1 2	IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION	
3	In Re:	Case No. 21-30085-hdh-11
4	NATIONAL RIFLE ASSOCIATION )	Jointly Administered
5	OF AMERICA, et al., )	Dallas, Texas Thursday, April 22, 2021
6	Debtors. )	1:30 p.m. Docket
7	)	MOTIONS (AFTERNOON DOCKET)
8	TRANSCRIPT OF PROCEEDINGS	
9	BEFORE THE HONORABLE HARLIN DEWAYNE HALE, UNITED STATES CHIEF BANKRUPTCY JUDGE.	
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# DALLAS, TEXAS - APRIL 22, 2021 - 1:38 P.M.

THE COURT: We'll now move into the afternoon session of the NRA case.

MR. NOALL: The Debtors are ready, Your Honor. And Mr. Schropp is in the witness room. Can you hear me, Mr. Schropp?

THE WITNESS: Yes.

MR. NOALL: Okay.

THE COURT: Mr. Schropp, I just want to remind you for the record that you're still under oath.

THE WITNESS: Thank you, Your Honor.

MR. PRONSKE: Your Honor? Your Honor, this is Gerrit Pronske. If we could take up -- and I apologize for interrupting -- but if we could take up the Froman issue before we go on with that, I would appreciate it, because depending on the Court's ruling, we've got people that are going to need to prepare for that cross-examination.

THE COURT: Okay. Mr. Garman, are you going to handle that one?

MR. GARMAN: Yes, sir.

THE COURT: Okay.

MR. GARMAN: I didn't quite understand we were doing it at this moment in time, but we can. I actually have a post-it in my pocket that has some information on it.

So, Your Honor, Sandy Froman is a former president of the

NRA. She is a board member of the NRA. She's a Harvard-educated lawyer. She's a member of the bar.

Ms. Froman -- well, let me -- let me take a -- let me take one for the team here. Witness lists were changing through the start of this case. And as a virtual trial, I understand that board counsel had an old version of a witness list. So Ms. Froman would testify that she listened to the opening statement, and upon listening to the opening statements, she decided to call board counsel Wit Davis to inquire whether she was on a witness list or not. Board counsel Wit Dais told her she was not on the list that he saw. That was incorrect, unfortunately. My fault, probably, not his.

And so she listened -- after you invoked the rule, she had on her browser in her office that I understand was at her home the testimony of Mr. Cotton. Mr. Cotton's testimony began at 3:07 and continued until 6:14 Central time. Ms. Froman was in her office and listened until 3:25 Arizona time, which would be 3:25 -- I'm sorry, 5:25 Central time.

She will testify, if you voir dire her, that a browser was open. She is unaware of a substantive question that was asked of Mr. Cotton, and that all she heard as she went in and out was, have you ever seen this document before, admitted, things to that nature.

Her testimony that I would call her for would be in her capacity limited to being a board member, her -- what occurs

on the board, her understanding of Mr. LaPierre's judgment, the way the board functions, the way they're elected, matters like that. It would not involve the Audit Committee or anything that Mr. Cotton testified to.

There is no doubt that the rule was invoked. I believe the Fifth Circuit law on this point is pretty clear, which is you have discretion. I will note that I was the one who saw her name. When I saw her name, we immediately contacted her and told her she had to get off. Obviously, we self-reported this.

There's no doubt this is an issue subject, I think, the law -- to your discretion, Your Honor. I believe Ms. Froman meets -- meets the test, and I believe she meets not only the letter of the discretion you have but the underlying public policy. And I believe it would be valuable for the Court to hear her testimony, and I would ask that she be permitted to testify.

THE COURT: Thank you. Mr. Pronske?

MR. PRONSKE: Thank you, Your Honor. So, I don't think we have any dispute that she was on the line for quite a while during the questioning. Mr. Garman just said that she had her browser open until 5:25 p.m. We actually -- we knew she was on, and actually took a screenshot at 5:01 Central time showing that she was online. But I don't think we have any difference on those facts.

Obviously, Your Honor, we don't know her -- we don't know how to judge her credibility or not. We just know what happened. And I am troubled by the fact that she apparently did hear the part where there was testimony being elicited and questions were asked about documents. And at that time, Your Honor, quite frankly, she should have turned her browser off. The rule was invoked. You have enforced that rule very seriously and effectively, and I don't think she should be able to testify. She should have turned her browser off. We don't really know what she heard or not. We know from what Mr. Garman has said that she did hear some questions being asked about a document.

And, you know, I don't want to appear harsh, Your Honor, but we're -- we did not flag her as a witness for us to be prepared for because we saw her on the screen and we assumed that she, having heard the Court with respect -- many times talking about the rule, that she would not have been having her browser on and be involved. And therefore it's not that we didn't prepare, but we definitely did not flag her as a witness, and we're kind of surprised to hear that.

So it's one of these unfortunate situations. We have to object to it, Your Honor, because we don't know -- we do know she heard some testimony and she heard some questions being asked. We don't know the extent of that. And I think that's troubling.

Thank you, Your Honor.

THE COURT: Thank you, Mr. Pronske.

MR. TAYLOR: Your Honor, this is Clay Taylor. May I be heard?

THE COURT: You may.

MR. TAYLOR: Your Honor, just so the record is clear, we also saw that Ms. Froman was listening in. We contacted Mr. Garman regarding that the day after that she was listening in and told him about our concerns. And at that time, he indicated he knew that was an issue and that he would take it up later. But it wasn't just him noticing and self-reporting. There was other people that had also talked with him about that.

I believe that much of her testimony may be regarding what happened with the board of directors and as to Judge Journey. And therefore, especially in a Zoom trial, as we are trying to keep a clean record, we think that she should not be allowed to testify.

THE COURT: Thank you. Anyone else before Mr. Garman gets the last word?

MR. MASON: Your Honor, I would just say we would just join in with Mr. Taylor and Mr. Pronske's comments, but I don't -- I don't think I've got anything to add.

THE COURT: Thank you, Mr. Mason. Mr. Garman, you get to go last.

MR. GARMAN: Sorry. I was on mute, Your Honor.

THE COURT: That's okay.

MR. GARMAN: Your Honor, I don't have a whole lot to respond with, other than to say Mr. Taylor did contact me. It was --

THE COURT: Uh-huh.

MR. GARMAN: It wasn't because of Mr. Taylor's message to me, though I do appreciate it, that I contacted Ms. Froman and made sure that she dropped off.

These Zoom trials have had an unexpected impact in certain proceedings. There's no doubt that — there's no doubt that this constitutes a technical violation of the rule that was invoked. I do believe the law is clear, though, that it's discretionary. I believe her testimony, particularly as it relates to how the board functions, would be helpful. But there's nothing further for me to say on this point.

THE COURT: All right. Give me just several minutes to visit with my law clerks and I'll come back and give you a ruling, and then we'll move into Mr. Schropp's testimony being elicited by Mr. Noall.

(A recess ensued from 1:47 p.m. until 1:53 p.m.)

THE COURT: On the Froman issue, the Fifth Circuit

-- we took a little look at this. The Fifth Circuit does

give trial courts a lot of discretion in these matters. I

will exercise that discretion and let her testify. The

description by Mr. Garman, it sounds to me like it was inadvertent. But I will say that we have the ability to review what Mr. Cotton said in the first two hours of his testimony for any overlap, and I will take into account that the rule was violated for purposes of credibility of Ms. Froman.

Mr. Noall, are you ready?

MR. NOALL: I am now, Your Honor.

TYLER SCHROPP, DEBTORS' WITNESS, PREVIOUSLY SWORN
DIRECT EXAMINATION, RESUMED

BY MR. NOALL:

Q Can you hear me, Mr. Schropp?

A Yes.

MR. NOALL: Your Honor, before I continue with my questioning, I would like to go back and revisit NRA 224. That was the page specifically that was 158 of 468. I had asked to have this one page of NRA 224 admitted. And in looking back at the transcript over the lunch hour, I just wanted to bring the following to the Court's attention.

The -- at 11:55, Mr. Van Horn objected to the witness talking about an Ackerman McQueen document because it did not have a foundation. And then at 11:56 the same objection was made. It was contended that the exhibit is hearsay and I hadn't laid sufficient foundation. He said, Mr. Gruber mentioned this is an Ackerman McQueen document. I don't see

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## Schropp - Direct

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Mr. Schropp's name anywhere on this document. It's hearsay and a lack of foundation. And Mr. Gruber said, Your Honor, we join. And I think that this document is a statement by an opposing party and it should come in as an opposing party statement, as a party admission, this particular document.

And then, further, on the foundation, if there was a question concerning its authenticity, I would rely, Your Honor, on some testimony given by Mr. Makris. On Day Six of trial, Mr. Makris was testifying with respect to -- strike that. Let me get to the right place.

> MR. KATHMAN: What page are you at again, Mr. Noall? MR. NOALL: Give me one second.

(Pause.)

MR. NOALL: When Mr. Makris was testifying on April the 16th, at Page 162 of the transcript, Lines 18 through 25, and Pages 163, Lines 2 through 8, or 2 through 9, Mr. Makris was testifying about NYAG 89. NYAG 89. And Mr. Makris was asked to open up NYAG 89 -- 86, excuse me. NYAG 86. And the question was:

- "Q Does NYAG Exhibit 86 look familiar to you?
- It does. ''A
  - "Q What is it?
  - ''A This is a proper form that I -- our accounting department does to detail and authorize expenses."

25 It says,

"Q Is this a report maintained by Ackerman McQueen in the ordinary course of business?

"A Yes."

And this exhibit was received into evidence, NYAG 86.

And over the lunch break, when I looked at the page that I was seeking to have admitted, that was Page 158 of 468 of NRA 224, I show that the mark -- that the trademark of Ackerman McQueen is identical on the two reports. I noticed that the Vendor ID number is identical. It's Echo-0003 on both documents. And I believe there's sufficient evidence of reliability under Rule 901 to allow NRA 224, Page 158 of 468, and I would ask for -- again, for its admission.

THE COURT: Response?

MR. KATHMAN: Your Honor, first of all, Mr. Makris is actually an employee of Ackerman McQueen, or was an employee of Ackerman McQueen. Mr. Schropp is not. So Mr. Makris can lay a foundation for an Ackerman McQueen document, whereas Mr. Schropp is not an employee of Ackerman McQueen and should not be able to lay a foundation for an Ackerman McQueen document.

So we would stand on our -- we'd stand on our foundation objection.

THE COURT: Mr. Gruber, do you have anything?

MR. GRUBER: No. I believe the Court was correct in stating that it was not a business record of the witness, and

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Schropp - Direct
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    I think that's correct.
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              THE COURT: I'm going to -- I'm going to stand --
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              MR. NOALL:
                         Again, Your Honor, I think --
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              THE COURT: Go ahead. Go ahead.
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              MR. NOALL: I think it is a party admission, and I
    think its authenticity is sufficiently laid by reference to a
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    similar type of document at NYAG 86, which has been admitted.
    And my predicate for party admission is Mr. Gruber's
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    statement that it was an Ackerman document. And --
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             MR. GRUBER: Your Honor, I --
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              MR. NOALL: -- Ackerman is an opposing party.
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              THE COURT: I'm going to --
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              MR. GRUBER: Your Honor, if I could.
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              THE COURT: You don't need to. You don't need to,
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    Mr. Gruber. I'm going to stand by my earlier ruling.
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              MR. NOALL: Okay. Thank you, Your Honor.
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              THE COURT:
                          Thank you.
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              MR. GRUBER: So I don't get to argue about it?
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              THE COURT:
                         Well, you can -- why don't you --
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              MR. GRUBER: I'm just kidding.
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              THE COURT: -- argue to Mr. Mason during recess?
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              MR. GRUBER: I will. I will. Thank you.
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Mr. Noall, --

THE COURT: Mr. Noall, were you able to verify

MR. GRUBER: I always lose those.

THE COURT:

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Schropp - Direct

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whether the letter that we were talking about right before lunch is in evidence? At least, I thought it might be.

MR. NOALL: It is, Your Honor. I had one question before I go back to that.

THE COURT: Okay.

BY MR. NOALL:

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- Q So, Mr. Schropp, from 2009 up to 2018, when you were -when we were talking earlier in your testimony about the
  turnaround, about the things that you were -- the steps that
  were being taken --
- 11 | A Yes.
  - Q -- with respect to that, do you know approximately what your spending was per year on travel and entertainment during those -- on an annual basis from 2009 to 2018?
- 15 A It ranged anywhere from \$45,000 to around \$90,000.
- 16 | Q Okay. On an annualized basis?
- 17 | A Yes.
- 18 Q Okay. And then I'd like you to look at a different 19 exhibit now. This is Ackerman McQueen Document 72.
- 20 A Okay. One second, please. 72?
- 21 | Q Yes.
- 22 | A Okay.
- 23 | Q Do you recognize -- let me ask you to take a look at that document for a moment.
- 25 | A Okay.

Schropp - Direct

- 1 | Q Do you recognize this document?
- 2 | A Yes.
- 3 | Q And did you receive this letter, Mr. Schropp?
- 4 | A Yes.
- 5 | Q And did you receive it at or about April 2019, to the
- 6 | best of your recollection?
- 7 | A Yes.
- 8 Q So, what was your reaction to this letter when you
- 9 | received it?
- 10 | A I was shocked. After having read it, I was upset and --
- 11  $\parallel$  and really surprised.
- 12 | Q Well, why?
- 13 | A Because in the document, it says that I failed to provide
- 14 | written approvals, receipts, and other support for expenses.
- 15 | I had never been asked for any of that.
- 16 | Q Never been asked by who?
- 17 | A By Bill Winkler.
- 18 | Q Had you been asked for that documentation from anybody at
- 19 | Ackerman McQueen?
- 20 | A No.
- 21 | Q Did you, in fact, maintain those records?
- 22 | A Yes.
- 23 | Q So, did there come a time after you received this letter
- 24 | that, to your knowledge, the relationship, relationships
- 25 | between Ackerman McQueen and the Mercury Group were severed?

## Schropp - Direct

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1 | A I'm sorry, can you -- can you repeat that?

Q Did there come a time after April 2019 that Ackerman

McQueen and the Mercury Group stopped providing services to

4 | the National Rifle Association, as far as you know?

A Yes.

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Q Okay. Now, with respect to Mr. Makris, Mr. Makris

7 | testified on April 16th at Page 167 of the transcript,

8 | beginning at Line 5, that in 2009 he had his relationship

9 | with the NRA formalized with respect to fundraising. And my

question to you is, sir, did Mr. Makris ever do fundraising

for the National Rifle Association, to your knowledge?

12 | A No.

13  $\parallel$  Q Did you ever direct Mr. Makris to do fundraising for the

National Rifle Association?

15 | A No.

16 | Q Are you aware of any agreement with Mr. Makris whereby he

was to provide fundraising services for the National Rifle

18 | Association?

19 | A No.

20 || Q And as the director of the -- as the director of your

21  $\parallel$  unit with respect to fundraising, would you expect to be

22 | aware if Mr. Makris had been retained by the National Rifle

23 | Association to engage in fundraising?

24 | A Yes.

| Q And to your knowledge, was Mr. Makris ever registered or

17 Schropp - Cross 1 licensed as a fundraiser? 2 Not to my knowledge, no. 3 MR. NOALL: I will pass the witness, Your Honor. 4 THE COURT: Thank you, Mr. Noall. Let's try to go 5 in the same order. Mr. Kathman, that puts you up first. MR. KATHMAN: Thank you, Your Honor. If I could 6 7 have just about one and a half minutes to kind of organize my 8 notes here. 9 THE COURT: Sure. 10 (Pause.) 11 CROSS-EXAMINATION 12 BY MR. KATHMAN: 13 Good afternoon, Mr. Schropp. 14 Good afternoon. 15 My name is Jason Kathman. I'm an attorney with the law 16 firm Spencer Fane. And my firm has been retained to represent the State of New York and the New York Attorney 17 18 General. 19 Mr. Schropp, are you aware of Mr. LaPierre making a 20 report to the board every year at the annual meeting? 21 Yes. Α 22 Okay. And isn't it true that the National Rifle

Association has actually used the action pending in the State

of New York to raise money for the National Rifle

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Association?

 $\parallel$  A Yes.

- 2 | Q It's been a good fundraiser for the National Rifle
- 3 | Association, correct?
- 4 | A I don't have --
- 5 MR. NOALL: Objection. Vague and ambiguous.
- 6 | THE COURT: Overruled. You may answer the question,
- 7 || sir.
- 8 | THE WITNESS: I don't have knowledge of those --
- 9 | those numbers.
- 10 | BY MR. KATHMAN:
- 11 | Q If I were to tell you that the National Rifle Association
- 12 | has raised \$10-1/2 million in a campaign called "NY Attack"
- 13 | or "Save the NRA," would you have any reason to dispute that?
- 14 | A No.
- 15 | Q You testified earlier this morning that before the New
- 16 | York Attorney General investigation you flew first class on
- 17 | some occasions; is that right?
- 18 | A Yes.
- 19 | Q Okay. And you testified that you used an Ackerman
- 20  $\parallel$  McQueen Amex card for that first-class travel prior to 2018;
- 21 | isn't that correct?
- 22 | A Yes.
- 23 | Q And you used that for not just first-class travel, but
- 24 | for lodging and meals; isn't that right?
- 25 | A Yes.

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Q Did you ever provide a business justification for these trips to anyone at the NRA?

- 3 | A No.
- 4 Q And you're aware of the National Rifle Association policy 5 against flying first class; is that correct?
- $6 \parallel A \quad Yes.$
- 7 Q And you testified that you're generally familiar with --
- 8 | well, scratch that. Are you aware of the arbitration against
- 9 | Mr. Cox?
- 10 | A No.
- 11 | Q You're not aware that the NRA is potentially pursuing
- 12 | claims against Mr. Cox for his improper personal expenses
- 13 | while he was an executive with the National Rifle
- 14 | Association?
- 15 | A I am aware of that, yes.
- 16 | Q Okay. And you're aware that --
- 17 | A I didn't know that was the arbitration. I apologize.
- 18 Q Fair enough. You testified this morning that you flew
- 19 | charter with Mr. LaPierre a number of times; isn't that
- 20 | correct?
- 21 | A Yes.
- 22 Q Was there ever a time that you flew with Mr. LaPierre
- 23 | where you did not fly charter?
- 24 | A Could you be more specific, please?
- 25 | Q Sure. Is there any time that you flew with Mr. LaPierre

- 1 | where you did not fly on a private plane?
- 2 A Over the course of my entire knowing Mr. LaPierre, or
- 3 | just when I was at NRA?
- 4 | Q Fair question. During your entire time of knowing Mr.
- 5 | LaPierre, have you ever flown with Mr. LaPierre where it was
- 6 | not on a private plane?
- 7 | A Yes.
- 8 | Q Mr. Schropp, are you aware of a written policy at the
- 9 | National Rifle Association that requires Mr. LaPierre to fly
- 10 | private?
- 11 | A No.
- 12 | Q Mr. Schropp, you testified a little bit this morning that
- 13 | you used an Ackerman McQueen credit card in order to protect
- 14 | donor information. Is that a fair characterization of your
- 15 | testimony?
- 16 | A Yes.
- 17 | Q Okay. Was that done because you couldn't trust NRA
- 18 | employees with that donor information?
- 19 | A That was done because that's what I was asked to do. It
- 20 | was too early in my career there to make a judgment like
- 21 | that.
- 22 | Q Mr. Schropp, is it your belief that you could trust NRA
- 23 | employees with the donor information?
- 24 | A No.
- 25 | Q No, you could not trust NRA employees with donor

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1 | information?

- $2 \parallel A$  At that time, no.
- 3 | Q You no longer use an Ackerman McQueen credit card to
- 4 | protect donor information, correct?
- 5 | A Correct.
- 6  $\parallel$  Q Mr. Schropp, what is the -- you talked a little bit about
- 7 | the Friends of NRA. If I call that FONRA, you'll know what
- 8 | I'm talking about when I say FONRA?
- 9 | A Yes.
- 10 | Q Okay. What's the average revenue generated by FONRA
- 11 | every year?
- 12 | A Average is gross revenue around \$70 million.
- 13 | Q Okay. And I think the testimony has been through you
- 14 | and, I believe, Mr. Erstling, is it fair to say half of that
- 15 | kind of is kept by the NRA and then half of that is given to
- 16 | state organizations?
- 17 MR. NOALL: Objection, Your Honor. That was -- he
- 18 | never testified that the funds were given to state
- 19 | organizations.
- 20 THE COURT: You may answer the question, sir.
- 21 MR. KATHMAN: I can re --
- 22 | THE COURT: And you can actually clarify with your
- 23 | answer, too. You may answer the question, sir, and clarify
- 24 | if you want to.
- 25 THE WITNESS: Okay. Thank you, Your Honor.

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Actually, it's half of -- half of the net is granted back to 2 the states.

So, the way that works, if I can, is each state has a grant -- a state fund committee, and that state fund committee is made up of people from the individual dinners, and they vote on grant applications. Those applications that are voted on are then approved by our Foundation counsel and returned back. So it's granted back into the states for eligible groups.

10 BY MR. KATHMAN:

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- 11 And that's done through the NRA Foundation, correct, the 12 (c)(3)?
- 13 A Correct.
- 14 And I'm sorry, I shorthanded that on my original 15 question. I appreciate you clarifying.
- 16 Uh-huh. Α
- 17 Mr. Schropp, you talked a little bit about the different 18 departments within the Office of the -- Office of
- 19 Advancement. What was the budget for the Office of
- 20 Advancement in 2020?
- 21 It was around \$6 million. You're talking the expense 22 budget?
- 23 Yes. Thank you.
- 24 \$6 million.
- 25 There was some testimony that in -- again, correct me if

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1 | I mischaracterize it -- but I understood your testimony to be

- 2 | that in 2018, late 2018, early 2019, there was a change in
- 3 | how you recognized your expenses at the NRA or got your
- 4 | expenses reimbursed. Is that fair?
- 5 | A Yes.
- 6 | Q Okay. And is it fair to say that the reason for that
- 7 | change, and kind of the catalyst for that change, was Craig
- 8 | Spray becoming the CFO?
- 9 A Partially, yes.
- 10 | Q Mr. Schropp, it's been said in this trial that the NRA is
- 11 | the foremost authority, it's the gold standard when it comes
- 12 | to firearm training. Have you heard that before?
- 13 | A Yes.
- 14 | Q Okay. And you would agree with that, correct?
- 15 | A Yes.
- 16 | Q Okay. You're familiar with the Whittington Center?
- 17 | A Yes.
- 18 | Q Okay. A 30,000-acre facility with 25 dedicated ranges
- 19 | for shooting sports, right?
- 20 | A Yes.
- 21  $\parallel$  Q Okay. There's ILA, the Institute for Legal Affairs,
- 22 || correct?
- 23  $\parallel$  A Institute for Legislative Action.
- 24 | Q Thank you.
- 25 | A You're welcome.

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1 | Q And there's the Civil Rights Defense Fund, correct?

- 2 | A Yes.
- 3 | Q And are you familiar with the Eddie the Eagle program?
- 4 | A Yes.
- 5 | Q And School Shield?
- $6 \parallel A \quad Yes.$
- 7 | Q Now, you testified this morning that your donors are your
- 8 | family?

- A Yes.
- 10 | Q Correct? Okay. And when you get together with those
- 11 | family gatherings, you talk about these programs? The
- 12 | Whittington Center, the Civil Rights Defense Fund, Eddie the
- 13 | Eagle, you talk about all these programs with your family; is
- 14 | that right?
- 15  $\parallel$  A Yes. Maybe not all at the same time, but yes.
- 16 | Q And it's fair to say that these people that donate to the
- 17 | NRA do so because they want to support those programs. Is
- 18 | that fair?
- 19 A If that's their interest, yes.
- 20 | Q Is it your testimony that if Mr. LaPierre were to resign
- 21 || or retire tomorrow, the NRA members would stop supporting the
- 22 | Eddie the Eagle program?
- 23 | A I -- well, it's hard to speculate, but I think there
- 24 | would be a drastic decrease in contributions across all of
- 25 | the programs.

	Schropp - Cross 25		
1	MR. KATHMAN: Objection. Move to strike. Your		
2	Honor, the		
3	THE COURT: Overruled.		
4	THE NOALL: Your Honor, he's answering the question.		
5	THE COURT: I overruled the objection.		
6	Could I just ask my ECRO one thing? Where is that static		
7	coming from?		
8	THE CLERK: Mr. Noall.		
9	THE COURT: Yes. Mr. Noall, there's a lot of static		
10	coming out of your room that's kind of clouding the record.		
11	MR. NOALL: Is that any better, Your Honor?		
12	THE COURT: Uh-huh. It is better.		
13	MR. NOALL: I'll stand back a bit from my computer		
14	and see if that doesn't help.		
15	THE COURT: That's fine. It's when Mr. Kaufman		
16	starts asking questions. For some reason, it then sort of		
17	resonates.		
18	Okay. Let's keep going.		
19	MR. NOALL: I'll trying muting my I'll try muting		
20	my mic, Your Honor, while he unless I have an objection.		
21	THE COURT: That sounds fine. Thank you. We have		
22	these things that happen from time to time. Not a problem.		
23	Mr. Kathman, continue.		
24	BY MR. KATHMAN:		

If -- would -- would the NRA cease any and all political

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activity -- well, let me ask it this way. Would the NRA shut
down ILA if Mr. LaPierre was no longer the executive vice
president?

MR. NOALL: Objection. Calls for speculation.

THE COURT: Overruled. You may answer the question,

sir.

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THE WITNESS: No.

BY MR. KATHMAN:

Q Okay.

A VOICE: I'm sorry. Who made that last objection?

THE COURT: Mr. Noall.

MR. NOALL: Mr. Noall.

A VOICE: Thank you.

BY MR. KATHMAN:

Q Mr. Schropp, would the NRA shut down the School Shield program if Mr. LaPierre was no longer the executive vice president?

A Can I qualify?

- Q Your counsel will have the opportunity to ask you questions on redirect, so just stick to my question.
- A Possibly. I apologize, because it's -- without funding, it would have to shut down. So it's hard to predict whether that funding would completely dry up or it might have to shut down because it's reduced so much that it can't operate.
- 25 | Q Mr. Schropp, have you ever been involved with a company

# Case 21-30085-hdh11 Doc 684 Filed 04/22/21 Entered 04/22/21 23:32:59 Page 27 of 67 Schropp - Cross 27 that filed for bankruptcy? 1 2 Α No. 3 Have you ever practiced bankruptcy law? 4 Α No. 5 Good for you. You're not a lawyer at all, correct? 6 No. Α 7 Okay. In fact, everything you know about a trustee, you learned from the NRA's lawyers. Isn't that correct? 8 9 MR. NOALL: Objection, Your Honor, to the extent it 10 calls for conversations or communications protected by the 11 attorney-client privilege. 12 MR. KATHMAN: Your Honor? Your Honor, I'll withdraw 13 the question. 14 THE COURT: Okay. 15 BY MR. KATHMAN: 16 Mr. Schropp, if Mr. LaPierre is so important, isn't it 17 true that the Trustee could hire Mr. LaPierre to fundraise 18 for the NRA? 19 A I don't know. 20 MR. NOALL: Your Honor, I object. It's calling for 21 speculation.

22 MR. KATHMAN: He can give his understanding, Your 23 Honor.

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THE COURT: Well, I think that part is probably getting too far afield. He's already answered the question

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1 | he doesn't know, so we'll just let the answer stand.

- 2 | BY MR. KATHMAN:
- 3 | Q Mr. Schropp, Mr. LaPierre did not come to you before
- 4 | filing the bankruptcy and ask what you thought the effect of
- 5 | the bankruptcy would be on fundraising efforts, did he?
- 6 | A No.
- 7 | Q Okay. He didn't come to you prior to filing the
- 8 | bankruptcy and explain that, based on the allegations in the
- 9 | New York Attorney General complaint, there was a possibility
- 10 | that a trustee may be appointed, did he?
- 11 | A No.
- 12 | Q In fact, he didn't come to you at all and tell you that
- 13 | the NRA was going to file bankruptcy, did he?
- 14 | A No.
- 15 | Q In fact, you, the head of fundraising for the National
- 16 | Rifle Association, was not told that the 150-year-old
- 17 | organization was going to be filing bankruptcy; isn't that
- 18 || right?
- 19 | A That's correct.
- 20 Q You didn't learn about it until after the bankruptcy had
- 21 | actually been filed; isn't that correct?
- 22 | A Yes.
- 23 || Q Okay.
- 24 MR. KATHMAN: We'll pass the witness, Your Honor.
- 25 THE COURT: Thank you. Mr. Gruber, I think you're

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1 || up next.

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MR. GRUBER: Thank you, Your Honor.

CROSS-EXAMINATION

BY MR. GRUBER:

- Q Hello, Mr. Schropp. My name is Mike Gruber, and I represent AMC.
- 7 | A Good afternoon.
  - Q Good afternoon. Do you recall that Mr. LaPierre specifically did not want donor information of the kind that might be included in receipts and things like that, he didn't
- 11 | want that accessible to the public; isn't that true?
- 12 A I don't recall a specific -- a specific conversation like 13 | that.
- Q So you're not aware that he specifically requested that that type of information not be maintained, for example, at Ackerman McQueen? You're not aware of that?
- 17 A Not a specific conversation. I don't recall that, if 18 there was one.
  - Q Well, generally, do you understand -- and I think you even said something about it. I was trying to look at my notes. But didn't you say something about, you know, that one of the reasons you had a credit card from AMC had to do with confidentiality? Would you explain that?
- 24 A Yes. Donor confidentiality. Yes.
- 25 | Q Okay. And so the directive -- you don't know that there

was a directive on donor confidentiality from Mr. LaPierre
which is one of the reasons that the credit cards were done
the way they were done, correct?

THE WITNESS: Your Honor, I don't understand the question. It's vague and ambiguous. Yeah, I'm sorry.

BY MR. GRUBER:

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- Q All right. So, do you understand there was a directive from Mr. LaPierre about donor confidentiality that was the reason that you had a Ackerman McQueen credit card?
- 10 A Okay. I understand it. No, I'm not aware of that 11 directive. That I recall.
- MR. GRUBER: Can we pull up AMC Exhibit 106, which is Mr. LaPierre's deposition, Volume II?
  - THE WITNESS: Can you give me the number again, Counsel? The number of the exhibit?
- 16 | BY MR. GRUBER:
  - Q Yeah. It is AMC Exhibit 106. It's LaPierre Volume II, at 388, Page 11, to 390, 3.
- 19 A And that's the page number in the bottom corner of each 20 page?
  - Q Wherever the page number is, that's it.
- 22 A There's a bunch of them. 88. I'm sorry.
- 23  $\parallel$  Q That should be the deposition page itself.
- 24 | A Okay.
- 25 MR. GRUBER: And I would -- I would like to display

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this to -- as a -- this is a statement from a party opponent,
and I'd like to show it to the witness on this topic. And it

involves testimony about his role in what I've just been

discussing.

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5 | BY MR. GRUBER:

- Q So, could we look at 11? Would you please read 11 to 18 and then -- well, just 11 to 18 at this time?
- 8 | A On 388?
- 9 | Q Yes.
- 10 | A Out loud?
- 11 | Q Please.
  - A (reading) By Mr. Mason: Let's switch gears a little bit. So I think we've talked a lot, you've talked a lot about during your time at the NRA you've had various concerns with respect to security and confidentiality. Is that fair?

    Yes, that's true.

And were those concerns expressed to Ackerman McQueen throughout your relationship with them?

Mr. Garman: Object to form. Go ahead and answer.

That was -- yes, Ackerman McQueen was a trusted a partner, and I think one of the reasons NRA, for example, some of NRA's donor information involving Mr. Schropp was under Ackerman McQueen for confidentiality reasons. Now, that's one of the things.

Q Okay. So, first of all, would you acknowledge that this

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is Mr. LaPierre stating what he understood the reason for the handling of your information was?

A Yes.

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MR. NOALL: Your Honor, I object. The witness doesn't -- wasn't aware of that testimony. Mr. Gruber can put the exhibit on the screen, but the witness's testimony was that he was not aware of a statement by Mr. LaPierre. I'm not going to repeat it.

THE COURT: Uh-huh.

MR. NOALL: This document is what it is.

THE COURT: I'm going to sustain the objection.

MR. GRUBER: Your Honor?

THE COURT: You need to restate your question, Mr.

Gruber.

MR. GRUBER: Okay.

BY MR. GRUBER:

Q By looking at this testimony from Mr. LaPierre, do you have an understanding of how important the confidentiality of the donor information was?

A Yes.

Q And do you see that this specifically concerned you personally, what he's discussing, this confidentiality?

A Yes.

Q Okay. And if we go down. Let's see. Why don't we go to

-- well, if you would, would you start at -- continue your

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answer. I think -- where did you leave off? At 23 on --

- A I read --
- 3 | Q -- on 88?

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- A I read to 25.
- 5 Q Okay. Why don't we go down and start reading at 1 on 6 Page 389.
  - MR. NOALL: Your Honor, I object. This testimony is in the record, and it's not inconsistent with the testimony that Mr. Schropp has given.
    - MR. GRUBER: Your Honor, he said he didn't have any knowledge of this. And for the predicate to my questions, I would like for him to read this and understand what the testimony was about his situation.

THE COURT: I'm going to --

MR. NOALL: Your Honor, that is not what the witness testified to. He -- he addressed a very specific question of Mr. Gruber and he gave a very specific answer, which was regarding a directive of Mr. LaPierre to Mr. Schropp.

THE COURT: I --

MR. GRUBER: Your Honor, then he said he was not aware of the situation with regard to his credit card.

THE COURT: I'm going to overrule --

MR. NOALL: Your Honor, that's --

THE COURT: I'm going to overrule the objection, but Mr. Gruber, you need to move on pretty quickly through this.

1 MR. GRUBER: Okay.

- BY MR. GRUBER:
- 3 Q Why don't we -- why don't we just go down to Line 18 on
- 4 | Page 389?

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- 5 | A Okay.
- 6 Q And would you just read from there through Line 3 on the 7 next page?
- 8 A Okay. (reading) And you knew that prior to the 9 relationship, with the fallout of the relationship, right?
- Mr. Garman: Objection to form. I might have just missed
  a word. If you understand it, go ahead.
- Yeah, I think I did know that, that they were there for sensitivity reasons, to protect the donor.
  - Is it -- and it was discovered that that was out of compliance with New York State not-for-profit law, and it was one of the things you were going to have -- correct.
- 17 | Q Okay. So, --
- 18 MR. GRUBER: We can take that down now.
- 19 | BY MR. GRUBER:
- Q You said you were surprised when you were asked for the information by Mr. Winkler in the letter we saw earlier, the April letter. Is that -- is that correct?
- 23 | A Yes.
- 24 Q So, were you aware that in the fall, starting in the fall of 2018, that Mr. Brewer, purportedly on behalf of the NRA,

- was asking Ackerman McQueen to provide the backup receipts and expense reports for your Ackerman credit card?
- $3 \parallel A = I$  am not -- I'm not aware of that.
- 4 Q Okay. Well, if you had been aware of that, do you think
- 5 | would you -- would you still be surprise that Ackerman
- 6 McQueen was then asking for it from you?
- 7 | A Yes.
- 8 | Q Okay. Were you aware in the spring of 2019 that Mr.
- 9 | Brewer was asking Ackerman McQueen to provide the backup
- 10 | receipts and expense reports for your Ackerman credit card?
- 11 | A No.
- 12 | Q Were you aware that the NRA filed a lawsuit against
- 13 | Ackerman McQueen that in part alleged that Ackerman McQueen
- 14 | failed to provide the backup receipts and expense reports for
- 15 | your Ackerman McQueen credit card?
- 16  $\parallel$  A I was aware of the lawsuit, yes.
- 17 | Q Well, and were you aware that the letter from Mr. -- from
- 18 | Mr. Winkler came just days after the lawsuit was filed and he
- 19 | was attempting to obtain the information that was -- that he
- 20 | was being -- that AMC was being sued over? Did you know
- 21 | that?
- 22 | A I didn't know that that was in the lawsuit. I was aware
- 23 | of the lawsuit, but I didn't know that that was part of the
- 24 | request of the lawsuit.
- $25 \parallel Q$  And you did have the backup information, it appears, for

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- your credit card receipts; is that right?
- 2 | A Yes.

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- Q And now that you know what we've gone through here, and accepting the statements I have made, do you still feel upset and surprised that this information was requested from you by
- 6 | Mr. Winkler?
- 7 MR. NOALL: Objection, Your Honor. I don't believe 8 that all of the background has been provided by Mr. Gruber.
  - MR. GRUBER: Counsel, I'll be glad -- or, Your Honor, I'll be glad for counsel to redirect.
- 11 MR. NOALL: Very well.
- 12 | THE COURT: You may answer the question, sir.
- 13 | THE WITNESS: Yes.
- 14 | BY MR. GRUBER:
  - Q So you'd still be -- you'd still be, number one, upset that they were asking for the information from you?
- 17 | A Yes.
- Q Who else would have the backup information for your credit cards, for the Ackerman McQueen credit cards, for trips you had taken? Wouldn't you have backup for your trips?
- 22 | A Yes.

could.

Q We were talking about Mr. -- or, you were testifying about Mr. Makris. Let me ask you a few questions, if I

- 1 | A Yes.
- 2 | Q Isn't it true that Mr. Makris, along with Charlton
- 3 | Heston, actually introduced you to Wayne LaPierre?
- 4 | A Yes.
- 5 | Q And wouldn't you agree that it was through Mr. Makris'
- 6 | work at the Mercury Group that Mr. Makris helped build the
- 7 | NRA's network of donors?
- 8 | A Yes.
- 9 Q And would that include introducing the NRA and you to
- 10 donors and inviting potential donors to events?
- 11 | A Yes.
- 12 | Q And did Mr. Makris help the NRA with any relationships
- 13 | with celebrities?
- 14 | A Yes.
- 15 | Q And you'd agree that Mr. Makris, through the Mercury
- 16 | Group, has been effective in helping to build the NRA's
- 17 | network of donors; isn't that true?
- 18 | A Yes.
- 19 | Q Sir, how much money do you earn every year?
- $20 \parallel A$  Around \$525,000 right now.
- 21 | Q And is that because the amount has dropped because of
- 22 | scaling back with COVID?
- 23 | A We had a 20 percent pay cut.
- 24 | Q So have you made as much as \$800,000 in the last few
- 25 | years?

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 $\parallel$  A Yes.

- 2 | Q And so when you say that you had to -- or, that you
- 3 | picked up your own dues for, let's say, the cigar club, was
- 4 | that a hardship for you, given the salary that you've made
- 5 | with the NRA?
- 6 | A No.
- 7 | Q So, and we've made -- I think your testimony made it
- 8 | clear that the donors you're dealing with aren't the \$45-a-
- 9 | year dues-paying types, are they?
- 10 | A No, they're not.
- 11 | Q Okay. Would you say that the people that -- your members
- 12 | that are paying \$45 a year are -- in many cases, that money
- 13 | means more to them than the people that can give a million
- 14 | dollars, more than that million dollars means to those
- 15 | donors?
- 16 MR. NOALL: Objection, Your Honor. It calls for
- 17 | speculation, improper opinion.
- 18 | THE COURT: I'm going to sustain --
- 19 | BY MR. GRUBER:
- 20 | Q Do you know generally about --
- 21  $\parallel$  THE COURT: I'm going to sustain the objection.
- 22 MR. GRUBER: Judge, I'm sorry. Go ahead.
- 23 | THE COURT: Okay.
- 24 MR. GRUBER: I -- sorry. Go ahead.
- 25 THE COURT: It's okay. I sustained the objection.

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- 1 MR. GRUBER: Okay.
- 2 | BY MR. GRUBER:
- 3 | Q All right. But to get back to my question, my first
- 4 | question, the donors that you deal with are not the dues-
- 5 | paying, annual \$45 dues, are they?
- 6 A Well, I hope they pay their dues. But no.
- $7 \parallel Q$  Okay. And in large part, your fundraising efforts are
- 8 | entertaining these prospective donors; is that correct?
  - A Yes. Or spending time with them, yes.
- 10 | Q And your job involves traveling to and with these
- 11 | individuals on occasion?
- 12 | A Yes.

- 13 | Q And staying in, you would say, high-quality hotels. Is
- 14 | that correct?
- 15 | A Not always, but sometimes, yes.
- 16 | Q Okay. And I was trying to understand your testimony on
- 17 | one point. Do you ever travel by private jet when you're not
- 18 | with Mr. LaPierre?
- 19 | A I have, with donors.
- 20 || Q Okay.
- 21 | A But not by myself.
- 22 | Q Okay. You don't recall ever having traveled just you on
- 23 | a trip with family or friends in a private jet?
- 24 | A Not that I recall, no.
- 25 | Q Okay. But in addition to Mr. LaPierre, you would also

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- 1 | travel on a private jet with -- with potential donors. Is 2 | that correct?
- 3 | A Correct.

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- Q All right. You've made it -- you actually answered a number of questions, I think when there was the question -- or at least one question when the question was, you know, kind of who all works in Advancement to raise funds. And I think your answer was that simply Mr. LaPierre does it all.
- 9 Was that -- was that hyperbole, to a certain extent?
  - MR. NOALL: Objection. I think it misstates the testimony.
  - THE COURT: You may answer the question, sir.
  - THE WITNESS: I believe I said he was key to our fundraising. We have a host of fundraisers that are out there every day working incredibly hard raising money. He is a key and indispensable element to that, I believe.
- 17 | BY MR. GRUBER:
- 18 Q Okay. But there clearly are other people who can -- who 19 can fundraise. Isn't that correct?
- 20 | A Yes.
  - Q And the word has been used, I don't know if you used it or not, but it sounded -- sounded kind of like the same -- the same opinion. Do you consider Mr. LaPierre indispensable to the fundraising effort?
- 25 | A Yes.

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Q And given the fact that he's indispensable, would there be a very high tolerance for the type of behavior that he might engage in?

MR. NOALL: Objection, Your Honor. Vague and ambiguous. That's argumentative. And the -- that's my objection.

THE COURT: Do you want to restate your question?

BY MR. GRUBER:

- Q Well, if the NRA thinks that he's indispensable, would you agree that he may be able to do things and get away with things that other people who aren't indispensable would not be able to get away with?
- 13 | A I don't know --

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- 14 | MR. NOALL: Same objection.
- THE COURT: Overruled. You may answer the question, sir.
- 17 THE WITNESS: I -- I don't know how to answer that.

I mean, --

BY MR. GRUBER:

- Q Well, have you ever heard the saying, we all want to be good, and we all want to be prosperous, and God grant that you never have to choose between the two?
- 23  $\parallel$  A I've heard that, yes.
- 24 | Q So the NRA wants to be prosperous; isn't that right?
- 25 | A Yes.

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Q Okay. And the Court's heard a lot of information about
Mr. LaPierre and compliance issues at the NRA. Are you aware
of those compliance issues?

- A Yes, through news reports.
- Q So, unfortunately, has the NRA been forced to choose between being prosperous and being good?
- A No.

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- 8 | Q You don't think that's the case?
  - $\parallel$  A No.
    - Q And, again, back to -- I'm not sure I got an answer to this question, which is, because he's indispensable, don't you have to put a different standard on Mr. LaPierre? Isn't that what -- well, don't you have to put a different standard on Mr. LaPierre, since he's indispensable bringing in money?

      A No. He -- he's put his own standard.
    - MR. GRUBER: Your Honor, I'm going to object to that as nonresponsive, the last part after no.
      - THE COURT: The --
- 19 | THE WITNESS: I'm sorry.
  - THE COURT: That's okay. The part no will stand on the answer.
- 22 | BY MR. GRUBER:
- Q I -- I believe that you were -- you were describing how
  Advancement got started. And I think you said something
  about there was a story involving Mr. (inaudible) by

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something in the news that made you and Mr. LaPierre

(inaudible) want to start a new effort to counter the efforts

3 | of people who were anti-Second Amendment. Do you recall

4 | that?

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|| A Yes.

Q Is part of what you do to keep -- keep donors happy and be able to deal with donors and handle donor issues, do you keep track of the reputation of the NRA in the media?

A No.

10 | Q You don't?

11 | A In what way?

Q Well, in this way. That if an article hits talking about something very controversial -- controversial or negative, wouldn't you possibly get calls from people who give a million dollars or two million dollars or five million dollars? Wouldn't those people call you and say, hey, what's going on with my money?

A Yes.

19 | Q And that does happen?

A Yes.

Q So, I'll give you an example. So when there are a number of newspaper headlines, such as the *New York Times* on April 7th that said, "Embattled NRA Chief Kept Bankruptcy Filing Secret from Deputies," didn't that cause you some issues as far as doing your job?

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A I received no calls regarding that.

- Q Okay. None on that one?
- $3 \parallel A \quad Right.$

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- 4 | Q Okay. How about when the New York Post prints that Mr.
- 5 | LaPierre is quoted as saying, right after a mass school
- 6 | shooting, that I sure am glad I had this yacht to feel safe
- 7 | on? Did anybody call at that time?
- 8 A Maybe one or two conversations I was having, it was
- 9 | brought up as a subject.
- 10 | Q How about when all the papers, the New York Times, Wall
- 11 | Street Journal and all, had Mr. LaPierre accusing Lieutenant
- 12 | Colonel Oliver North of extortion? Did you get any calls on
- 13 | that one?
- 14 MR. NOALL: Your Honor, I object to this line of
- 15 | questioning. I think it's getting far afield from the
- 16 | direct, and it's asking for -- it's -- Mr. Gruber is trying
- 17 | to quantify these news articles that he doesn't have before
- 18  $\parallel$  the witness.
- 19 | THE COURT: I'll let the witness answer that
- 20 | question, and then we need to move on, Mr. Gruber.
- 21 You may answer that question --
- 22 MR. GRUBER: Okay.
- 23 | THE COURT: -- about the conversation about Oliver
- 24 | North, sir.
- 25 THE WITNESS: Could you restate the question,

- 1 | please, sir?
- 2 | BY MR. GRUBER:
- 3 | Q Well, well, did it make an impression on any of your
- 4 donors when the executive vice president of the NRA was
- 5 | accusing the president of the NRA of criminal conduct in the
- 6 | form of extortion?
- 7 | A There were --
- 8 MR. NOALL: I believe that question, the way it was
- 9 put, calls for speculation.
- 10 | THE COURT: Overruled. You may answer the question,
- 11 || sir.
- 12 | THE WITNESS: There were inquiries.
- 13 | BY MR. GRUBER:
- 14 | Q Thank you. So, and I'm just getting -- you're claiming
- 15 | that Mr. LaPierre is indispensable in the case that he's very
- 16 | helpful at fundraising. But will you also admit that things
- 17 | have occurred around his executive vice presidency that also
- 18 | cause issues with donors? Is that fair?
- 19 | A That's fair.
- 20 Q Just, you testified that you were asked to get into
- 21 | compliance in 2018. Isn't that correct?
- 22 A That was the start of the compliance reboot.
- 23 | Q Remind me when you started with the NRA.
- 24 | A 2009.
- 25 | Q And based on your statement about 2018, why did it take

Your Honor, I know this is a little disjointed, but at this time we would like to make two different oral motions. The first is as to the testimony of Ms. Froman and when she's called. We did not understand that she was eligible to be called. Since she apparently is now going to be called, and we respect the Court's ruling on that, we would request that

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the Court bar her testimony from this week so that we have an opportunity to prepare for both cross and impeachment as to Ms. Froman. That is our first motion.

As for our second motion, there is a board meeting that is going to be held probably about a proposed plan. Our clients that have been called as witnesses are under what I will call a gag order. I'm not sure that's really the most appropriate one. But they do need to be able to discuss with their fellow board members who are not witnesses what's going on in this trial, the appropriateness of the plan. We don't know what that plan may say, and we hope that it's going to say everything that we want it to say. But they need to be able to evaluate that and discuss what's going on with the trial.

And so to the extent that there is a "gag order" in place, my clients just wanted to be sure that they were not violating any of this Court's orders or edicts in discussing what's going on in the trial with other board members who are not witness or at least have not been called and excused.

And those are our two motions before I begin my cross here and which I will keep brief.

THE COURT: Okay. Let me -- Mr. Noall, I don't know if you want to handle this or not, but in a recess can you all visit -- if Mr. Garman's ready, can you all visit about these two requests first? I'd like your input into what Mr.

MR. NOALL: Thank you.

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THE COURT: My pleasure. Okay. Mr. Taylor, why don't you do your examination, and we'll take up your motions in the right place.

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Schropp - Cross
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              MR. TAYLOR: Thank you, Your Honor.
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                           CROSS-EXAMINATION
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    BY MR. TAYLOR:
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         Mr. Schropp, my name is Clay Taylor. I represent Phillip
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    Journey, et al. Can you hear me okay?
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         I can just barely hear you, sir. I'm sorry.
 7
         I'm going to try -- is this better?
         Barely better.
 8
 9
         Okay. I'm only going to ask --
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    Α
         So you may have to yell.
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         I am only going to ask a very few questions. How long
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    has the NRA been in existence?
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         Since 1871. A hundred and fifty years.
14
         And it is the proud leading organization advocate for the
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    Second Amendment rights, correct?
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    Α
         Yes.
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         The strength of the NRA is its members and their passion
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    for the causes the NRA stands for; isn't that correct?
19
         Without question, yes.
20
         Those causes are bigger than any one individual, correct?
21
         That's correct.
    Α
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         Bigger than Wayne LaPierre or any person, correct?
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    Α
         Correct.
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         Thank you.
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              MR. TAYLOR: I have no further questions, Your
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Schropp - Redirect

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Honor.

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THE COURT: Thank you, Mr. Taylor. Mr. Drake?

MR. DRAKE: Your Honor, the Committee has no

questions for Mr. Schropp at this time.

THE COURT: Thank you, Mr. Drake. Mr. Noall, you get your witness again.

MR. NOALL: Thank you, Your Honor.

REDIRECT EXAMINATION

BY MR. NOALL:

- Q So, Mr. Schropp, Mr. Gruber was asking you about Exhibit
- 11 | -- AMC Exhibit 72. That was the letter that Mr. Winkler sent
- 12 | you on April 22, 2019. Do you remember him talking to you
- 13 | about that?
- 14 | A Yes.
- 15 | Q Okay. And you had said that you were surprised when you
- 16 | received this letter, maybe even upset, and Mr. Gruber
- 17 | questioned you about why you would be surprised based upon
- 18 | demands made by the NRA, and he cited some examples. Why
- 19 were you upset when you received this letter?
- 20 | A Because Ackerman McQueen is like my family. I mean, I've
- 21 | known Bill Winkler since probably the early 1990s. And he
- 22 | had never asked me for those receipts before, and I would
- 23 | hope that my friend or my family could pick up the phone or
- 24 | contact me directly. Maybe not copy others. I was upset
- 25 | because it felt like it was a setup letter.

Q Thank you. Now, you were asked by Mr. Gruber about the other fundraisers that work for you at the National Rifle Association. Do you remember that?

A Yes.

- Q What makes Wayne LaPierre or what distinguishes Wayne LaPierre from the other fundraisers that work under your command at the NRA?
- A All the battles that he's been through on behalf of the organization. A lot of these donors have seen him on TV, testifying before Congress, being, you know, verbally attacked on television shows. And he has always stood in there and fought, and they admire that. So he has he has that behind him when he's talking to somebody.
- Q Thank you. And was Mr. Gruber -- or, I believe it was Mr. Gruber; I may be incorrect -- but you were testifying about the School Shield program and, you know, would it be shut down? And there was an objection to your testimony.

A Uh-huh.

- Q What was it you were trying to tell the judge about what would happen to the School Shield program if Wayne LaPierre wasn't at the NRA, fundraising?
- A That's a difficult question to answer, because, you know, every donor is different. And those funds for School Shield could completely dry up. And Wayne has been a very big advocate for School Shield and seeking donations for School

Schropp - Redirect

- 1 | Shield. So, you know, it's -- you can't say in a yes or no
- 2 | answer that it would either survive or that it would -- that
- 3 | it would dissolve.
- 4 | Q You know Mr. LaPierre very well, correct?
- $5 \parallel A = I do. Very well.$
- 6 Q And you've spent a lot of the last 30 years of your life
- 7 | working side by side with him, correct?
- 8 | A Yes.
- 9 | Q Have you ever observed him advocating that he shouldn't
- 10 | have to follow the rules of the NRA or the policies of the
- 11 || NRA?
- 12 | A No.
- 13 | Q Have you ever seen him not support the rules and policies
- 14 | of the NRA?
- 15 | A No.
- 16 | Q Have you ever seen, during the turnaround and the
- 17 | compliance efforts that -- trying -- that have been
- 18 | undertaken by the NRA, have you ever seen Wayne LaPierre try
- 19 | to stand in the way of that effort?
- 20 MR. KATHMAN: Objection, Your Honor.
- 21 | THE WITNESS: No.
- 22 MR. KATHMAN: Leading.
- 23 | THE COURT: Overruled. You may answer the question,
- 24 || sir.
- 25 THE WITNESS: No.

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                           Schropp - Recross
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                          I'll pass the witness, Your Honor.
              MR. NOALL:
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              THE COURT: Does anyone else have any questions of
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    the witness?
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              MR. KATHMAN: Just --
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              MR. GRUBER: Your Honor, I do. Just a few.
                                                            Just a
 6
    couple.
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              MR. KATHMAN: And I have just two questions, Your
    Honor.
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 9
              THE COURT:
                          Okay. Mr. Kathman gets to go first.
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              MR. GRUBER: It's Mr. Kathman's turn. I apologize.
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              THE COURT:
                         No problem.
12
                          RECROSS-EXAMINATION
13
    BY MR. KATHMAN:
14
         Just a couple of questions, Mr. Schropp.
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    Α
         Yes.
16
         You just testified that you don't know what would happen
17
    to School Shield and some of these other programs if Mr.
18
    LaPierre wasn't at the helm. Fair?
19
         I don't know for certain. Fair.
20
         Okay. And I believe your testimony has been that Mr.
21
    LaPierre is indispensable to your fundraising efforts?
22
    Α
         Yes.
23
         Okay. Isn't it true there isn't currently a succession
24
    plan in place for Mr. LaPierre?
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         I'm not aware of one, no.
    A
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54 Schropp - Recross 1 Okay. So if something were to happen to Mr. LaPierre, 2 3 MR. KATHMAN: Your Honor, I'll pass the witness. 4 THE COURT: Thank you. Mr. Gruber? 5 MR. GRUBER: Yes. 6 RECROSS-EXAMINATION 7 BY MR. GRUBER: So, you -- you've mentioned the family thing a couple of 8 9 times. I will say that y'all's relationship with your donors 10 is like my family. They -- I've got a huge family, and 11 they've all got their hands out, asking for money. So, but 12 I've got to ask you this on family. 13 Yes. 14 You said you are hurt, as if there were family and all. 15 You understand that a couple of days before you received the 16 letter from Mr. Winkler, that he had been sued by Mr. Brewer 17 and his law firm on behalf of AMC? Do you know that? 18 Yes. 19 MR. NOALL: Your Honor, I don't know that it's 20 correct that Mr. Winkler was sued. 21

MR. GRUBER: Well, I -- if I -- I thought I said AMC, but, you know, his company.

23 | BY MR. GRUBER:

- 24 | Q Do you understand that, that AMC had been sued?
- 25 | A Yes.

## Schropp - Recross

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1 | Q And -- and don't -- and Mr. Brewer was just like family

- 2 | to Angus McQueen, wasn't he, and Revan McQueen?
  - A They were family.
- 4 | Q They were actual family; isn't that right?
- 5 | A Yes.

- 6 | Q And do you think it might have disoriented this Kumbaya
- 7 | family vibe that AMC and the NRA had when Mr. McQueen, who
- 8 | would die two and half months later, was sued by a son-in-
- 9 | law, at the bequest of or at the behest of the NRA? Do you
- 10 | think that might have disrupted that family feeling?
- 11 | A It's possible.
- 12 | Q You said that Mr. LaPierre was somebody that y'all needed
- 13 | working for you because of all the battles that he had been
- 14 | through; is that correct?
- 15 | A Yes.
- $16 \parallel Q$  How many of those battles were ones that were started by
- 17 | Mr. LaPierre?
- 18 A I -- I would have to go through and review all of those
- 19 | battles.
- 20  $\parallel$  Q All right. Thank you.
- 21 MR. GRUBER: No more questions.
- 22 THE COURT: Mr. Taylor? (no response) Mr. Taylor?
- 23 | Mr. Noall?
- 24 MR. NOALL: I'm finished with the witness, Your
- 25 | Honor. I have no further questions.

THE COURT: Does anyone intend to call this witness back as a witness, or can we waive part of the rule for him in case he wants to watch?

MR. NOALL: The Debtor does not expect that we'll be recalling the witness, Your Honor.

THE COURT: Mr. Kathman or Mr. Gruber?

MR. GRUBER: I'm sorry, Judge. No, we don't. And I do thank you for testifying today.

THE WITNESS: Thank you.

MR. KATHMAN: We do not intend to recall him, Your Honor.

THE COURT: Mr. Schropp, there's been a rule of evidence invoked, and I'm going to release you from part of it and keep you under part of it. From this point on, don't visit with anyone about your testimony. Do you understand that?

THE WITNESS: Yes, Your Honor.

THE COURT: And that rule will expire once I've ruled on the motion that's in front of me, which will be in a couple weeks.

The other part of the rule would say that you can't watch the hearings from this point on until the trial is concluded, but we'll release you from that and you're welcome to watch the trial if you want to.

THE WITNESS: Great. Thank you, Your Honor.

THE COURT: Thank you for coming down here today, sir.

THE WITNESS: You're welcome. Thank you.

THE COURT: What I would suggest, since we have the Froman issue -- the board meeting issue came late, until a day or so for us to talk about that -- can the Debtors' counsel talk to Mr. Taylor about his request and the order of Ms. Froman testifying? We can take a short recess, then come back and hear what the Debtors' position is on that. And then, if you can't agree on it, then I'll -- I guess I'll give you a ruling on that. Does that work?

MR. NOALL: Yes, Your Honor. I believe Mr. Garman is going to be directing Ms. Froman, and I'm not sure of the scheduling constraints. So let me -- let's take the break and Mr. Garman and Mr. Taylor can discuss this offline.

THE COURT: Okay. And I'll be happy to, since it's anticipated that she's going to be testifying later today, as I understand it, that, you know, we probably need to talk about this when the break has ended.

Mr. Garman, I see you on the side. Are you able to then talk to Mr. Taylor during the break? You can't?

MR. GARMAN: Yeah. Your Honor, I spilled my coffee twice. One second.

THE COURT: Sorry about that. Didn't mean to upset you.

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MR. GARMAN: Your Honor, we haven't spoken yet.

THE COURT: Okay.

MR. GARMAN: I think it makes sense for all the parties -- I actually think it makes sense for Mr. Mason, Mr. Pronske, Mr. Taylor and I to all join a call real quick and kind of talk about timing and process. I think that will involve all of us. So --

THE COURT: Yes.

MR. GARMAN: -- I can send a dial-in around to you guys real quick if we wanted to jump on the phone.

THE COURT: All right. That sounds good. board meeting issue is a new one to me, as many things are in this case. And I think this one, we don't have to decide this one this afternoon. We can kind of figure out how to handle that one at a later day. All right? So, the Froman issue is the front --

MR. PRONSKE: Your Honor, there's -- there's one other, one other issue that hasn't come up. Very quickly, I think we've got an agreement. They're not going to call Mr. Staples, and we've agreed that that will -- he will not be recalled at a later time. And we'd like that agreement in the record, because that way we can release people that were going to prepare for -- continue to prepare for Mr. Staples.

MR. GARMAN: Sir, this is one of those days that, as a trial lawyer, you hope you don't have too many times. But

I had two issues with witnesses and the exclusion -- being excluded. Ms. Froman, who we've already talked about, who didn't hear any testimony, and then Mr. Staples, who I was surprised this morning when I found out he did hear substantive testimony. So I am withdrawing Mr. Staples as a proposed witness based upon that occurrence.

THE COURT: Thank you. Do you think, if I gave you all 10, 10-15 minutes, you all could talk through the Froman testimony schedule question? And if you can't agree, I'll just tell you what I think. Is that enough time?

MR. PRONSKE: Yes.

MR. GARMAN: I'd ask for 15, sir.

THE COURT: Okay. That's fine. That's fine. All right. We'll be in recess until about 3:20, it looks like, roughly.

(A recess ensued from 3:06 p.m. until 3:21 p.m.)

MR. NOALL: Need a few more minutes, Your Honor.

I'm going to step out of the room here and try to find Mr.

Garman. I think he was -- he must be coming back, because there's Mr. Taylor. I'll be right back.

THE COURT: Okay.

MR. TAYLOR: He should be coming back in a second, Your Honor. We -- we just had a very productive call, and I think we've got a game plan, and --

THE COURT: Okay. Sounds good.

MR. NOALL: He's here, Your Honor. 1 2 THE COURT: Oh, okay. Mr. Garman? MR. GARMAN: Your Honor, I'm sorry, are we live? 3 4 Are we --5 THE COURT: Yes. MR. GARMAN: Are we in court? 6 7 THE COURT: Yes. We're live, yes. 8 MR. GARMAN: Okay. 9 THE COURT: Yes. 10 MR. GARMAN: I'm sorry. 11 THE COURT: That's okay. 12 MR. GARMAN: I don't know what happened there. So, 13 Your Honor, we had a -- we had a productive call. I just, again, want to thank the professionals for the cooperative 14 15 nature that I think we've had in this case, and it's very 16 much appreciated. 17 We have an agreement as to -- as to how to proceed. It's 18 a combination of accommodating schedules and requests, and 19 it's also streamlining the number of witnesses we're going to 20 hear. 21 So, the agreement is that we are going to move Ms. Froman 22 to tomorrow morning. She'll be the first witness tomorrow 23 morning. And she will be followed by Ms. Rowling tomorrow. 24 Those will be the Debtors' only two witnesses tomorrow.

That leaves us with no more witnesses today. So we would

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be done with court today. We would have those two witnesses and their cross-examination tomorrow. That would accommodate the request I made to be able to have a few days away, and then we would pick up on Thursday.

On Thursday, the testimony would begin -- well, I can't tell you the exact order, but it would be three witnesses from the National Rifle Association. It would be the auditor, Greg Plotts from the Aronson firm. It would be the direct testimony of Mr. LaPierre, which I expect to go about two hours-ish, currently. The testimony of Aronson, I expect to be thirty minutes or less. And then the third witness would be Mr. Robichaux, which we would begin -- which I would expect to be thirty minutes also, give or take. Please don't hold me to it.

THE COURT: Uh-huh.

MR. GARMAN: The cross-examinations -- if the crossexaminations don't last longer than my direct testimony, we should be done easily by Thursday, leaving Friday open for any rebuttal cases, with the parties in agreement that we would have closing arguments on Monday, May 3rd.

THE COURT: Anybody disagree with that? Silence will be just acquiescence.

MR. PRONSKE: Yeah, I'd like to make just a slight tweak that I think we made on the phone call, which is, regarding Thursday, if the cross-examination time total does

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not exceed the direct time, I think I'd get a little stronger than Mr. Garman just did to say that they should be done Thursday. I think the commitment was that they would be done and they would rest, so long as the cross is not longer than the direct.

And that, that's an important distinction to us, so that we make sure that we're got a full day Friday for a potential rebuttal case.

MR. GARMAN: So, I don't want to say we disagree. As I sit here right now, I'm unaware as to exactly how much court time the Court has on that day. It was a slightly moving target. And so, as I said, my examination of Mr. LaPierre is expected to go two hours-ish. My examinations of the other two witnesses is expected to go thirty minutes-ish. I hadn't done a formula based upon that.

But to Mr. Pronske's point, I see absolutely no reason why we won't be -- we won't be out on the Thursday. And I suspect I will have frustrated the Court if I drag it out any longer.

THE COURT: Let me just say, you will have not done that. I mean, I appreciate everyone's professionalism, and I mean that. I go home and tell my wife that the case is hard and the day is long but the lawyers are certainly acting like professionals. So you're not going to do that.

On the Thursday, I changed the information for you this

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morning, and I'm not sure I was a hundred percent clear on that, but you will have all the day on Thursday. We've moved over to other judges things from Thursday.

There was something that you said that -- oh, let me pose one other thing that when we were talking in chambers. On the board meeting issue, it sounds to me like we're going to be done with witnesses by the time of the board meeting. you all may want to talk about that a little bit. That's not as big an issue to me on releasing and letting the folks attend the meeting and speak if they want to on Saturday because we will have been done with evidence, if everything works out right, if I understand. Am I right on that? I think I am.

> MR. NOALL: Yes, sir.

MR. GARMAN: Yes, sir.

THE COURT: Yes. So you might be thinking about that, because it wouldn't be as big a deal to release the witnesses from the rule after the evidence is in. again, we need to talk about that. That's not something we have to decide this afternoon. Okay.

MS. LAMBERT: Judge Hale, as a matter of housekeeping, the U.S. Trustee is planning to cross-examine Mr. Robichaux. And if the contemplation is that the aggregate cross-examination time of Mr. Robichaux will be less than the 30 minutes that Mr. Garman has just

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represented, I think that will be difficult for all of the parties in aggregate. So it may take a little bit longer than that, though I would anticipate that the examinations would be within the full day of all the aggregate witnesses.

THE COURT: Okay. Well, why don't you, Ms. Lambert, just talk with Mr. Garman on what your expectations are on time of cross. You know, we have about nine hours of trial day on that Thursday, excuse me, trial hours on that Thursday, so it sounds to me like we can accomplish the things that were just discussed on Thursday.

MR. GARMAN: And Your Honor, to be clear, I wasn't attempting to restrict Mrs. Lambert's time to crossexamination, just identifying how much time I thought I would need.

> THE COURT: Yes.

MR. PRONSKE: Yeah, Your Honor, we should be fine on time, because that gives us nine hours of court time. Garman has identified three-ish hours, to use his word, so that would, if we double that, that's six hours, and gives us plenty of room. So there should be no issue.

THE COURT: Okay. All right. So, as I hear it, we're out of witnesses for today. Is that right? And then we're going to come back tomorrow starting at 8:00, and then that lets Mr. Garman hopefully get out of here at a reasonable time tomorrow. Is that right?

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