing it.

8 Q And -- and he is -- is it true that he is somebody that  
9 you know very, very well because of how long you've known him?

10 A Yes, it's been nearly 30 years.

11 Q Okay.

12 A I know him extremely well.

13 Q I would like to turn your attention to these large gifts.  
14 I want to make sure that the Judge knows, and the record's  
15 clear on what it takes for an organization, or somebody like  
16 you, to go and raise large donor gifts as opposed to having to  
17 rely upon membership and other sources of revenue to operate  
18 the National Rifle Association and carry out its mission.

19 A So it's a -- it's a --

20 MR. KATHMAN: Your Honor, I'm going to object to  
21 that. I'm not sure there was a question there, it seemed more  
22 like a statement. So maybe counsel could refresh his question.

23 THE COURT: Do you want to just restate your  
24 question, Mr. Noall?

25 MR. NOALL: I'd be happy to, Your Honor.

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1 BY MR. NOALL:

2 Q If you would, Mr. Schropp, would you explain the process  
3 of raising and closing large donor gifts?

4 MR. KATHMAN: Your Honor, I'm going to object to  
5 narrative, and also, maybe he can be more specific. I mean,  
6 asking what's generally required, I think every donor is  
7 probably different. So object on narrative.

8 THE COURT: Overruled.

9 You may answer the question, sir.

10 A Thank you. So the process is often a long one and  
11 complicated one. But each donor or prospect requires different  
12 approaches.

13 So there is an entire time before you've actually  
14 engaged that person in terms of learning, research about them,  
15 their capacity, their propensity, who maybe their friends are,  
16 how it would be best to approach them. And that's before  
17 you've made any contact at all.

18 And once you -- once you've done that, then you  
19 proceed with making contact. And once you've made contact,  
20 hopefully you can get a meeting, and then when -- that's when  
21 the real relationship-building begins. And it's -- to -- our  
22 donors are like family. This is long-last -- we want these to  
23 be long-lasting like family relationships. So we invest -- we  
24 invest ourselves in each one of these relationships. Our  
25 donors are like family. We know their family. They know our

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1 family. We spend countless amounts of time getting to know  
2 them, sitting with them, going to see them. And it's -- it's a  
3 -- sometimes a long process, and it's a great fulfilling  
4 process because they're passionate about the National Rifle  
5 Association, and we're passionate about the National Rifle  
6 Association. So we come together, and in that relationship-  
7 building, we're able to -- we're able to help them find where  
8 their specific passion or interest is in the organization. And  
9 that is one of the most beautiful things about it is when we're  
10 able to make that connection with them.

11 And once they give or they support their interest  
12 within the organization, that relationship is not over. This  
13 is not a transactional sequence. This -- at that point, that  
14 relationship becomes even stronger, and you continue to grow  
15 that relationship for years and years. There's some donors  
16 that I've known that I met in 2009 that I talk to frequently,  
17 and that's incredibly fulfilling as a fundraising.

18 So that is the -- kind of the basics of how we go  
19 about it.

20 Q So with respect to like the life cycle, if you will, of  
21 trying to get a major gift, how much time might that take?

22 A It could take --

23 Q You're trying to get a million dollar gift or a  
24 multimillion dollar gift, what's -- how long will that take?

25 A That -- it really depends on the individual donor, but

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1 it's not unusual for that to take two years, three years, four  
2 years, five years. And some gifts could taken even longer,  
3 depending upon the size.

4 Q Do you ever have to compete with other charities or  
5 philanthropic opportunities during this cycle.

6 A Absolutely.

7 Q Can you explain that a little bit?

8 A So there are a number of organizations out there who are  
9 basically operating in the same universe. So it's incredibly  
10 important for us to build those relationships in an honest and  
11 sincere way so that a prospect or a potential donor feels that  
12 connection. But there are -- especially with sophisticated  
13 donors, there are constantly other organizations, including  
14 universities, hospitals, other charitable organizations that  
15 are seeking their contributions.

16 Q Does Mr. LaPierre help you make this process work?

17 MR. KATHMAN: Objection; leading.

18 THE COURT: Sustained.

19 Q Is there any significant people at the NRA that help you  
20 carry out this mission, this cycle of getting large gifts?

21 A Wayne is the most critical fundraiser that we have, and  
22 we're successful because of Wayne's investment of his time, and  
23 his energy, and his vision, frankly. Advancement wouldn't  
24 exist if it wasn't for Wayne's vision to build advancement.

25 MR. GRUBER: Objection.

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1 A Or --

2 MR. GRUBER: I'm sorry, I'm going to object to non-  
3 responsive, Your Honor. I thought he was done, but that was  
4 not the answer to the question that was asked, I believe.

5 THE COURT: Just stick with the question and answer,  
6 Mr. Schropp. Sustained.

7 A I'm sorry. Yes, Wayne is the key person in our  
8 fundraising operation.

9 Q Thank you. I want to move forward to the fall of 2018.  
10 And what was the environment from -- in your view at the NRA in  
11 the fall of 2018?

12 A Well, definitely the environment was one of impending  
13 attack or investigation. We had heard that the New York AG was  
14 planning to investigate the organization, so it was -- it was  
15 one of we needed to be ready. And at the same time, there were  
16 also tremendous stresses on us financially, so we were really  
17 performing well, or performing hard to make sure we were  
18 raising money. So it was a -- it was a stressful time.

19 Q What did you do as the head of the Office of Advancement  
20 to deal with the threat that you perceived from the State of  
21 New York?

22 A Well, we were -- we were all asked to begin to get in  
23 compliance, and -- so we were all, you know, invested in that.  
24 And I think from my observation, the entire organization was  
25 invested and ready so that we could fight that oncoming

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1 investigation.

2 Q And so maybe you could be more specific. What  
3 specifically did you partake in, or were you aware of or  
4 perceived with respect to how you reacted --

5 A So --

6 Q -- or the National Rifle Association reacted?

7 A So I was aware that letters were being sent out to vendors  
8 regarding compliance. We were looking at our own contracts,  
9 and how we did things in regard to compliance. So it was a --  
10 it was a great exercise for us. We thought it was very helpful  
11 and productive.

12 Q What was your perception of Wayne LaPierre's involvement  
13 in this process?

14 A I thought the leadership that he showed in terms of taking  
15 the right path and essentially saying that no one's immune to  
16 the scrutiny or having to comply, or go through the process, no  
17 matter what vendor or individual, that everybody would have to  
18 -- would have to be a part of this effort.

19 Q Did you attend any compliance seminars that were put on by  
20 the National Rifle Association?

21 A Yes.

22 Q And did you take any personal action with respect to  
23 compliance that affected you personally?

24 A Yes, I -- I changed how I was paying for my travel  
25 expenses, and how I was processing expenses.

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1 Q And was there -- did a time come when you no longer held  
2 an interest in Under Wild Skies?

3 A Yes, I was asked --

4 Q Was that at about this time?

5 A It was at about this time. I was asked to resign the  
6 treasurer's position, and I did.

7 Q And what did you do with your ownership position in Under  
8 Wild Skies? Your point O two percent ownership position in  
9 that entity?

10 A I resigned that.

11 Q And so you no longer hold that --

12 A Correct.

13 Q -- is that correct? Okay.

14 A Yes.

15 Q Did you ever perceive Wayne LaPierre in trying to  
16 undermine the National Rifle Association's efforts to come into  
17 full compliance?

18 MR. KATHMAN: Objection; leading.

19 THE COURT: Overruled.

20 You may answer the question, sir.

21 A No.

22 Q And during this time, I'm talking back in 2018, how often  
23 were you working with Mr. LaPierre or engaging with him at the  
24 National Rifle Association?

25 A Frequently. It depended on the week. I mean sometimes we

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1 would talk every day, several times a day, sometimes it would  
2 be once a week, but it was frequently.

3 Q I want to change subjects for a minute, and talk about  
4 your travel. You traveled on behalf of the NRA since you took  
5 charge of the Office of Advancement, correct?

6 A Yes.

7 Q Okay. And did you ever travel by private chartered  
8 aircraft?

9 A Yes.

10 Q And when would that occur?

11 A If I was traveling with Wayne LaPierre, and he was  
12 traveling by that mode.

13 Q Did you travel on private chartered aircraft other than at  
14 the express direction of Wayne LaPierre on a trip that he was  
15 engaged in?

16 A No.

17 Q Did you ever fly first class while you were working at the  
18 National Rifle Association?

19 A Yes.

20 Q And do you recall when that occurred?

21 A My recollection is mainly on longer flights, and it  
22 enabled me -- well, to answer the question directly, mainly on  
23 longer flights. Over two and a half three hours.

24 Q And did you fly coach during the period?

25 A Yes.

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1 Q Okay. And who decided whether you would fly first class  
2 or coach?

3 A I would make that decision.

4 Q And how did you make that decision?

5 A Based on the distance or hours that I was flying, work I  
6 needed -- I anticipated I needed to get done, what I was doing,  
7 when I was landing. There were several factors that played  
8 into that.

9 Q And did there come a time when your first class air travel  
10 ceased?

11 A Yes.

12 Q And when was that?

13 A After the compliance transition.

14 Q And did you learn that your traveling by first class prior  
15 to that time was not in compliance with NRA policy?

16 A Yes.

17 Q Now when you traveled, you stayed in a number of hotels,  
18 is that true?

19 A Yes.

20 Q Okay. And how -- who selected the hotels where you  
21 stayed?

22 A It depended on the trip or the circumstance. Many times I  
23 was traveling with Wayne, and he would choose the location. If  
24 I was traveling just myself, I would choose the location. If I  
25 was potentially meeting a donor somewhere, the donor would

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1 choose the location. Or if there was an event I was attending  
2 where the event was taking place at the hotel, then that was --  
3 that was where I would stay. Every location had a purpose.

4 Q Had a what?

5 A Had a purpose.

6 Q Okay. And how did you pay for your air travel and your  
7 hotels and your travel expenses?

8 A I had a American Express issued to me by Ackerman McQueen.

9 Q And when was that issued?

10 A 2009.

11 Q And why did you have a American Express from Ackerman  
12 McQueen when you were working for the National Rifle  
13 Association as the Director of the Office of Advancement?

14 A For donor privacy reasons, and Wayne LaPierre privacy and  
15 security reasons.

16 Q Now when you traveled, and I'm talking up until 2018, so  
17 from 2009 to 2018, in your capacity as an employee of the  
18 National Rifle Association, did you hand out tips when you were  
19 traveling?

20 A Yes.

21 Q And who paid for those tips?

22 A I did.

23 Q And -- and then how did you get reimbursed for those tips  
24 that you laid out?

25 A I did not get reimbursed.

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1 Q So you never sought reimbursement for any tips that you  
2 put out while being employed by the National Rifle Association  
3 when you were traveling prior to 2018?

4 A No.

5 Q Okay. And there's been some testimony from Mr. Makris in  
6 this proceeding that he would sometimes pay for -- for a given  
7 travel exertion thousands of dollars in tips. Did you ever do  
8 that when you were traveling?

9 A Not that I recall, no.

10 Q Did you ever do that when you were doing with Mr.  
11 LaPierre?

12 A Not that I recall, no.

13 Q Did Mr. LaPierre ever hand out tips while you were  
14 traveling with him?

15 A Frequently, and most of the time.

16 Q There's been some testimony about an establishment in the  
17 District called Landini's, do you know about Landini's?

18 A Yes.

19 Q Okay. What is Landini's?

20 A Landini Brothers is an Italian restaurant actually located  
21 in Alexandria, Virginia.

22 Q Okay. And with regard to Landini's Restaurant, is that a  
23 place that you have frequented?

24 A Yes.

25 Q And did you frequent that establishment prior to 2018?

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1 A Yes.

2 Q And have you frequented that establishment since 2018?

3 A Yes.

4 Q Okay. And why do you frequent Landini's?

5 A It's a very friendly environment, there is a cigar club  
6 attached to that, and it's a very private environment. The  
7 people that work there are very discreet. And, frankly, the  
8 food is great, and the people -- when you take people there,  
9 they have an excellent time. So it's a wonderful place to  
10 entertain.

11 Q Did you entertain donors at Landini's?

12 A Yes, Landini's and CXIII REX, the cigar club.

13 Q And with regard to the cigar club, the -- are you familiar  
14 with the NYAG complaint?

15 A Generally.

16 Q Okay. There -- it suggests that maybe the NRA paid for  
17 membership to the cigar club REX. Do you have a membership at  
18 the cigar club?

19 A Yes.

20 Q Okay. And how long have you had that?

21 A Since it opened, I believe it was 2010 when it opened.

22 Q So you were one of the very first members of that club?

23 A Yes.

24 Q Okay. And Mr. Makris a member of that club?

25 A Yes.

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1 Q Okay. And -- and who paid for your membership to that  
2 club?

3 A I paid for my membership.

4 Q Was that expense reimbursed to you by Ackerman McQueen or  
5 the National Rifle Association?

6 A No.

7 Q Okay.

8 MR. NOALL: One moment, please.

9 Q I would like you to open up NRA Exhibit 224.

10 A 224. Let's see if I can do this right.

11 Q And then once you get it opened, I'll direct you to where  
12 we're looking at.

13 A Okay. I'm sorry I'm taking so long.

14 Q It's okay, it takes a few exhibits to get used to the  
15 system.

16 A Okay, I am there.

17 Q Can you -- in that PDF, can you go to Page 158 of 468?

18 A I'm sorry, you said 158?

19 Q Correct, sir. So 158 of 468.

20 MR. KATHMAN: Your Honor, I just note for the record  
21 this hasn't been admitted yet. So, you know, if he wants to  
22 try to lay a foundation with it, I just want to make sure that  
23 before he starts testifying about the contents of the document,  
24 I'm going to object, at least at this point, because it hasn't  
25 been introduced into evidence.

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1 THE COURT: Okay. Mr. Noall?

2 MR. NOALL: I'll attempt to lay a bit of foundation  
3 in a moment, Your Honor, once the witness is able to pull up  
4 the page.

5 THE COURT: Okay.

6 THE WITNESS: I'm almost there.

7 (Pause)

8 A Okay, I'm there. 158, correct?

9 Q Okay. And have you ever seen this page before?

10 A I'm sorry, I went past it.

11 MR. KATHMAN: And, Your Honor, just so that we're  
12 looking at the same page, is this Bates label on it AMC003031  
13 at the bottom, Mr. Noall?

14 MR. NOALL: AMC0030731.

15 MR. KATHMAN: Thank you.

16 MR. GRUBER: Your Honor, we'll object to him looking  
17 or talking about an Ackerman McQueen document. I don't think  
18 there's any foundation that they have that he would be able to  
19 do that.

20 THE COURT: Well, he's just been --

21 MR. NOALL: If you'll give me a moment, Your Honor,  
22 I'll --

23 THE COURT: He's just been asked to look at the  
24 exhibit right now, so --

25 MR. NOALL: Your Honor, I'll attempt to tie this up

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1 with a different page.

2 THE COURT: Okay.

3 BY MR. NOALL:

4 Q So have you seen this page? Just physically seen this  
5 page before, Mr. Schropp?

6 A Yes.

7 Q Okay. And I draw your attention to the last entry on that  
8 page, do you see that?

9 A Yes.

10 Q Okay. And what is the date on this entry?

11 MR. KATHMAN: Objection, Your Honor; now he's asking  
12 for the witness to testify as to what's in the actual document.

13 THE COURT: Sustained. You're going to have to offer  
14 it into evidence if you're going to ask him questions about it.

15 MR. NOALL: Your Honor, I would then ask that this  
16 page of the exhibit be admitted into evidence.

17 MR. KATHMAN: Objection, Your Honor; hearsay. And I  
18 don't think he's laid a foundation for this document. As Mr.  
19 Gruber mentioned, it's an Ackerman McQueen document. I don't  
20 see Mr. Schropp's name anywhere on this document, so we'd  
21 object; hearsay and foundation.

22 MR. GRUBER: Your Honor, we join.

23 THE COURT: Mr. Noall, I think you're going to have  
24 to do more if you want this document to come into evidence.

25 BY MR. NOALL:

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1 Q Mr. Schropp, I'd like you to turn now to Page 73 of 468.

2 A 73.

3 Q Um-hum.

4 (Pause)

5 A I'm sorry, I'm getting the hang of it. Okay. All right,  
6 I'm there.

7 Q Do you recognize this document? This page?

8 A That is an -- a credit card statement from my -- the AmEx  
9 issued to me by Ackerman McQueen.

10 MR. KATHMAN: Objection, Your Honor; move to strike  
11 as non-responsive. The question was are you familiar with it,  
12 that's a yes or no. His then testimony is talking about what  
13 the document actually is. So I'd move to strike; non-  
14 responsive.

15 THE COURT: Sustained. The question is do you  
16 recognize it, Mr. Schropp.

17 A Yes.

18 Q Thank you, Mr. Schropp. What is this page?

19 A This is a page from an American Express statement for my  
20 American Express issued by Ackerman McQueen.

21 MR. GRUBER: Your Honor, I'm going to object. The  
22 way it was handled, he never got the statements himself. He  
23 would not have seen this, other than potentially preparing for  
24 the trial. It's not a document that he actually, you know,  
25 would have any knowledge of.

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1 THE COURT: Mr. Noall?

2 BY MR. NOALL:

3 Q Have you seen this document prior to the filing of this  
4 bankruptcy case, Mr. Schropp?

5 A I'm sure I have.

6 Q And where -- and where would you have seen this document?

7 A Jeff Minson would send these receipts to me on a monthly  
8 basis in order for me to look at them to make sure there were  
9 no incorrect charges, or for me to be able to compare my  
10 receipts to these.

11 MR. KATHMAN: Your Honor --

12 MULTIPLE SPEAKERS: (Indiscernible).

13 MR. KATHMAN: Your Honor, I'd object on hearsay. I  
14 don't think they've laid a foundation for the business records  
15 and custodian. And so even if he can lay a foundation, which I  
16 don't think he has at this point, he just said that he got it  
17 from Mr. Minson, which I think is going to be a bar to him  
18 laying a foundation for the hearsay objection.

19 MR. NOALL: So, Your Honor, I would like to try and  
20 lay some foundation. I may be unsuccessful, but I'd like to  
21 try.

22 THE COURT: Okay.

23 BY MR. NOALL:

24 Q So, Mr. Schropp, who's Mr. Minson?

25 A Jeff works in the Ackerman McQueen -- he works for Bill

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1 Winkler in the Ackerman McQueen accounting department.

2 Q And how long have you known him?

3 A I don't know exactly, but for -- for sometime -- I don't  
4 know the exact number of years, but for quite a while.

5 Q To your knowledge, was Mr. Minson working for Ackerman  
6 McQueen during 2016?

7 A Yes.

8 Q Okay. And to your knowledge, was it within Mr. Minson  
9 authority to transmit these expense reports to you?

10 MR. KATHMAN: Objection, Your Honor.

11 MR. GRUBER: Your Honor, I'll object. I don't think  
12 there's any foundation for that.

13 MR. KATHMAN: And leading.

14 THE COURT: Overruled.

15 You may answer the question, sir, to your knowledge.

16 A Yes, to my knowledge.

17 Q Okay. And -- and, in fact, did you routinely receive  
18 these American Express statements for your AmEx credit card  
19 from Mr. Minson on a monthly basis?

20 A Yes.

21 Q And do you know why Mr. Minson of Ackerman McQueen sent  
22 you these statements on a monthly basis?

23 MR. KATHMAN: Objection, Your Honor; calls for  
24 speculation. And to the extent that he does know, then it's  
25 going to be based on hearsay.

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1 THE COURT: Overruled.

2 You may answer.

3 MR. NOALL: Your Honor, it's a statement --

4 THE COURT: I overruled the objection.

5 A Yes.

6 Q Okay. And why was it sent to you?

7 A In order for me to look at the statements and make sure  
8 there were no inaccurate charges, and for me to make sure  
9 everything on there was accurate.

10 Q And then how was that communicated back to Ackerman  
11 McQueen?

12 A It wasn't.

13 Q So -- so if there was no mistake, you'd make no  
14 communication to Ackerman McQueen?

15 A Correct.

16 MR. KATHMAN: Objection; leading.

17 MR. GRUBER: Objection; leading.

18 THE COURT: Overruled.

19 A Correct.

20 Q And if you saw that there was an error in the billing,  
21 what would you do?

22 A I would make contact with Jeff Minson.

23 Q And so what was the purpose of wanting to make sure that  
24 these entries were correct, to the best of your knowledge?

25 A So that we weren't being charged for something that I

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1 wasn't doing.

2 Q And when you say "we," you're speaking about the National  
3 Rifle Association.

4 A Correct.

5 Q And with respect to the credit card which Ackerman McQueen  
6 gave you to put your charges on while working at the National  
7 Rifle Association, these statements, to your knowledge, went to  
8 Ackerman McQueen, correct?

9 MR. KATHMAN: Objection; leading.

10 THE COURT: Overruled.

11 MR. NOALL: Your Honor, I'm laying foundation.

12 THE COURT: Overruled.

13 A Yes.

14 Q Okay. And the purpose of the -- this relationship where  
15 you are receiving these statements on a regular basis -- did  
16 you receive them on a regular basis?

17 A Yes.

18 Q Okay. And the purpose -- and you understood the purpose  
19 of this process was to make sure that the bills to the National  
20 Rifle Association for your credit card charges were accurate,  
21 is that correct?

22 MR. KATHMAN: Objection, Your Honor; leading.

23 THE COURT: Overruled.

24 A Yes, to make sure the credit card charges were accurate.

25 MR. NOALL: So, Your Honor, I think that I've laid

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1 sufficient foundation under either 803-24 the business records  
2 exception, for the admission of the AmEx credit card statement.  
3 I've demonstrated that it was a regular activity of Ackerman  
4 McQueen to send this out.

5           Mr. Schropp recognizes what it is because he was the  
6 actual card carrier who was making the charges. It was sent to  
7 him on a regular and routine basis by Ackerman McQueen for his  
8 review for the purpose of making sure that their billing and  
9 records were accurate that were being sent to the National  
10 Rifle Association.

11           I would move this for you to allow me to admit this  
12 page into evidence.

13           MR. KATHMAN: Your Honor, just one minute -- or just  
14 30 seconds actually. Mr. Garman was pretty sharp earlier this  
15 week or last week when we were talking about Ms. Stanford and  
16 her getting documents from other people. And Mr. Garman was  
17 pretty sharp on custodian of record, and making us make sure we  
18 laid a foundation, and Your Honor actually sustained that  
19 objection on custodian of record.

20           I don't see how this is any different here. We have  
21 one person sending it to Mr. Schropp, and so I don't think  
22 they've laid the foundation for showing that Mr. Schropp is the  
23 custodian of record with the ability to introduce this into  
24 evidence under the hearsay objection.

25           THE COURT: I agree with you. I don't think the

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1 predicate was laid for a business record.

2 So I sustain the objection.

3 MR. NOALL: Okay.

4 BY MR. NOALL:

5 Q Mr. Schropp, do you recall if you were in Washington, DC  
6 on February 20th of 2018?

7 A I was not.

8 Q Thank you; I'll move on.

9 THE COURT: Let me ask you, Mr. Noall, you have a few  
10 more minutes, but do find a logical stopping point, okay? And  
11 I'm not rushing you at all, but just take -- take a few more  
12 questions if you need to.

13 MR. NOALL: I will, sir. I'll get to a stop, and  
14 then I'll check my questions over the break, and then I'll wrap  
15 it up right away when I get back.

16 THE COURT: Okay.

17 MR. GRUBER: Your Honor, I'm going to ask that the  
18 last question and answer be stricken. It was a question using  
19 a document that you refused to allow to be entered, you know,  
20 as its predicate.

21 THE COURT: The question itself was not predicated on  
22 that document; I'm not going to strike it.

23 BY MR. NOALL:

24 Q So did there come a time in -- well, let me ask you a  
25 question. Can you take a look at -- I think it's NYAG

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1 Exhibit 5 --

2 MR. NOALL: Strike that.

3 Q It's NRA Exhibit 587.

4 A Yes, I'll try to get back there.

5 Q It's NRA 587.

6 A Got it. Hold on, I'm opening the file; thank you. 587.

7 Q Yes, sir, I think that's the correct number.

8 (Pause)

9 A Excuse me. I'm there.

10 Q And I ask you to take a look at this document, please.

11 A Yes.

12 Q Do you recognize this document?

13 A Yes.

14 MR. NOALL: Your Honor, I ask that NRA 587 be  
15 admitted into evidence.

16 MR. KATHMAN: Your Honor, I'm going to object on  
17 hearsay, one.

18 And, two, I think this is incomplete, there are  
19 attachments. If you see there in the middle of the middle of  
20 the page, it says, "We request that you furnish," da, da, da,  
21 da, "all the listed charges included as Attachment Number 1,"  
22 and there is no attachment here to NRA 587. So we would object  
23 on completeness grounds, as well as hearsay.

24 THE COURT: Mr. Noall?

25 MR. NOALL: Your Honor, let's do this, this would be

1 a good time to take our break, and I'll -- I believe this  
2 exhibit may have already been introduced through another  
3 exhibit. So during the lunch hour, I will try and locate that  
4 other document, or otherwise I'll respond to the objection.

5 THE COURT: I think it might be in, but I'm not 100  
6 percent sure myself, I keep my notes differently.

7 We'll take a recess.

8 And, Mr. Schropp, during the break, don't speak with  
9 anyone, including attorneys, about your testimony, do you  
10 understand?

11 THE WITNESS: Yes, Your Honor.

12 THE COURT: All right. If you all would be ready to  
13 go slightly past 1:30, there's going to be a matter you're  
14 going to hear me do, it's going to go very quickly, and then  
15 we'll just move into the NRA case, all right?

16 MR. KATHMAN: Thank you, Your Honor.

17 THE COURT: We'll be in recess until --

18 MR. NOALL: Thank you, Your Honor.

19 THE COURT: -- until 1:30.

20 (Whereupon, the morning session was recessed at 12:08 p.m.)  
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CERTIFICATE OF TRANSCRIBER

I, KAREN HARTMANN, a certified Electronic Court Transcriber, certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

A rectangular box containing a handwritten signature in black ink that reads "Karen Hartmann".

Karen Hartmann, AAERT CET 475 Date: April 22, 2021  
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