

**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 29, 2021
) 8:01 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

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INDEX

<u>WITNESSES</u>	<u>PAGE</u>
GREG PLOTTS	
Direct Examination by Ms. Gray Kozlowski	10
Cross-Examination by Ms. Fuchs	28
Cross-Examination by Mr. Acosta	68
Redirect Examination by Ms. Gray Kozlowski	85
Recross-Examination by Ms. Fuchs	92
WAYNE LAPIERRE	
Direct Examination by Mr. Garman	95
Cross-Examination by Mr. Sheehan	119
Cross-Examination by Mr. Gruber	144
Cross-Examination by Mr. Watson	148
Redirect Examination by Mr. Garman	151
<u>ACKERMAN MCQUEEN EXHIBITS</u>	<u>ID</u> <u>EVID</u>
N/A	
<u>NYAG's EXHIBITS</u>	<u>ID</u> <u>EVID</u>
8 2019 IRS Form 990	53 --
10 Aronson engagement letter (10/26/2020)	52 --
12 Management representation letter	38 39
148 Letter (Aronson to Spray)	52 --
276 Email (Tedrick to Aronson)	56 56
327 Compilation of minutes dated 1/11/2020	
NRA report of Audit Committee and updated policy	44 --
367 Docket Entry 519/Application	140 --
<u>NRA's EXHIBITS</u>	<u>ID</u> <u>EVID</u>
155 Email (Rowling to Plotts)	30 30
177 Final Aronson presentation for March, 2020	
Audit Committee meeting	20 21
189 Aronson proposal to NRA for audit and tax services	13 14
211 Contract review sheet	76 78*

*Admitted in evidence to the extent it has not previously been admitted.

1 THE COURT: Good morning. This is the Bankruptcy
2 Court in Dallas in the National Rifle Association of America
3 case.

4 I'll call roll first of the folks that are
5 registered, and then we'll take appearances by anyone else.

6 Mr. Pronske, Van Horn, and Kathman?

7 MR. PRONSKE: We hare here, Your Honor; thank you.

8 THE COURT: Welcome.

9 And then your cohorts from New York, Mr. Sheehan, Ms.
10 Stern, Ms. Connell, and Mr. Thompson.

11 MR. SHEEHAN: And Ms. Yael Fuchs, Your Honor.

12 THE COURT: Welcome.

13 Mr. Mason, and your team.

14 MR. MASON: Good morning, Your Honor; we are all
15 here.

16 THE COURT: Welcome.

17 Mr. Neligan, Buncher, and Gaither?

18 MR. BUNCHEER: Your Honor, this is Doug Buncher, and
19 Mr. Neligan is on the telephone line at the moment.

20 THE COURT: Welcome.

21 MR. BUNCHEER: Good morning.

22 THE COURT: Mr. Strubeck, Drake, Hendrix, and Ms.
23 Smith?

24 MR. HENDRIX: Yes, Your Honor. All on behalf of the
25 Official Committee of Unsecured Creditors; good morning.

1 THE COURT: Good morning to you.

2 Mr. Garman, and your group?

3 MR. GARMAN: Present, sir.

4 THE COURT: Welcome.

5 Ms. Miranda from the Attorney General of the District
6 of Columbia.

7 MS. MIRANDA: Good morning, Your Honor.

8 THE COURT: Welcome back.

9 I'll take appearances from anyone that didn't
10 register that would like to make an appearance.

11 MR. WATSON: Good morning, Your Honor. Jermaine
12 Watson and Clay Taylor on behalf of Judge Journey, at all. And
13 we're with Bonds Ellis.

14 THE COURT: Welcome back.

15 MR. SALITORE: Good morning, Your Honor. Marc
16 Salitore and Lisa Lambert on behalf of the United States
17 Trustee.

18 THE COURT: Welcome back to you.

19 MR. SALITORE: Thank you, sir.

20 THE COURT: Anyone else wish to make an appearance?

21 (No audible response heard)

22 THE COURT: Well, we have -- it's -- I remember the
23 last day for the NRA to put on its case in chief, and it has
24 three witnesses.

25 If I could just follow-up, I think Mr. Mason brought

1 this up at the end of the last day. Have you all been talking
2 about time, and that sort of thing, for the closing arguments
3 that are -- I think they're tentatively scheduled to be on
4 Monday. Mr. Mason, do you want to tell me?

5 MR. MASON: Your Honor, we did have some preliminary
6 conversations. I will confess, we have not -- or at least I
7 have not been involved in any subsequent conversations on that
8 fact.

9 What I would suggest is if maybe during the lunch
10 break, if the Court would permit us, I'm happy to try and
11 circle everybody up, and then maybe that's something we could
12 address after lunch.

13 THE COURT: That certainly works for me. I'm not
14 pushing it today, but if we could know, I think tomorrow, for
15 sure on what y'all are expecting, and what you're wanting, and
16 then we'll see whether we can make all that work.

17 MR. MASON: Absolutely.

18 THE COURT: And second, we have a matter set in this
19 case at 1:30. I did not see any response filed to it, so I
20 don't know -- Mr. Garman, is the Neligan group going to take
21 that up at 1:30?

22 MR. BUNCHER: Your Honor, this is Mr. Buncher. I was
23 planning to handle that, and you are correct that there are no
24 objections filed. So I don't know if we need to have a
25 hearing, or the Court can just grant the motion on the

1 pleadings.

2 THE COURT: What I would suggest, unless we hear
3 something contrary after I make this proposal, is that you be
4 here at 1:30, and we'll just go past the noon hour so we can
5 start the afternoon at 1:30, and just make just a very, very
6 short record on this so we'll have a record, and then we can
7 move back into the motions that we're hearing right now.

8 MR. BUNCHER: Very well; will do, Your Honor.

9 THE COURT: Okay, all right.

10 Before we start, anything that y'all like call
11 housekeeping that just makes me cringe?

12 (Laughter)

13 MR. GARMAN: It's Greg Garman. I don't think there's
14 much other than we, over the weekend, came to agreement with
15 the Unsecured Creditors' Committee on an expanded scope of the
16 CRO. I'm sure you'll hear testimony about that today, but I
17 just wanted to make sure that you saw that we filed an amended
18 CRO application sometime late last night.

19 THE COURT: I saw that it was filed, and I had a
20 chance to scan it, and I appreciate you doing the redline, too,
21 Mr. Garman. I haven't read it in detail, but --

22 So are you willing to tell the order of your
23 witnesses so we can get our head around what we're looking for
24 today?

25 MR. GARMAN: Yes, sir. We previously identified the

1 order for the other parties: We're going to be starting today
2 with Mr. Plotts, who is the auditor with Aronson; and we will
3 turn to Mr. LaPierre, who I'm expecting to not be an overly
4 lengthy examination on our part; and then finally, we will have
5 Mr. Robichaux, our proposed CRO. The debtor will easily get
6 that testimony in -- without cross-examination, that will
7 easily happen within -- in less than a half a day.

8 THE COURT: All right.

9 If everybody could be mindful that we are going to
10 try to finish the NRA's case today, it sounds to me like it's
11 very possible. So you folks who are doing cross of these three
12 witnesses, remember that that's our goal.

13 And then toward the end of the day, if the movants
14 can let us know whether they intend to call rebuttal witnesses
15 tomorrow, and if so -- excuse me -- if so, time estimates and
16 things like that so we can be thinking in terms of that.

17 One other housekeeping matter: I've struggled with
18 this rule issue a lot with my law clerks, there's not a lot of
19 law on it, there's not a situation like this that we really
20 have come across, and given that the movants -- or actually the
21 Attorney General for New York asked for the rule to be invoked,
22 I thought the fairest thing, since there is a NRA meeting
23 coming up with -- committee meetings, I think, starting
24 tomorrow is to lift the rule after the debtors' case has
25 concluded, which I think everybody anticipates would be today.

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10

1 So that was my thinking, that's the method behind the madness.
2 I tried to come up with something that I thought would be fair
3 to everybody, so I hope I didn't offend you too much, but
4 that's my thinking on that.

5 Okay, Mr. Garman, you may call your witness.

6 MS. GRAY KOZLOWSKI: Good morning, Your Honor.

7 Talitha Gray Kozlowski on behalf of the debtors.

8 And we have Mr. Plotts available, Your Honor, to be
9 sworn in.

10 THE COURT: All right. Mr. Plotts, would you raise
11 your right hand?

12 GREG PLOTTS, DEBTORS' WITNESS, SWORN

13 THE COURT: Thank you. You may proceed.

14 MS. GRAY KOZLOWSKI: Thank you, Your Honor.

15 DIRECT EXAMINATION

16 BY MS. GRAY KOZLOWSKI:

17 Q Good morning, Mr. Plotts. Can you please introduce
18 yourself to the Court?

19 A Yes, good morning. I'm Greg Plotts, I'm a partner with
20 Aronson. I'm also the lead engagement partner on the NRA's
21 financial statements and tax services.

22 Q Thank you. And can you provide the Court with an overview
23 of the services Aronson provides?

24 A Yeah, Aronson has been in service for over 55 years,
25 providing audit, tax and consulting services to four main

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11

1 industries: One is being not-for-profit association, in other
2 words, government contracting; technology services; and
3 construction and real estate. And I am the partner in the not-
4 for-profit association practice.

5 Q Thank you. And can you give an indication of how many
6 clients Aronson has?

7 A Yeah, Aronson has thousands of clients. In our not-for-
8 profit practice, we have over 250 not-for-profits that we work
9 with, and produce probably over 170 financial statement audits
10 for not-for-profits.

11 Q Thank you. And can you describe your experience and
12 credentials with respect not-for-profits?

13 A Yes. I've been in public accounting for 22 years, started
14 out my career in the big four, at PricewaterhouseCoopers, and
15 have been working for not-for-profits for 22 years.

16 I provide assurance, tax and consulting services for
17 not-for-profits. Consulting services range around enterprise
18 risk management, board governance issues, fraud investigations,
19 internal controls.

20 And I also enjoy speaking at national conferences
21 with association executives. For example, I've spoken at ASAE
22 at their finance conference, Association Trends, finance
23 conference, (inaudible - weak Internet connection), Society of
24 CPAs, finance conference over board governance matters,
25 financial transactions, and -- and internal controls and fraud

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12

1 investigations.

2 Q Thank you. When was Aronson retained by the National
3 Rifle Association?

4 A We have a signed engagement letter in November of 2019.

5 Q And what services did Aronson provide to the NRA with
6 respect to 2019?

7 A We provided financial statement assurance, that's an audit
8 over their financial statements, and tax consulting services.

9 Q Okay. And can you describe briefly the process by which
10 Aronson came to be retained?

11 A Yes, so I received a call from Sonya Rowling in -- I
12 believe it was probably September of 2019, asking -- telling me
13 that they were going out for a request for proposal for audit
14 firms to bid on their audit and tax services for the year 2019,
15 and she wanted to know if I was interested. And I told them
16 that we would be interested, but we would like a meeting with
17 management to understand the entity before we would put
18 together a proposal.

19 So in October of 2019, we had a meeting -- in-person
20 meeting with Craig Spray, Rick Tedrick, and Sonya Rowling to
21 discuss about current events that were going on at the NRA,
22 internal controls, and any litigation matters or fraud
23 allegation matters at that point.

24 And then we went back internally, and the Board of
25 Directors and the engagement team met to talk about our

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13

1 questions and answers. And we decided, based on our risk of
2 the audit, that we could move forward with the proposal. And
3 we went ahead and put a proposal in with the Audit Committee
4 and management, and went to a proposal meeting in October of
5 2019 to present to the Audit Committee and management.

6 Q Okay. And can I have you please turn to Exhibit NRA 189?
7 And once you've located it, could you please describe what this
8 document is?

9 A Okay, I have located it. And this is our -- this is our
10 proposal for audit and tax services to the NRA.

11 Q Okay. And who prepared this proposal?

12 A Aronson prepared it, I was very involved in preparing this
13 proposal.

14 MS. FUCHS: Your Honor; objection. I don't believe
15 the exhibit is in evidence.

16 MS. GRAY KOZLOWSKI: Your Honor, I'm laying the
17 foundation to seek to have it admitted.

18 THE COURT: Overruled.

19 BY MS. GRAY KOZLOWSKI:

20 Q Mr. Plotts, is the -- is this proposal -- are proposals
21 like this something that's prepared in the ordinary course of
22 Aronson's business?

23 A It is.

24 Q And is it regular practice for Aronson to provide
25 proposals to its clients?

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14

1 A Yes, it is. For new clients, yes.

2 MS. GRAY KOZLOWSKI: Your Honor, I would move to
3 admit Exhibit NRA 189.

4 MS. FUCHS: Your Honor, I don't believe the
5 foundation has been laid for submission as a business record.
6 We don't know who the custodian of record is.

7 THE COURT: NRA 189 is --

8 MS. FUCHS: How this was maintained.

9 THE COURT: NRA 189 is admitted.

10 (NRA Exhibit 189 admitted into evidence)

11 MS. GRAY KOZLOWSKI: Thank you, Your Honor.

12 BY MS. GRAY KOZLOWSKI:

13 Q Mr. Plotts, can you please turn to Page 32, which I
14 believe is the Statement of Independence, if I've got my pages
15 correct?

16 A Yes, okay.

17 Q Okay. Why is this Statement of Independence included
18 within this proposal?

19 A Well, independence, integrity, and objectivity is the
20 cornerstone for auditors. So our auditor judgment cannot be
21 swayed or influenced by anyone on the outside, or any one
22 person, so we can give an unbiased and professional opinion
23 over the financial statement audit.

24 Q Thank you. And how many audits of not-for-profit entities
25 does Aronson conduct each year?

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15

1 A Approximately 170.

2 Q What -- can you describe the stages of Aronson's audit
3 process?

4 A Sure. So the goal of the audit is to express an opinion
5 whether or not the financial statements, in all material
6 respects, are in accordance with the United States generally
7 accepted accounting principles.

8 Now we conduct our audits in accordance to generally
9 accepted auditing standards which requires us to plan and
10 perform the audit around risk of material misstatements.

11 So each -- each client that we have has different
12 risks involved with their organization, so we develop a
13 tailored audit approach for each one of our clients to address
14 those risk of material misstatements. And we -- we divide it
15 up into four stages:

16 Our audit, we have a planning stage, a preliminary
17 fieldwork stage, a year end fieldwork stage, and then a
18 reporting stage.

19 During our audit, we also use software that helps us
20 with all the data out there in these transactions that helps us
21 sort so we can look at trends analysis, and also we can look at
22 unusual items within our audit.

23 Q Okay. And so that -- what are the steps that are taken
24 during the initial planning phase?

25 A Okay. So step one is our planning phase. And this is

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16

1 where we just gather information from the entity. We want to
2 know about any unusual transactions that took place, any
3 significant transactions. We also want to know of any
4 allegations of fraud or if there's been any litigation that has
5 been happening over the past year.

6 So to do that, we meet with management. We also meet
7 with the audit committee, and we get their views of the risk at
8 the organization, and if they have any concerns that they would
9 specifically like us to review during our audit procedures. So
10 that's a more fact-gathering and --

11 MR. ACOSTA: Your Honor, I hate to object, but I'm
12 going to have to object. This is a narrative. The witness
13 goes on and on, there's no Q&A involved.

14 THE COURT: I'll sustain that.

15 BY MS. GRAY KOZLOWSKI:

16 Q Mr. Plotts, with respect to the next stage, what is --
17 what are the -- briefly the steps that are taken with respect
18 to the next phase, which I believe you said was the fieldwork
19 stage?

20 A Yeah, fieldwork stage is in two stages, we do preliminary
21 fieldwork and year end fieldwork. Preliminary is when we do
22 walk throughs of internal controls, key controls, and we test
23 those key controls over major transactions.

24 And then our fieldwork stage is when we do
25 substantive audit procedures, and that is looking at more

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17

1 (inaudible - interruption from telephonic participant)
2 documents and finishing up with our testing of internal
3 controls in order to support our underlying opinion.

4 Q Thank you. And then what is the final phase of the audit
5 process?

6 A The final phase is the reporting phase. So this is when
7 we report the audit results to management, and the audit
8 committee.

9 Q Thank you. And is the process you just described the
10 process that was employed with respect to the NRA's 2019
11 financial statement audit?

12 A It was.

13 Q Okay. And you described a meeting before submitting the
14 proposal with Mr. Spray, Ms. Rowling, and a few other folks.
15 Did that meeting inform or impact the audit procedures that
16 were employed?

17 MR. ACOSTA: Objection, Your Honor; leading.

18 THE COURT: Overruled.

19 A Yes, we --

20 Q How so?

21 A Yeah, so when we talk with management, we -- that's how we
22 evaluate risk of material misstatements. So we get an
23 understanding from management of where any kind of risk would
24 lie within the audit, and then we can tailor our audit
25 procedures around those risks.

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18

1 Q Okay. Did Aronson conduct an audit of the NRA's internal
2 controls?

3 A No, we did not conduct an audit over the internal
4 controls.

5 Q But as part of the audit of the NRA's 2019 financial
6 statements, did Aronson examine the NRA's internal controls?

7 A Yes, in order to plan and perform the audit, we would look
8 at significant internal controls.

9 Q Okay. And can you elaborate a little bit on how that
10 actually works from a practical standpoint?

11 A We look at risk of material misstatement, and we key in on
12 those transactions and account balances. And then we do walk
13 throughs with management of how things are recorded and
14 approved in the records of the financial statements, and then
15 we would test to make sure they're designed effectively, and
16 then we would test those controls and make sure they are
17 operating effectively.

18 Q Did Aronson examine, for instance, related party
19 transactions in connection with its audit?

20 A We did.

21 MR. ACOSTA: And, Your Honor, leading.

22 THE COURT: Overruled.

23 A We did.

24 Q During the audit process, who did Aronson communicate with
25 at the NRA?

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19

1 A We communicate directly with the Audit Committee, and had
2 multiple conversations with Charles Cotton and David Coy, the
3 Committee Chair, and David Coy being the Vice Chair of the
4 Audit Committee. We meet with management and the finance team,
5 which would include Craig Spray, Sonya Rowling, Rick Tedrick,
6 and others throughout the organization, too.

7 Q Okay. And how would you describe the working relationship
8 between Aronson and the folks at the NRA that you just
9 identified?

10 A I thought it was an excellent professional relationship.
11 They were very transparent, they were very timely on the
12 requests that we asked for during the audit. Everything that
13 we asked for was provided to us.

14 Q And did you ever have difficulty communicating with
15 anybody at the NRA through the audit process?

16 A We did not have any problems with communication.

17 Q Okay. And you used the word "transparent," can you
18 elaborate on what you meant by that?

19 A Sure --

20 MS. FUCHS: Your Honor; vague.

21 THE COURT: Overruled.

22 You may answer the question, sir.

23 A Sure, I felt management was transparent. If I brought up
24 any questions about fraud allegations, they were open to
25 discuss anything that was going on, any litigation matters --

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20

1 MS. FUCHS: Your Honor -- Your Honor, I'm sorry to
2 interrupt. I'm going to object on best evidence rule. I
3 believe that Mr. Plotts here is testifying as to the audit
4 process, which would be reflected in the work papers, the work
5 papers being the audit trail for the 2019 audit. And those --
6 that writing is not in evidence.

7 THE COURT: Overruled.

8 You may complete your answer, sir.

9 A Sure. I -- again, I found management transparent on all
10 of our questions that we asked. And any kind of management --
11 the best practices that we brought forward, they encouraged us
12 -- in fact, they encouraged us to put them all in writing and
13 to share them with the Audit Committee. So I think that was --
14 showed more transparency on the management side.

15 Q Thank you. Can I have you turn to NRA 177, please? And
16 once you've located the document, can you identify it, please?

17 A Yes, I've located it, and this is our Audit Committee
18 meeting on March 11, 2020. This is to talk about the final
19 audit results of our 2019 audit.

20 Q Okay. And who prepared this document?

21 A The Aronson engagement team and I did.

22 Q Okay. And who maintains this record -- this presentation?

23 A Well, we give that to management and the Audit Committee.

24 Q Okay. And does Aronson retain a copy of it?

25 A Yes, we do.

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21

1 Q And is it created in the ordinary course of Aronson's
2 audit procedures?

3 A Yes, it is.

4 Q And is it regular practice to prepare a presentation to
5 the Audit Committee in connection with an audit?

6 A Yes, it is.

7 MS. GRAY KOZLOWSKI: Your Honor, I would move to
8 admit Exhibit NRA 177.

9 MS. FUCHS: No objection, Your Honor.

10 THE COURT: NRA 177 is in.

11 (NRA Exhibit 177 admitted into evidence)

12 BY MS. GRAY KOZLOWSKI:

13 Q And when was the presentation made to the Audit Committee
14 with respect to the financials?

15 A This was made on March 11th, 2020.

16 Q Okay. And was only the Audit Committee present, or were
17 there other people present at the presentation?

18 A There were others, management was present also. For
19 example, Craig Spray, Rick Tedrick, Sonya Rowling were present
20 at the meeting also.

21 Q Okay. And what was the conclusion of Aronson's audit of
22 the NRA's 2019 financial statements?

23 A We -- we expressed an unqualified opinion on the financial
24 statements, that they're in accordance with all material
25 respects in accordance with U.S. generally accepted accounting

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22

1 principles, which would mean a clean opinion.

2 Q Thank you. Those of us with anthropology backgrounds
3 appreciate the breakdown.

4 Can I have you turn to NYAG 22, please? And once
5 you've located it, can you please identify the document?

6 A All right, NYAG 22 is our management letter to the
7 National Rifle Association.

8 Q Okay. And what is the purpose of a management letter?

9 A This is to identify any control deficiencies that we
10 recognize during the audit to bring them forward to the Audit
11 Committee in writing if they are significant enough.

12 Q Okay. And is it standard practice for Aronson to issue a
13 management letter when conducting an audit?

14 A It is.

15 Q Okay. And the management letter refers to material
16 weakness and significant deficiency, can you explain the
17 difference?

18 A Sure. So stepping back: For a control deficiency to be
19 in place, if they exist, when design or operation of a control
20 does not prevent or detect incorrect on a timely basis a
21 misstatement. So now a material weakness is one of those
22 controls, or a combination of those controls, that it is
23 reasonably possible to cause a material misstatement in the
24 financial statements.

25 Now a significant deficiency is less severe than a

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23

1 material weakness. But in the auditor's judgment, it's
2 important to merit the attention of the Audit Committee, so we
3 put those in writing, and talk through during our Audit
4 Committee presentation.

5 Q Thank you. Did Aronson identify any material weaknesses
6 in the NRA's internal controls?

7 A We did not.

8 Q Okay. Is it -- is it common for Aronson to identify
9 control deficiencies in connection with its audit of not-for-
10 profits?

11 A Yes, it is common that we do find control deficiencies in
12 not-for-profit audits.

13 Q Okay. And did Aronson identify any significant deficiency
14 in the internal controls?

15 A We did; we identified three.

16 Q Okay. And once those were identified, can you explain the
17 process for sharing those with management and the Audit
18 Committee?

19 A Sure. When we go through the audit process, we start to
20 identify control deficiencies, and then we bring them to
21 management to make sure we have all our facts and circumstances
22 correct, and then we share our letter -- our draft letter with
23 management to make sure they agree with all the facts, that we
24 have them all correct. And then we turn around and put those
25 in final writing, and share them with the Audit Committee.

Plotts - Direct/Gray Kozlowski

24

1 Q Okay. And what was the NRA's management's response to the
2 three identified deficiencies?

3 MS. FUCHS Objection, Your Honor; hearsay. Or asking
4 for hearsay.

5 MS. GRAY KOZLOWSKI: Your Honor, if I may, NYAG 22,
6 which has been admitted into evidence, includes management's
7 response. I'm certainly happy to rephrase it as to what his
8 understanding is, though, if that's -- if that is preferred.

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

10 You may answer the question, sir.

11 A For management's response to our significant deficiencies
12 where they agreed with our deficiencies, and they appreciated
13 our control comments and best practices, including the
14 significant deficiencies, and that they were going to respond
15 to try to put controls in place to address these significant
16 deficiencies in the future.

17 Q Okay.

18 MS. FUCHS: Your Honor, I'm actually not sure that
19 Exhibit 22 is in evidence, to the extent that it's not, I would
20 like to lodge a hearsay objection.

21 THE COURT: Okay. I keep mine in a rolling number.
22 Let's see if we can tell whether it --

23 (The Court engaged in off-the-record colloquy)

24 MS. FUCHS: And I apologize, Your Honor.

25 THE COURT: It's okay

Plotts - Direct/Gray Kozlowski

25

1 (Pause)

2 MS. FUCHS: I'm being informed my colleagues that it
3 is; I withdraw the objection.

4 THE COURT: Okay; thank you.

5 I keep mine just as they're admitted, and then the
6 court reporter keeps it a little more organized. Thank you
7 very much.

8 You may proceed.

9 MS. GRAY KOZLOWSKI: Thank you, Your Honor.

10 BY MS. GRAY KOZLOWSKI:

11 Q Mr. Plotts, I apologize if I'm retreading, but it got a
12 little disjointed there. Is it your understanding that the NRA
13 was going to address the deficiencies that were identified?

14 A Yes, they were going to address them.

15 Q Okay. And who were you -- who did you address these
16 deficiencies to?

17 A To management and the Audit Committee.

18 Q Okay. And, again, for clarity, what was the outcome of
19 the audit of the NRA's 2019 financial statements?

20 A Again, we expressed an unqualified audit opinion that they
21 were in all material respects in accordance with U.S. generally
22 accepted accounting principles.

23 Q Thank you. And you indicated that you provided additional
24 assistance with respect to the NRA's taxes. What were you
25 referring to there?

Plotts - Direct/Gray Kozlowski

26

1 A Yes, so we did review and consulting services for the tax
2 services over their 990.

3 Q Okay. And what is a Form 990?

4 A 990 is an IRS form, that's an informational form that is
5 filed by not-for-profits on an annual basis.

6 Q Okay. Did Aronson sign the NRA's 2019 990?

7 A No.

8 Q Why not?

9 A We were not engaged to prepare the 990; we were engaged to
10 review and consult the 990.

11 Q And do you believe it's prudent for not-for-profits to
12 obtain advice with respect to their Form 990s?

13 A Absolutely.

14 Q Why?

15 A 990 is a very complex document, it's become more of a
16 informational document over the years and a legal document. So
17 it's very complex, they have many schedules and many parts to
18 those schedules inside the document.

19 Q How would you describe the working relationship between
20 Aronson and the NRA with respect to the Form 990?

21 A I think it was a good, extensive relationship. It was
22 very informational. They prepared the 990 and asked us
23 questions on the rulings of the IRS, some more information on
24 how the IRS looks at certain things on the 990, and asked our
25 advice on how to disclose things on the 990 based on their

Plotts - Direct/Gray Kozlowski

27

1 facts and circumstances.

2 Q Okay. How extensive was the advice provided by Aronson
3 with respect to the 990?

4 A I believe it was pretty extensive. There was quite a few
5 questions on the 990 that we helped them with.

6 Q Okay. And are you familiar with Schedule L of the Form
7 990?

8 A I am familiar with it.

9 Q And what is that document?

10 A Well, it's titled Transactions With Interested Persons.

11 Q And what was Aronson's involvement with respect to
12 Schedule L?

13 A We helped with the disclosure on -- and the writing of,
14 you know, all the commentary. We gave our advice on that.

15 Q Okay. And did Aronson do the actual calculations?

16 A We did not do any calculations.

17 Q Okay. And in your experience, would you expect tax
18 counsel to be involved in the calculation of excess benefit
19 transactions?

20 A Yes, we do --

21 MS. FUCHS: Objection; leading.

22 THE COURT: Overruled.

23 A Yes, we do. We have that advice to anyone that needs to
24 fill out a Schedule L to get tax attorney assistance.

25 Q And why do you provide that advice?

Plotts - Direct/Gray Kozlowski

28

1 A Because Schedule L can be very complex and a lot of
2 calculations that go into it, so I would suggest getting a tax
3 attorney to help you with that.

4 Q Okay. And, Mr. Plotts, on the question, is Aronson -- or
5 has Aronson provided -- been independent with respect to the
6 services it's provided to the NRA?

7 A We have.

8 MS. GRAY KOZLOWSKI: Your Honor, with that, I would
9 pass the witness.

10 THE COURT: Thank you.

11 NYAG gets to go next.

12 MS. FUCHS: Thank you, Your Honor.

13 CROSS-EXAMINATION

14 BY MS. FUCHS:

15 Q Mr. Plotts, good morning.

16 A Good morning.

17 Q My name is Yael Fuchs, I am an Assistant Attorney General
18 with the New York Attorney General's Office, and I'll be asking
19 you some questions today.

20 You testified as to the process of Aronson becoming
21 engaged to offer services to the NRA. Had you -- before Ms.
22 Rowling contacted you, were you familiar with her?

23 A I was.

24 Q How did you know Ms. Rowling?

25 A I knew her when I worked at PricewaterhouseCoopers back in

Plotts - Cross/Fuchs

29

1 1999 to 2004. I worked on the NRA audit at that point, so I
2 knew her from there.

3 And then also, there's networking events that not-
4 for-profits go to, and I saw her again there at a networking
5 event.

6 Q And you testified that -- I'm sorry, I don't have the real
7 time testimony so I'm going to paraphrase, so if I get it
8 wrong, just let me know. I believe that you testified that
9 there was a committee at Aronson that had to approve the taking
10 on the NRA as a client, is that correct?

11 A That is correct, yes.

12 Q And is that a quality control committee?

13 A Yes, that is.

14 Q And is it accurate that they took one day between the time
15 that Ms. Rowling called you to suggest that Aronson provide a
16 response to the RFP, it was one day later that they okay'd the
17 NRA?

18 A No, that is not correct.

19 Q Was it the next day that they okay'd Aronson to
20 participate in the RFP process?

21 A No, that's not.

22 Q If you could pull up NRA 155, please.

23 A NRA 155?

24 Q Yes, please.

25 (Pause)

Plotts - Cross/Fuchs

30

1 MS. FUCHS: And I move that NRA 155 be admitted into
2 evidence.

3 MS. GRAY KOZLOWSKI: No objection, Your Honor.

4 THE COURT: NRA 155 is in.

5 (NRA Exhibit 155 admitted into evidence)

6 BY MS. FUCHS:

7 Q So if you scroll down to the bottom of the email, please,
8 Mr. Plotts, I believe it shows that on October 10th, 2019, Ms.
9 Rowling contacted you.

10 A (No verbal response).

11 Q Do you see that?

12 A October 10th, all the way down, okay, yes. I do see that,
13 October 10th.

14 Q Yes. And she asks you if Aronson would be interested in
15 bidding. And then if you scroll up, you can see that you reply
16 that same day that you would be interested in bidding, do you
17 see that?

18 A Yes.

19 Q And so was that a decision that you had authority to make
20 on your own?

21 A I had counsel.

22 Q "Counsel" meaning a lawyer?

23 A No, talking with others in Aronson.

24 Q Got it. And then on Friday, if you scroll up, it shows
25 that on Friday, October 11th, you state that you had discussed

Plotts - Cross/Fuchs

31

1 internally with the Board. And is that the Board of Aronson?

2 A Yes, it would be.

3 Q And QC, is that quality control?

4 A That is, yes.

5 Q And the acceptance process had passed the first stage. So
6 that's actually what I was referring to, is it accurate that
7 the next -- that it took one day for the Board and QC to
8 approve -- to go through this first stage of the acceptance
9 process.

10 A To have a meeting with NRA management to talk about the
11 RFP process.

12 Q Got it.

13 A Yeah, that would --

14 Q And --

15 A Yes.

16 Q And you testified that the meeting with management was
17 with Mr. Spray, Ms. Rowling, and Mr. Tedrick, is that correct?

18 A To the best of my recollection, I believe all three of
19 them were there at the meeting.

20 Q Did you meet with Mr. LaPierre at that time?

21 A We did not.

22 Q And were you aware that -- you were aware the RSM was the
23 NRA's previous auditors, correct?

24 A Yes. Yeah.

25 Q And were you aware that RSM fired the NRA as a client?

Plotts - Cross/Fuchs

32

1 A I do not know that to be true.

2 Q As part of the transition from RSM, did you ask to review
3 work papers from RSM?

4 A Yes.

5 Q And did you receive those work papers?

6 A We did.

7 Q And those were the work papers for their audit for 2018?

8 A They were selected work papers from 2018, what they gave
9 us.

10 Q Not the full audit file from 2018?

11 A No.

12 Q Did you request the full audit file?

13 A We requested audit work papers for 2018 to help us in
14 order to audit --

15 Q My question was whether you requested the full audit file.

16 A We requested the audit file.

17 Q You didn't specify that you only wanted parts of the audit
18 file, correct?

19 A That's correct.

20 Q But they only gave you parts.

21 A They gave us selective work papers, correct?

22 Q And did you have a conversation with RSM about the
23 circumstances of them ending their engagement with the NRA?

24 A Yes.

25 Q And they didn't tell you that they, in fact, fired the

Plotts - Cross/Fuchs

33

1 NRA?

2 A They did not.

3 Q Did they tell you anything to be on the lookout for?

4 A The only -- yes, they did.

5 Q What did they tell you?

6 MS. GRAY KOZLOWSKI: Your Honor, objection; hearsay.

7 THE COURT: Response on hearsay?

8 MS. FUCHS: I'll rephrase, Your Honor.

9 BY MS. FUCHS:

10 Q Did you design any specific audit procedures based on what
11 RSM told you?

12 A Yes.

13 Q What were those?

14 A Specific audit procedures around expense reports.

15 Q Anything else?

16 A Not based on what RSM told us, yes, that was it.

17 Q Do you recall any findings from RSM regarding a lack of
18 compliance with the NRA's \$100,000 procurement policy?

19 A Do not recall that.

20 Q Do you recall reviewing an RSM work paper regarding
21 noncompliance with the NRA's \$100,000 procurement policy?

22 A I do not recall that.

23 MS. FUCHS: Mr. Thompson, if you could please share
24 on the screen the document in Plotts exhibit file bearing Bates
25 Number RSM-NYAG 37790.

Plotts - Cross/Fuchs

34

1 MS. GRAY KOZLOWSKI: Your Honor, I'm going to object
2 to utilizing this document. Mr. Plotts testified that he did
3 not receive the entire audit file, nor has there been any
4 foundation established that he's actually seen this document.

5 THE COURT: I think he can be asked that question;
6 we'll carry that for now.

7 You can continue your examination, Ms. Fuchs.

8 MS. FUCHS: Thank you, Your Honor.

9 BY MS. FUCHS:

10 Q Mr. Plotts, do you recall seeing this RSM work paper?

11 A I do not recall seeing this.

12 Q Okay.

13 MS. FUCHS: Mr. Thompson, could you scroll down,
14 please, to the testing section? Thank you. And if there is a
15 way to just help us view that entire chart.

16 (Pause)

17 MS. FUCHS: Bear with us just a minute, and I'll be
18 very fast on this.

19 Q So are you familiar with the -- are you familiar with the
20 NRA's \$100,000 procurement policy?

21 A I'm -- yes.

22 Q What do you understand that policy to require?

23 A I'd have to get their policy to repeat it.

24 Q So sitting here today, you don't recall?

25 A No, I could not quote their \$100,000 policy.

Plotts - Cross/Fuchs

35

1 Q Do you recall that it requires a business case analysis?

2 A I believe that is correct, but I would -- I would need to
3 see the actual policy --

4 Q Okay.

5 A -- to be sure of that.

6 Q So this spreadsheet, does it refresh your recollection as
7 to the fact that there were numerous -- if you look at the
8 column with Roman Numeral 1, that there were numerous -- that
9 RSM found numerous contracts that did not have a business case
10 analysis?

11 MS. GRAY KOZLOWSKI: Your Honor, the witness has
12 already testified several times that he is not familiar with
13 this document.

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

15 MS. FUCHS: Okay.

16 Mr. Thompson, you can take that down.

17 (Pause)

18 BY MS. FUCHS:

19 Q Has RSM conducted any testing regarding the NRA's
20 compliance with its \$100,000 procurement policy?

21 A I --

22 Q Maybe I misspoke; I'm sorry. My question was has Aronson
23 done that testing?

24 A Oh. That was not one of our specific procedures.

25 Q Okay. So is that a no?

Plotts - Cross/Fuchs

36

1 A No. No.

2 Q I'd like to turn to Aronson's audit for 2019. I believe
3 that you testified that you did not audit internal controls,
4 correct?

5 A That is correct.

6 Q But you examined internal controls, and is it correct that
7 based on significant risks, is that correct?

8 A That's correct, yes.

9 Q And that's informed by the materiality calculation, is
10 that correct?

11 A One of the pieces, that's correct.

12 Q And do you recall what the materiality threshold is for
13 the NRA?

14 A Materiality is quantitative and qualitative, but
15 quantitatively it's approximately three to four million
16 dollars.

17 Q So -- and just to clarify for all of us non-accountants,
18 non-auditors what that means, does that mean that if there is a
19 misstatement that is under the materiality threshold, then you
20 don't necessarily test for such a possible misstatement, is
21 that correct?

22 A We look at any misstatement that we'd find, and we look at
23 it individually. And then we collect all misstatements on a
24 schedule, and then look at them aggregately to see if they
25 would materially misstate the financial statements, both

1 quantitatively or qualitative.

2 Q And that quantitative materiality threshold, you said is
3 three to four million dollars, correct?

4 A That's correct.

5 Q So if you identified misstatements under that threshold,
6 it wouldn't necessarily make it into a management letter, is
7 that correct?

8 A Typically misstatements would make it into the management
9 letter because the reason a misstatement happens is because
10 there's a control deficiency, but not all the time. So --

11 Q Sir, I'm just going to ask you to answer my question, and
12 maybe it wasn't a good question. So I'm -- I'll circle back
13 around to it.

14 So you testified that the audit opinion for 2019 was
15 an unmodified opinion, correct?

16 A That's correct.

17 Q And that means that the financial statements are free from
18 material misstatements, correct?

19 A Correct.

20 Q And when you provide an unmodified audit opinion, you are
21 not expressing an opinion on the effectiveness of the entity's
22 internal controls, is that correct?

23 A Correct.

24 Q And, in fact, that is reflected very explicitly in your
25 engagement letters, correct?

1 A Correct.

2 Q And that is also expressed very clearly in your audit
3 opinions, correct?

4 A Correct.

5 Q And so your audit opinion stated that you express no
6 opinion on the effectiveness of the entity's internal control,
7 is that correct?

8 A Correct.

9 Q And your management letter also stated that, is that
10 correct?

11 A That is correct.

12 Q And, in fact, the management letter stated explicitly that
13 there -- that material weaknesses or significant deficiencies
14 may exist that were not identified, is that correct?

15 A Yes, correct.

16 Q Please turn to NYAG Exhibit 12, and you'll see that this
17 is the management representation letter from the NRA to
18 Aronson, correct?

19 A Yes, I have it in front of me, and it's correct.

20 Q So at the end of any audit, an audit firm requires a
21 management representation letter, is that correct?

22 A Correct.

23 Q And can you describe what is the purpose of a management
24 representation letter?

25 A It's management's representation that they gave us all the

1 records, and told us everything that they knew that could
2 effect the financial statements in our audit. They represent
3 that to the auditors, and they sign the letter.

4 Q And if you'll look at -- if you scroll down to the
5 signature section --

6 A Yes.

7 Q -- Mr. LaPierre didn't sign the management representation
8 letter, correct?

9 A That's correct.

10 MS. FUCHS: And, Your Honor, I apologize, I thought
11 that NYAG Exhibit 12 had been admitted, but I'm being told that
12 it's not, so I would move for its admission.

13 MS. GRAY KOZLOWSKI: No objection, Your Honor.

14 THE COURT: NYAG 12 is in.

15 (NYAG's Exhibit 12 admitted into evidence)

16 MS. FUCHS: Thank you.

17 BY MS. FUCHS:

18 Q Do you have any other -- do you have any other 501(c)(4)
19 clients -- audit clients?

20 A Yes.

21 Q Do you have any other 501(c)(4) clients where the CEO
22 doesn't sign the management representation letter?

23 A I -- I would say yes, but I would have to go back and
24 check the files.

25 Q Sitting here today, do you know of any?

Plotts - Cross/Fuchs

40

1 A Off the top of my head, we care about the CFO signing the
2 engagement letter --

3 Q My question to you is whether or not, sitting here today,
4 you know of any 501(c)(4) clients where the CEO didn't sign the
5 management representation letter?

6 A I could -- I cannot sit here today and recall that.

7 Q Are you aware that Mr. LaPierre also didn't sign the RSM
8 management representation letters?

9 A I was not aware.

10 Q Were you aware that RSM considered Mr. LaPierre not to be
11 involved in the NRA's financial operations?

12 MS. GRAY KOZLOWSKI: Your Honor, objection; calls for
13 speculation.

14 THE COURT: The question was just --

15 MS. FUCHS: I'm just asking if he's aware of that.

16 THE COURT: The question was whether he was aware;
17 overruled.

18 You may answer the question, sir.

19 THE WITNESS: Can you repeat the question again?

20 BY MS. FUCHS:

21 Q Are you aware that RSM did not consider Mr. LaPierre to be
22 involved in the organization's and the NRA's financial
23 operations?

24 A I did not know that to be true.

25 Q RSM -- you never -- RSM never communicated to you that

Plotts - Cross/Fuchs

41

1 they didn't have Mr. LaPierre sign the management
2 representation letter because they considered him not to be
3 involved in the NRA's financials?

4 A Not to my recollection.

5 Q Okay.

6 MS. FUCHS: Mr. Thompson, could you please share for
7 us -- give me just one second -- the document bearing Bates
8 number RSM NYAG 37793?

9 BY MS. FUCHS:

10 Q Do you recall ever seeing this document?

11 A I don't know what this document is, so -- is this an RSM
12 document?

13 Q This is a document from the RSM 2018 work papers, I'll
14 represent to you.

15 A I do not recall seeing this.

16 Q Okay. You don't think you received this?

17 A I don't recall.

18 Q Okay. And so you don't recall RSM communicating one way
19 or another that Wayne, as it said, is not involved in financial
20 reporting/litigation matters, correct?

21 A I do not recall.

22 Q Okay.

23 MS. FUCHS: You can take that down.

24 Q Were you aware that RSM never interviewed Mr. LaPierre as
25 part of their audit?

Plotts - Cross/Fuchs

42

1 A I don't know that to be true.

2 Q You don't know one way or the other?

3 A I do not, no.

4 Q Did you ever ask the RSM auditors about that fact?

5 A Not to my recollection.

6 Q Okay. Are you aware that Mr. LaPierre signed the 2019 990
7 on behalf of the NRA?

8 A I am aware that he signed the 990, yes.

9 Q And as you testified, that's a complex document, is that
10 correct?

11 A Correct.

12 Q And that would require some understanding of the
13 organization's financial operations in order to be able to
14 attest to its truthfulness.

15 A Correct.

16 Q Okay. You testified that you looked into related party
17 transactions in connection with your 2019 audit, correct?

18 A Correct.

19 Q And related party transactions, do you -- what are you
20 referring to when you say "related party transactions"?

21 A Related party transactions could be between entities, like
22 the NRA Foundation and the NRA (c)(4). It also could mean
23 those at a -- on the Board, transactions with those on the
24 Board or interested parties are related party transactions,
25 too.

Plotts - Cross/Fuchs

43

1 Q And there's supposed to be a related party transaction
2 note in the audited financials, is that correct?

3 A If the material related party transactions happen, there's
4 none, no.

5 Q And there are no transactions between the NRA and insiders
6 disclosed in the NRA's 2019 audited financials, is that
7 correct?

8 A Correct.

9 Q Is that because Aronson didn't consider any of them to be
10 material?

11 A These are management's financial statements, so no
12 material transactions were recorded that we would -- that we
13 were aware of that needed to be in the financial statements,
14 that's correct.

15 Q Did you test whether or not that was an accurate
16 representation?

17 A We did.

18 Q Did you receive a list of all of the related party
19 transactions for 2019?

20 A We did.

21 Q And did you get information about a ratification about a
22 related party transaction?

23 A We did.

24 Q Did you get Audit Committee meeting minutes?

25 A We did.

Plotts - Cross/Fuchs

44

1 Q If you could please turn to NYAG Exhibit 327. These are
2 minutes, and at the top, it indicated January 11th, 2020. But,
3 in fact, it's a compilation, so I'll try to direct your
4 attention accordingly.

5 The first --

6 A I'm sorry, can I -- I'm sorry, what number was it again?
7 NYAG 27, did you say?

8 Q I'm sorry, it's 327.

9 A Oh, 327, okay. Okay, I'm there.

10 Q Okay. So the first set of minutes reflected here is from
11 November 20th, 2019, do you see that?

12 A (No verbal response).

13 Q Do you see that? I just want to make sure we're all on
14 the same page.

15 A Please repeat that again.

16 Q Sure. I'm on the first page, and it is -- it says January
17 11th, 2020, and then the minutes reflects -- the text reflects
18 that the Audit Committee met in person on November 20th, 2019,
19 do you see that?

20 A I do see that.

21 Q And it doesn't reflect that you are present for that
22 meeting, do you see that?

23 A I do see that.

24 Q So your audit engagement letter was signed October, 2019,
25 correct?

Plotts - Cross/Fuchs

45

1 A Incorrect. I believe it was November.

2 Q Okay.

3 A Yeah.

4 Q I'll take a look at that. So if you scroll down, I just
5 want to draw your attention to -- I'm sorry, let me back up.

6 Have you seen these minutes before?

7 A We have. Yes, we have seen these minutes.

8 Q You received them as part of your audit process?

9 A Yes.

10 Q And so I direct your attention to the second page where
11 there is a resolution approving and ratifying the transactions
12 between Barrett Firearms and the NRA Foundation, do you see
13 that?

14 A I do.

15 Q And it indicates that at various times since 2012 -- so
16 for seven years prior to this -- Barrett Firearms offered the
17 NRA Foundation the opportunity to buy these rifles at prices
18 favorable to the Foundation, do you see that?

19 A I do.

20 Q And it indicates that Ronnie Barrett, the founder and CEO
21 of Barrett Firearms, is an NRA director, do you see that?

22 A I do.

23 Q So did you review any documents relating to purchases from
24 Barrett Firearms Manufacturing by the NRA or the NRA
25 Foundation?

Plotts - Cross/Fuchs

46

1 A I don't recall.

2 Q Okay. And did you -- backing up. Are you familiar with
3 New York not-for-profit law Section 715?

4 A We were not engaged to do our testing --

5 Q My question was -- my question was just whether you're
6 familiar with it?

7 A I'm not familiar with that one.

8 Q So are you familiar with the requirements for approval of
9 related party transactions under New York law?

10 A No.

11 Q So you weren't able to test any of --

12 MS. FUCHS: Strike that.

13 Q If you scroll down the second transaction is the Remington
14 Outdoor Company, do you see that?

15 A Yes, I do.

16 Q And here it indicates that that from 2011 to 2018, Mr.
17 Kollitides -- I apologize if I'm mispronouncing that name --
18 served as a Trustee of the NRA Foundation, do you see that?

19 A Yes.

20 Q And during part of that time period, he served as Chair
21 and CEO of the Remington Outdoor Company, do you see that?

22 A I do.

23 Q And then it describes that there were also transactions
24 between the NRA Foundation and the Remington Outdoor Company,
25 correct?

Plotts - Cross/Fuchs

47

1 A Correct.

2 Q And sitting here today, do you know if Aronson reviewed
3 any documentation relating to purchases from the Remington
4 Outdoor Company?

5 A I do not recall.

6 Q Okay. You don't know how -- the extent of the purchase,
7 correct?

8 A From my recollection, I do not.

9 Q If you scroll down, is it correct that you also didn't
10 review any documentation regarding transactions between Sturm
11 Ruger & Company, and the NRA Foundation?

12 A That is correct.

13 Q Okay. And then the next set of Audit Committee meeting
14 minutes is from January 9th, 2020, do you see that?

15 A (No verbal response).

16 Q And I'm sorry, that's reflected on Page 3 of the PDF.

17 A Page 3 of the --

18 (Pause)

19 A I'm sorry, what am I looking for again on Page 3?

20 Q On Page 3, the paragraph where it indicates that the Audit
21 Committee met in person on January 20th, 2020.

22 A (No verbal response).

23 Q I'm sorry, January 9th, 2020.

24 A Okay, I do see that.

25 Q Okay. And by this point, Aronson would have been engaged,

1 correct?

2 A Correct.

3 Q And the minutes indicate that you made a presentation at
4 that Audit Committee meeting, is that correct?

5 A That is correct.

6 Q So you were present at the Audit Committee meeting?

7 A That's correct.

8 Q Were you present when any related party transactions were
9 discussed?

10 A Not to my recollection.

11 Q Okay. Well, you can put that aside. Did you examine
12 whether the NRA was compliant with its conflict of interest
13 policy?

14 A I'm sorry; could you repeat that question?

15 Q As part of your audit, did Aronson examine whether the NRA
16 was compliant with its conflict of interest policy?

17 A Yes.

18 Q As part of its audit, did Aronson identify whether any
19 officers or directors had not submitted the disclosures
20 required under the conflict of interest policy?

21 A No.

22 Q So were you aware that Mr. LaPierre did not submit his
23 disclosure under the conflict of interest policy until the day
24 of his testimony in this trial?

25 A I was not aware.

1 Q Are you aware that the NRA has no chief compliance
2 officer?

3 A I -- I don't know that to be true.

4 Q You don't know one way or the other?

5 A It's not a -- I'm not aware of one.

6 Q Okay. Are you aware that it has no internal audit
7 function?

8 A I am aware that they do not have a designated audit --
9 internal audit function.

10 Q Okay. If you'll turn, please, to NYAG Exhibit 22, that's
11 the management letter you were looking at.

12 A Yes, I have it.

13 Q Thank you. Now you testified that you identified in this
14 management letter three significant deficiencies, is that
15 correct?

16 A Correct.

17 Q And the deficiency expense reporting, was that actually
18 provided to you by Craig Spray?

19 A Could you repeat that question?

20 Q Sure, and I'll try to rephrase it. So Mr. Spray testified
21 that he actually self-reported those issues to Aronson so that
22 it could be included in the management letter, do you agree
23 with that?

24 A Craig Spray was transparent on an expense report that was
25 not in compliance, yes.

Plotts - Cross/Fuchs

50

1 MS. FUCHS: I move to strike as non-responsive.

2 THE COURT: Sustained.

3 BY MS. FUCHS:

4 Q So my question was whether it's true that Craig Spray
5 self-reported to you the instances of noncompliant with credit
6 card and expense-reporting policies, specifically so that you
7 could include it in the management letter?

8 A I don't know that to be completely true.

9 Q Okay. So if Mr. Spray testified to that, you think he
10 would not be telling the truth?

11 MS. GRAY KOZLOWSKI: Your Honor, objection; misstates
12 testimony.

13 THE COURT: Overruled.

14 You may answer the question, sir.

15 A I would not believe that to be -- or know that to be true
16 either.

17 Q Okay.

18 A It could be difference of opinions.

19 Q Okay. So within the three deficiencies flagged in the
20 management letter -- and let me back up.

21 This management letter was issued on March of 2020,
22 correct?

23 A Correct.

24 Q At the end of the audit for 2019, is that correct?

25 A That's correct, yes.

Plotts - Cross/Fuchs

51

1 Q So you had already gone through all the testing for 2019.

2 A Correct.

3 Q And the management letter doesn't identify the
4 noncompliance with the conflict of interest policy, correct?

5 A I'm not aware of any noncompliance with conflict of
6 interest. So --

7 Q It's --

8 A There's no representation there on it.

9 Q And there's no representation there about excess benefits
10 accrued by officers and directors, correct?

11 A There is nothing in our letter, correct.

12 Q And no reference to the fact that Mr. LaPierre's --
13 oversight of Mr. LaPierre's expenses is not subject to any
14 written policy, right? That's not in the management letter?

15 A The management letter does not state anything to that
16 effect.

17 Q Is it true that Mr. Spray asked you to conduct additional
18 procedures on ILA -- NRA-ILA?

19 A Correct, yeah.

20 Q But the management letter doesn't identify any misuse of
21 funds by Chris Cox, correct?

22 A Correct.

23 Q Or David Lehman?

24 A Correct.

25 Q Do you know if Aronson ever identified any misuse of funds

Plotts - Cross/Fuchs

52

1 by Mr. Cox?

2 A We did not identify any.

3 Q Okay. If you would -- I'm going to shift to the 2019 990,
4 and if you could please pull up Exhibit NYAG 148.

5 A Okay, I have it up.

6 Q Thank you. And if you could, please -- let me direct your
7 attention to Page 3 of the PDF, four other services. Do you
8 see where it says, "We will assist in preparing the
9 organization's Federal and State information and tax returns
10 for the year ended December 31st, 2019"?

11 A I do see that.

12 Q And did Aronson --

13 MS. FUCHS: Strike that.

14 Q Are you aware that in past years, RSM signed the 990 as
15 tax preparer?

16 A I am aware.

17 Q Now if you would turn, please, to NYAG Exhibit 8.

18 A Okay, I'm there.

19 Q Okay. And actually before we delve into that, if you
20 could just take a quick look at NYAG Exhibit 10? And this is
21 the 2020 engagement letter, do you see that?

22 A Yes.

23 Q And if I can direct your attention to Exhibit -- I'm sorry
24 -- to Page 3 of the PDF again, also remembering all four other
25 services.

Plotts - Cross/Fuchs

53

1 A Okay.

2 Q And here, you use different verbiage, here you say, "We
3 will assist in the review of the organization's Federal and
4 State tax returns," do you see that?

5 A I do.

6 Q So 2019 said you'll assist in the preparation, and 2020
7 said you'll assist in the review, is that correct?

8 A That's correct, that's what the engagement letters say,
9 yes.

10 Q And Aronson -- it's correct that Aronson did not sign the
11 2019 990 as preparer, is that correct?

12 A That is correct.

13 Q So if you will turn to Page -- I'm sorry -- to Exhibit
14 NYAG Exhibit 8.

15 A Okay.

16 Q And if I can, please, direct your attention to Page 40 of
17 the PDF, which is the Schedule J -- are you there?

18 A It's a large document, I'm trying to get there.

19 Q Sure. You can also input 40 into the bar at the top, and
20 it will zoom you over there.

21 (Pause)

22 Q I'm sorry?

23 A I'm sorry, I'm getting there. There we go.

24 Q Sure.

25 (Pause)

1 Q Do you what you need to do to be comfortable with the
2 document. I'll just suggest, again, that if you input the
3 number 40 into the top bar, it will take you right to that
4 page.

5 A Okay; thank you. I'm there.

6 Q Okay. So I'll direct your attention to Question 1A, which
7 asks about certain perks relating to travel and otherwise, and
8 1B, the NRA checks off "No," the organization did not follow a
9 written policy regarding payment or reimbursement, or provision
10 of all the expenses described above, do you see that?

11 A I do.

12 Q And this was finalized in November, 2020, correct?

13 A That's correct.

14 Q And, again, going back to your -- to your audit of the
15 2019 financial statements, you didn't note any significant
16 deficiencies relating to the lack of travel policies, correct?

17 A That's correct.

18 Q And if you look at Question Number 2, "Did the
19 organization require substantiation prior to reimbursing or
20 allow expenses?" Again, the NRA checks off "No," do you see
21 that?

22 A I do.

23 Q And that lack of substantiation also didn't make it into
24 any representations in your 2019 audit, is that correct?

25 A Yes.

Plotts - Cross/Fuchs

55

1 Q And you testified that Aronson helped with the verbiage
2 for some of the schedules in the 990, is that correct?

3 A We helped with the disclosures, correct.

4 Q The disclosures. So if you'll turn, please, to Page 43.
5 Just a little bit down the page, there's a disclosure that
6 corresponds to Schedule J, Part 1, Line 1B, do you see that?

7 A Okay, yes.

8 Q Right? And the disclosure is, "The NRA has a written
9 policy for first class travel," do you see that?

10 A Yes, I do see that.

11 Q Doesn't really provide any explanation regarding the fact
12 that the NRA checked off "No" that it didn't have certain
13 policies, correct?

14 A Correct.

15 Q And, in fact, that's not the disclosure that Aronson
16 recommended, is that correct?

17 A I don't know that to be true.

18 Q Also turn, please to NYAG Exhibit 276.

19 A 276?

20 Q Yes, please.

21 (Pause)

22 MS. FUCHS: And I would like to move 276 into
23 evidence.

24 MS. GRAY KOZLOWSKI: Your Honor, I believe this
25 exhibit contains hearsay.

Plotts - Cross/Fuchs

56

1 THE COURT: Let me get it up on my screen.

2 (Pause)

3 THE COURT: Overruled.

4 MS. FUCHS: And this is -- thank you. So 276 is
5 admitted, Your Honor?

6 THE COURT: It is in.

7 (NYAG's Exhibit 276 admitted into evidence)

8 MS. FUCHS: Thank you.

9 BY MS. FUCHS:

10 Q So if, again, you'll scroll down to the bottom because
11 that's the first email in time, the email exchange between --
12 is between Katherine -- and, I'm sorry, how do you pronounce
13 the last name?

14 A Cuddapah.

15 Q -- Cuddapah and Rick Tedrick and Arifur Rahman of the NRA,
16 and you are copied on that, do you see?

17 A I do see that.

18 Q And who is Katherine Cuddapah?

19 A She is a Director of our 990 tax services at Aronson.

20 Q Was she the lead on 990 preparation for the NRA
21 engagement?

22 A We did not prepare the 990.

23 Q Was she --

24 A She was --

25 Q Go ahead.

Plotts - Cross/Fuchs

57

1 A So she was -- she was the lead on the review of the 990
2 services.

3 Q Okay. And we see that she is providing pretty substantive
4 information in that first email regarding thresholds for
5 Schedule L disclosures, do you see that?

6 A I do.

7 Q Okay. And then the next email up is from Mr. Rahman, and
8 he is now stating that there are adjustments that were made to
9 the 990T, including Schedule J, Part 1, Line B, "Answered 'No,'
10 and added a narrative," do you see that?

11 A I do.

12 Q Okay. And then above that, Mr. Tedrick notes that "We do
13 not have a policy on charter travel," do you see that?

14 A I do.

15 Q And he's asking Kathy a question, "On the description,
16 should we use the word 'other' or be more specific?" do you see
17 that?

18 A I do.

19 Q And then the next email is Ms. Cuddapah's advice, and she
20 says, "I think it should use the word 'charter' in the
21 narrative," do you see that?

22 A I see that, yes.

23 Q And then if you scroll up to the next email from Kathy,
24 that starts with, "Right, so you are now checking 'no' on Line
25 1B," do you see that?

1 A I do.

2 Q And she says, "Then in the narrative, you are explaining
3 the charter situation. I would add in that narrative that you
4 do have written agreements for first class travel, etc., since
5 that's a positive. The questions 1B only want a narrative
6 about the unwritten ones," do you see that?

7 A I do.

8 Q Okay. And somebody -- sorry -- from the NRA replies, "We
9 actually only have a policy for first class travel. None of
10 the others in 2019," do you see that?

11 A I do see that.

12 Q And she says, "Okay. Then the narrative needs to talk
13 about all those, too," do you see that?

14 A I do.

15 Q And that's because the narrative needs to actually provide
16 some information about why the NRA checked off no, is that
17 correct?

18 A That's correct.

19 Q But that's not what the NRA did on Exhibit 8, correct?

20 A It does not appear that way, that's correct.

21 Q Okay. So the NRA didn't follow Ms. Cuddapah's
22 instructions on the narrative for Schedule J, did it?

23 A According to these emails, it does not look like that.

24 Q Okay. You testified about the Schedule L, correct?

25 A Yes, I did.

Plotts - Cross/Fuchs

59

1 Q I'm sorry, I'm going to try to speed things up, but I will
2 direct your attention -- I believe it is found on Page -- back
3 on Exhibit 8, on -- sorry -- on Page 49 of the PDF begins the
4 narrative, the disclosures on Schedule L, do you see that?

5 A I'm opening it up.

6 Q Thank you.

7 (Pause)

8 A Okay, I'm at Schedule L.

9 Q Yes, Page 49 of the PDF, the narrative disclosure, and
10 I'll direct your attention to the row that is second from the
11 bottom on that page that discloses "Excess benefit
12 transactions, Christopher Cox," do you see that?

13 A I do, yes.

14 Q Did Aronson play any role in examining alleged excess
15 benefit transactions from Christopher Cox?

16 A No.

17 Q Did you play any role in that verbiage? I'm sorry, in
18 drafting that verbiage that's included in the 990?

19 A We re -- we reviewed the verbiage.

20 Q Did you verify its accuracy?

21 A No.

22 Q How about for David Lehman, did you verify the accuracy of
23 the disclosures in that row?

24 A No.

25 Q How about if you scroll down, for Wayne LaPierre, did you

Plotts - Cross/Fuchs

60

1 verify the accuracy of the disclosures for Wayne LaPierre?

2 A No.

3 Q Did you play any role in examining alleged excess benefit
4 transactions from Wilson Phillips?

5 A We were not engaged to do so.

6 Q You never asked to look into Mr. Phillips' expenses?

7 A Not to my knowledge.

8 Q Okay. You're aware that Craig Spray did not sign the NRA
9 990 for 2019, correct?

10 A I am aware of that.

11 Q But he did sign the 990 for the other NRA entities for
12 2019, is that correct?

13 A I believe that to be correct. I don't have them in front
14 of me, but --

15 Q Did it raise any concerns with you that the CFO wasn't
16 signing the 990?

17 A Not really, no.

18 Q Usually the CFO signs the 990, correct?

19 A A member of the Board or an officer needs to sign the 990.
20 So sometimes that's the CFO or CEO.

21 Q It's really -- it's most common that the CFO would sign
22 the 990, is that correct?

23 A Depends on the organization, but more likely than not,
24 it's the CFO.

25 Q And you're aware that the NRA's CFO signed the 990 in past

1 years, correct?

2 A I -- again, I don't have that in front of me, but I would
3 assume that was the case if you say so.

4 Q Okay. Did you interview Mr. LaPierre in connection with
5 the 2019 audit?

6 A No.

7 Q How about for the 2020 audit?

8 A We -- we had had conversations with Mr. LaPierre.

9 Q Did you conduct interviews -- did you conduct interviews
10 in accordance with generally accepted accounting principles
11 with Mr. LaPierre?

12 A For what year?

13 Q For 2020.

14 A What -- not -- not required.

15 Q That wasn't my question.

16 A Did we do the interview in accordance with GAAP? Yes.

17 Q So what was the nature of the interview with Mr. LaPierre
18 for 2020?

19 A In his view of risk at the entity, he knew of any fraud
20 allegation, or through any litigation, and his view of
21 transactions that have taken place over the last time we've
22 talked to each other.

23 Q And was anybody else in the room when you interviewed Mr.
24 LaPierre?

25 A I've had multiple -- I've had a couple of calls with Mr.

Plotts - Cross/Fuchs

62

1 LaPierre, and one time there was someone else on the call with
2 us.

3 Q Who was that?

4 A Bill Brewer.

5 Q And other times -- on how many occasions have you been
6 able to speak with Mr. LaPierre without Mr. Brewer present?

7 A One other time.

8 Q And how long did that conversation last?

9 A Thirty to 45 minutes.

10 Q And what did Mr. LaPierre say to you about his -- in
11 response to your questions?

12 MS. GRAY KOZLOWSKI: Your Honor, I would object as
13 hearsay.

14 THE COURT: Overruled.

15 You may answer the question, sir.

16 A Can you be more specific? There was a 30- to 45-minute
17 conversation.

18 Q So you testified that you asked him about his assessment
19 of risk at the NRA, correct?

20 A That is correct.

21 Q So what did he say in response to that?

22 A He felt like controls were in the best shape that they had
23 ever been, and that they're in full compliance with New York
24 not-for-profit law, and their internal controls are strong.

25 Q Do you know if Mr. LaPierre is an expert in New York not-

Plotts - Cross/Fuchs

63

1 for-profit law?

2 A I do not know that.

3 Q So you were engaged to do the audits for 2020, is that
4 correct?

5 A We were engaged, yes. We are engaged, I should say.

6 Q You are engaged. And for the 2019 audit, you completed
7 that in March of 2020, is that correct?

8 A Correct.

9 Q For 2020, you have not yet completed the audit, correct?

10 A Correct.

11 Q Are you currently -- is Aronson currently conducting audit
12 fieldwork for the NRA in connection with the 2020 audit?

13 A We were delayed January 15th with the bankruptcy, and we
14 just got approved, I believe, last week to start back up on the
15 audit. So we need to schedule -- not right now, we are not,
16 but scheduling it soon.

17 Q Okay.

18 A Start --

19 Q Okay. You worked with Craig Spray, correct?

20 A I did.

21 Q Would you say that he was a compliance-oriented CFO?

22 A I would.

23 Q He was the one -- he was one of the people that asked you
24 to conduct additional procedures, correct?

25 A He requested additional procedures, correct.

Plotts - Cross/Fuchs

64

1 Q Were you informed that Mr. Spray is no longer with the
2 organization?

3 A Yes.

4 Q When were you informed that?

5 A I don't recall; I'm going to give you an estimate of
6 January, 2020.

7 Q Of 2020?

8 A Or, I'm sorry, 2021; sorry.

9 Q Okay.

10 A Forgot the year -- just --

11 Q And who told you that?

12 A My recollection is Rick Tedrick told me that.

13 Q And what did he tell you?

14 A That Craig Spray is no longer with our organization.

15 Q Did he tell you anything about the circumstances of Mr.
16 Spray's departure?

17 A Not -- not to my recollection that there was anything
18 talked about.

19 Q Did you ask?

20 A I did.

21 Q You did?

22 A I did ask, yes.

23 Q Okay. And did he respond?

24 A To my recollection, he did not know all the details of
25 what went on, just that he was no longer there.

Plotts - Cross/Fuchs

65

1 Q Since that conversation, have you gotten any additional
2 information about the circumstances of Mr. Spray's departure?

3 A I've asked multiple people, individuals, about Craig
4 Spray's departure, and I was told it was health reasons, that
5 he wanted to leave the organization.

6 Q Who told you that?

7 A Charles Cotton, Audit Committee Chair. To the best of my
8 recollection, it was a conversation with Wayne LaPierre, too.

9 Q Mr. LaPierre told you that, that Mr. Spray left for health
10 reasons?

11 A To the best of my recollection, I believe that that's what
12 he -- yes.

13 Q Was that in a -- was that over a phone call?

14 A That was.

15 Q So did anybody ever tell you that Mr. LaPierre told Mr.
16 Spray that the organization was, quote, "going in a different
17 direction" so that Mr. Spray would no longer be with the NRA?

18 A Not to my recollection.

19 Q Have you heard that before I just said that today?

20 A I don't -- no, I don't believe I have.

21 Q Okay. So prior to today, you were never told that Mr.
22 Spray did not choose to leave the NRA in January of 2021.

23 MS. GRAY KOZLOWSKI: Your Honor, objection; this has
24 been asked and answered several times.

25 THE COURT: Overruled.

Plotts - Cross/Fuchs

66

1 You may answer the question, sir.

2 THE WITNESS: Could you repeat that question again?

3 MS. FUCHS: Sure.

4 BY MS. FUCHS:

5 Q So prior to today, is it correct that you were never told
6 that Mr. Spray did not choose to leave the NRA in January,
7 2021?

8 A That is correct, I was never told that. To my
9 recollection, yes, I was never told.

10 Q Are you aware that the NRA does not have a functioning
11 treasurer?

12 A I believe that to be true, yes.

13 Q Do you think that the NRA is better off without Craig
14 Spray?

15 A I don't -- I don't know that to be true.

16 Q Okay. Mr. Plotts, is it correct that you found out about
17 the NRA filing for bankruptcy after the filing occurred?

18 A That's correct.

19 Q You were never informed that the NRA was planning on
20 filing for bankruptcy, correct?

21 A That's correct.

22 Q And Aronson never identified any imminent liquidity
23 issues, did you?

24 A We did not.

25 Q No going concern issues, is that correct?

Plotts - Cross/Fuchs

67

1 A We evaluate going concern, and they were taking steps to
2 address any concerns that we had about going concerns. So
3 that's -- that's part of our audit procedures.

4 Q Okay.

5 MS. FUCHS: Okay; thank you. I pass the witness.

6 THE COURT: Thank you.

7 Mr. Acosta, you're going to go next, but let me poll
8 just to see how long folks are going to have with this witness
9 as we try to get through the day. How long do you think you
10 have on cross, Mr. Acosta?

11 MR. ACOSTA: I think, if the Court doesn't hold me to
12 it, 30 minutes.

13 THE COURT: Okay. And Journey?

14 MR. WATSON: Judge, Jermaine Watson on behalf of
15 Judge Journey.

16 We don't anticipate asking any questions of this
17 witness, but we reserve, depending on further testimony.

18 THE COURT: Okay. And then Committee?

19 MR. HENDRIX: Your Honor, the Committee does not
20 anticipate having any questions for this witness.

21 THE COURT: All right.

22 Why don't we -- the witness has been testifying for
23 an hour and 45 minutes. Why don't we take a recess, we'll come
24 back in at 10 o'clock.

25 Mr. Acosta has got a half an hour, and I assume the

1 debtor has got some redirect, but really we have three
2 witnesses to cover today, and everyone promised me that that
3 was very doable the other day, and also this morning when I
4 asked.

5 So we're in recess until 10 o'clock.

6 (Recess 9:44 a.m./Reconvene 10:00 a.m.)

7 THE COURT: Mr. Plotts, are you ready?

8 THE WITNESS: I am, Your Honor.

9 THE COURT: Mr. Acosta, are you ready?

10 MR. ACOSTA: I am, Your Honor; may I proceed?

11 THE COURT: You may proceed.

12 CROSS-EXAMINATION

13 BY MR. ACOSTA:

14 Q Hello, Mr. Plotts. My name is Joe Acosta, I represent
15 Ackerman McQueen. We've never met before, I'd like to visit
16 with you a little bit, if that's okay.

17 A Sounds good; thank you.

18 Q So you mentioned that the audit that you performed in
19 2019, that was a financial audit?

20 A Correct.

21 Q And what are the other kinds of audits, so the Court can
22 be -- that you're aware of, so the Court can be aware, as well?

23 A Well, there's a number of different audits that you can be
24 engaged with. There's internal controls audit, that could be
25 done. And, you know, you can also audit towards other

1 compliance regulations out there. There's a whole list of
2 them, but --

3 Q Okay. But --

4 A But typically (indiscernible - multiple speakers).

5 Q And I'm sorry, I didn't mean to speak over you. But those
6 were not part of the financial audits that Aronson performed in
7 2019, is that correct?

8 A Right, we just did (indiscernible - weak connection),
9 financial statement audit.

10 Q And the internal controls audit, can you go into a little
11 more detail about what that entails?

12 A Well, again, we weren't engaged to do one, but that would
13 be more of the testing of your internal controls in offering an
14 opinion that the internal controls are appropriate, and you
15 would offer an opinion over the internal controls of the
16 organization.

17 Q Would you say that's a 360 degree review of the internal
18 controls of the organization?

19 A I don't know if it's a three-sixty, but it's a deep dive
20 into their internal controls, and their process, so --

21 Q Fair enough. And you said you were familiar with the 100K
22 policy that the NRA has, is that right?

23 A I'm familiar with it.

24 Q Okay. It's a procurement policy, have you heard it being
25 referred to that before?

Plotts - Cross/Acosta

70

1 A I have.

2 Q And are you aware that it requires a signature of certain
3 people whenever the NRA entered into 100K policy?

4 A I'm aware of that, yes.

5 Q And who does it require the signature of?

6 A I'd have to look at the policy to verify that.

7 Q Okay. And are you aware whether law firms or accounting
8 firms are excluded from that policy?

9 A I -- I -- I am not aware of that.

10 Q And would you -- do you believe law firms or accounting
11 firms or professional services firms should be excluded from
12 that policy?

13 A It depends on the facts and circumstances, I think, around
14 that. For example, the accounting firm should be hired
15 directly by the Audit Committee.

16 Q Right, but do you think that they should be -- the NRA
17 should follow their procurement policy with respect to
18 professional services?

19 A I think best practice would be to have a procurement
20 policy in place, and follow the policy -- the procurement
21 policy, yes, I -- that would be best practice.

22 Q Fair enough. And you said that you assisted the NRA with
23 the 2019 990.

24 A We did.

25 Q Okay. And I just want to make sure, you didn't assist

1 them with calculating Schedule L, right?

2 A That's correct.

3 Q Okay. So do you know who assisted the NRA with
4 calculating Schedule L?

5 A I actually do not know. I know they hired a tax attorney
6 that was working with them, but I was not involved with the
7 calculation, so I do not know who actually prepared those.

8 Q Fair enough. Now are you aware of whether Mr. LaPierre
9 has been reimbursed for any expenses in 2020?

10 A That would be part of our audit procedures, but we have
11 not concluded on any audit procedures yet for 2020, so I cannot
12 verify that right now.

13 Q And if he wasn't, in fact, reimbursed, as he's testified,
14 and a number of witnesses have testified, would you consider
15 that part of best practices, as well?

16 A I'm sorry, Joe, could you repeat that, again, for me?

17 Q If I told you that a number of NRA witnesses testified Mr.
18 LaPierre has not been reimbursed for any 2020 expenses, would
19 that be -- would that raise any concerns for the audit?

20 A I'm sorry, you broke up -- you broke up just a little bit
21 when you were making an important part of your question; could
22 you please repeat that.

23 Q Fair enough. If I told you that a number of witnesses
24 testified that Mr. LaPierre has not been reimbursed for any
25 expenses in 2020, would that raise any concerns for Aronson?

Plotts - Cross/Acosta

72

1 A It -- it -- it does not raise any certain concerns. He
2 was not reimbursed for anything in 2019 that we were aware on
3 his expense reports.

4 Q Okay. And -- and do you believe that he incurred expenses
5 that are reimbursable for 2019?

6 A Well, I would not know that because we did not test any of
7 those because he wasn't reimbursed for any of those expenses.

8 Q And do you believe that Mr. LaPierre did not incur any
9 expenses for 2020 that are reimbursable?

10 A I'm sorry; repeat that again.

11 Q Do you believe that Mr. LaPierre did not incur any
12 reimbursable expenses for 2020?

13 MS. GRAY KOZLOWSKI: Your Honor, I would object. The
14 witness has testified that the audit is in process for 2020.
15 We do have concerns about impairing objectivity by inquiring
16 about opinions with respect to the ongoing audit.

17 MR. ACOSTA: Your Honor, if I could respond.

18 THE COURT: You can.

19 MR. ACOSTA: They're auditors, they're supposed to
20 detect some things like this. I mean, he's -- he's asking --
21 he's saying he's testing samples, and he doesn't know that the
22 head of the NRA has submitted expenses or been reimbursed for
23 expenses; I think he should know.

24 MS. GRAY KOZLOWSKI: Your Honor, my objection is
25 limited to 2020.

Plotts - Cross/Acosta

73

1 Certainly he can inquire about all those with respect
2 to 2019.

3 THE COURT: Overruled.

4 You may answer the question.

5 THE WITNESS: Okay. Could you repeat the question
6 one more time so I know what I'm answering?

7 MR. ACOSTA: Sure.

8 BY MR. ACOSTA:

9 Q Would you expect the head of the NRA, Mr. LaPierre, not to
10 have any reimbursable expenses for the entire year of 2020?

11 A In my opinion, I would expect him to have reimbursable
12 expenses, yeah. I would --

13 Q And would it be -- from an accounting perspective, would
14 it be best practices for him not to have been reimbursed at all
15 for any of his reimbursable expenses in 2020?

16 A As a -- as -- he needs to go through the right policies
17 and procedures, and if they've been through the approval of the
18 expense reports, and he should be reimbursed for those. But
19 until those go through the right process of internal controls,
20 then he should not be reimbursed for those expenses.

21 Q And would it be a good internal control to allow someone
22 that incurs a lot of expenses during the entire year not to
23 have been reimbursed until the very end?

24 A It depends on the facts and circumstances of the
25 situation. If there's any questions about the reimbursable

Plotts - Cross/Acosta

74

1 expenses, then he would not be reimbursed until they have been
2 appropriately approved.

3 Q Okay, fair enough. Let me turn your attention to -- are
4 you familiar with a \$5 million payment that was made to -- for
5 a trust fund that was created with the Brewer firm for \$5
6 million in October of 2020?

7 MS. GRAY KOZLOWSKI: Your Honor, I'd object. This
8 relates to 2021, and Aronson has not been engaged currently
9 with respect to 2021.

10 MR. ACOSTA: Your Honor, they were engaged for 2020,
11 I believe, and this is a question about 2020.

12 A We haven't performed enough --

13 THE COURT: Hold on. Hold on.

14 THE WITNESS: Oh, I'm sorry.

15 THE COURT: Hold on just a second, Mr. Plotts.

16 The question is about a trust fund that was set up
17 for 2021, is that right, the January?

18 MR. ACOSTA: No, Your Honor. This is for the --
19 well, I can ask him a different way, Your Honor, that's fine.

20 THE COURT: Okay, I think you ought to rephrase your
21 question.

22 Thank you.

23 BY MR. ACOSTA:

24 Q If I gave you a hypothetical that said that the NRA gave a
25 law firm \$5 million, could we agree that that's a hypothetical?

Plotts - Cross/Acosta

75

1 A Okay, sure.

2 Q And would it concern you what that \$5 million was going to
3 be used for from an auditing perspective?

4 A Definitely we would look into the \$5 million transaction.

5 Q Okay. Because -- would it concern you that \$5 million is
6 used for more than professional services?

7 A We would want to get invoices and understand what the
8 expenses were for.

9 Q Would it concern you if invoices were paid up to over a
10 million dollars, charged against that \$5 million, and approved
11 in less than four hours?

12 A Again, we'd have to look at the facts and circumstances
13 around that, and we would want to see the source documents to
14 support payment and the approval process.

15 Q But would that raise a red flag initially for you?

16 A If five million -- it would -- it would raise a red flag
17 that we would look into. Yeah, it would be part of our risk
18 assessment.

19 Q Fair enough. I'll have you turn to NRA Exhibit 211, if
20 you don't mind. Let me know when you're there, please. Have
21 you seen this document before, Mr. Spray -- I'm sorry, not Mr.
22 Spray -- but Mr. Plotts?

23 A NRA 211, I'm just opening it up now. Contract review,
24 signature, Aronson --

25 (Pause)

Plotts - Cross/Acosta

76

1 Q It's just a yes or no question, if you've seen it before.

2 A I don't -- I don't recall seeing this.

3 Q Okay. And do you know what it is then?

4 A Well, it looks like it's a contract that was -- that was
5 signed here for Aronson, LLC. Let's see. For something over
6 \$100,000.

7 Q Does it look like a business case analysis that the NRA
8 performed when it was retaining Aronson?

9 A I'm scrolling down -- oh, so it's just that one sheet that
10 you want me to look at?

11 Q Well, at this point, we're just on the first page.

12 A Oh, on this page. Yeah, I mean, I don't see a business
13 case scenario on this one.

14 Q Okay. Are you familiar with business case analysis that
15 the NRA performs?

16 A We are familiar with them.

17 Q Okay. And this doesn't look like the business case
18 analysis to you?

19 A It does -- it does not.

20 Q Okay; fair enough. If you scroll down to -- halfway down
21 the page, in the big black box, it says if a contract payment
22 is 100K or greater in a 12-month period, the signatures of the
23 President and Vice President acknowledging the officer is aware
24 of the contract is required, do you see that?

25 A I do see that.

Plotts - Cross/Acosta

77

1 Q Okay. Do you know whether the procurement policy of the
2 NRA also requires the treasurer's signature if it's over 100K?

3 A I would not recollect that right now.

4 Q It wasn't part of your sampling?

5 A It was -- it was part of our sampling, but I just don't
6 recall right now.

7 Q Okay. If you were to flip over to Page Number 6 of the
8 business case analysis, and let me know when you're there.

9 A Page 6 of this document?

10 Q Yes, sir.

11 (Pause)

12 MS. GRAY KOZLOWSKI: Your Honor, I'd object. Mr.
13 Acosta is pulling up selected pages when the document is in
14 evidence, and the witness has been precluded from examining the
15 document in its totality. I would ask that he be provided an
16 opportunity to review the document before responding to further
17 questions.

18 THE COURT: It sounds like a fair request to me.

19 MR. ACOSTA: Your Honor, I would move to admit -- I
20 would move to admit NRA Exhibit 211.

21 THE COURT: We think it may be in evidence, is that
22 right?

23 MS. GRAY KOZLOWSKI: I do believe it's in evidence,
24 Your Honor.

25 THE COURT: To the extent it is not, it is now in

Plotts - Cross/Acosta

78

1 evidence.

2 (NRA's Exhibit 211 admitted to the extent it has not previously
3 been admitted)

4 MR. ACOSTA: Thank you, Your Honor.

5 THE COURT: If you would, Mr. Acosta, just give the
6 witness a minute just to flip through it, if you could.

7 THE WITNESS: Yeah, and can you -- and you're sharing
8 it on your screen? Or someone's sharing it?

9 MS. GRAY KOZLOWSKI: Your Honor, if I may.

10 Mr. Plotts, this is NRA Exhibit 211, if you want to
11 locate it in the exhibits.

12 THE WITNESS: Okay. And this is a sheet that's
13 sideways on here that we're looking at on mine.

14 BY MR. ACOSTA:

15 Q Can you see the screen, Mr. Plotts?

16 A Yes, I do see the -- I see the screen.

17 Q Can you read that's on the screen, sir?

18 A Yes, "Business Case Analysis." Right, the audit and tax
19 services, okay.

20 Q And if you scroll down to the middle of the page, it's
21 under analysis, you see the first sentence says that RSM said
22 that they no longer wanted to provide services to the NRA?

23 A Yeah, I do see that.

24 Q Okay. And before, no one had told you that, Mr. Plotts?

25 MS. GRAY KOZLOWSKI: Objection; misstates testimony.

Plotts - Cross/Acosta

79

1 THE COURT: Overruled.

2 You may answer the question, sir.

3 A No, it -- they told me that they were no longer going to
4 provide audit services to the NRA.

5 Q And did you get a chance to speak with the -- RSM about
6 why they didn't want to provide audit services to the NRA?

7 A I did.

8 Q You did; okay. When did you speak with them, sir?

9 A When we reviewed their work papers, rough -- I'm going to
10 give you the rough estimate here of timeline, probably in
11 November or December, I believe, of 2019.

12 Q And from an auditing perspective, does it raise any red
13 flags to you that the previous accounting firm no longer wanted
14 to provide auditing services to the NRA?

15 A Yes.

16 Q Now I believe you said that you were working on the 2021
17 management letter, right?

18 A That's incorrect.

19 Q You're not working on the management letter for 2021?

20 A We're working on the financial statement audit of 2020.

21 Q Okay; sorry. It's going to be dated 2020, but it covers
22 2021, and I'm sorry.

23 A No, no. I'm sorry, it's going to be dated 2021, but cover
24 2020.

25 Q Right. And let me ask you this way, we went over the

Plotts - Cross/Acosta

80

1 business case analysis for Aronson firm, does it concern you
2 from an auditing perspective that this business case analysis
3 is not performed for other professional services?

4 MS. GRAY KOZLOWSKI: Objection; assumes facts not in
5 evidence.

6 THE COURT: Would you restate your question, Mr.
7 Acosta.

8 BY MR. ACOSTA:

9 Q If I told you hypothetically speaking that not all
10 professionals have a business case analysis when their policy -
11 - when they are going to be paid over \$100,000 a year over a
12 12-month period, would that concern you from an auditing
13 perspective?

14 A It depends on the facts and circumstances around that,
15 we'd want to look into that, yes.

16 Q Do you know how much the NRA has paid in professional
17 services in 2020?

18 A I would not know that right now.

19 Q Would it concern you if professional services was provided
20 by a particular firm that was paid over \$20 million if there
21 was no business case analysis performed for that group?

22 A Again, you'd have to look at the facts and circumstances
23 around that.

24 Q Fair enough point.

25 A (Indiscernible - multiple speakers) highlight that as one

Plotts - Cross/Acosta

81

1 of the -- a risk assessment and look into that as part of our
2 2020 audit.

3 Q And I believe you said that you worked well with Mr. Spray
4 was the treasurer of the NRA?

5 A We had a good relationship with Mr. Spray, a good
6 professional relationship, yes.

7 Q And do you believe he was a good treasurer?

8 A From my experience working with Mr. Spray, he was a good
9 treasurer.

10 Q And you said you didn't know why he left, or you said
11 someone told you it was for health reasons?

12 A Yes, it was relayed to me he had health issues and health
13 reasons as why he left.

14 Q So my question is if he testified that he didn't have
15 health reasons, that he was fired, would that raise red flags
16 for you from an auditing perspective?

17 A Yeah, again, as facts and circumstances come to us, we
18 would like to know more about that situation, yes.

19 Q Fair enough. And one more quick line of questioning, and
20 then I'm done. Can you please turn to NRA Exhibit 183, and I
21 think it's NYAG Exhibit 148, either one works.

22 A All right, so I'm going to go to NRA Exhibit 123?

23 Q Yeah. I'm sorry, 183.

24 A Oh, 183.

25 (Pause)

1 Q And this is the engagement letter that Aronson entered
2 into with the NRA for 2019 audit and tax services, is that
3 accurate?

4 A I'm just pulling it up now. Oh, you've got it up on the
5 screen. So this is our 2019 engagement letter.

6 Q This is for the audit and tax services you provided to the
7 NRA -- Aronson provided?

8 A Correct.

9 Q Okay. And if you look at the second page, under "Audit
10 Procedures," Roman III, and you scroll down to the third
11 paragraph underneath that, there's a number of qualifications
12 contained in this letter, isn't there?

13 A Okay.

14 Q Are you familiar with those qualifications?

15 A Yes.

16 Q Is one of them you don't guarantee accuracy of the
17 financial statements?

18 A Could -- yes. We do not guarantee the accuracy of the
19 financial statements, yes.

20 Q And you don't -- you don't detect material fraud?

21 A We may not detect immaterial fraud.

22 Q And you can't eliminate fraud, right?

23 A That is correct.

24 Q Okay. And -- and -- skipping back to the second paragraph
25 underneath that, it says that you -- that you -- on the test

Plotts - Cross/Acosta

83

1 basis, you examine the internal controls of the NRA, is that
2 accurate?

3 A Yeah, an audit includes examining on a test basis some
4 internal controls, yes, around a risk assessment, yes.

5 Q And that involves looking at the transactions that the NRA
6 has entered into?

7 A It does.

8 Q And do you know -- can you tell the Court how many
9 transactions you looked at at the NRA?

10 A Well, there's many transactions that we looked at. We
11 look at revenue transactions, we look at expense transactions,
12 we dive into the account balances of the balance sheet, and
13 look at those transactions.

14 So it would be hard for me to tell you how many
15 transactions, other than there is numerous transactions that we
16 look at.

17 Q "Numerous," is that over 100, Mr. Plotts?

18 A Yes, that's well over 100.

19 Q And you'd agree with me that an organization that has a
20 budget of 300 million has numerous transactions.

21 A Yes.

22 Q Way more than 1,000 probably.

23 A Yes.

24 Q If you flip over to the next page, in the second paragraph
25 to the bottom, it contains a qualification that says, "An audit

Plotts - Cross/Acosta

84

1 is not designed to provide assurance of internal controls or
2 identified deficiencies in internal controls," is that
3 accurate?

4 A The one that's highlighted is not the one that you were
5 saying.

6 Q Right, I think it's the second sentence in the second
7 paragraph. But do you believe that to be accurate, Mr. Plotts?

8 A Yes, could you read -- could you read it again? I mean,
9 you're reading it right from our engagement letter? Yes.

10 Q Sure. It's the second sentence, it says, "An audit is not
11 designed to provide assurance of internal controls or
12 identified deficiencies in internal controls," is that
13 accurate?

14 A That's right.

15 Q You only look at samples of transactions, is that right?

16 A Correct.

17 Q And if you detect something, you pass it along to the NRA.

18 A If we detect something, and it's significant, we pass it
19 along to the Audit Committee, yes.

20 Q And if the NRA doesn't disclose particular transactions,
21 you have nothing to detect because you're not performing an
22 internal audit -- an audit of internal controls, are you?

23 A Are you talking about transactions that are not in the
24 financial records?

25 Q Transactions that are not shared with Aronson. There's no

Plotts - Cross/Acosta

85

1 way for you to detect whether they're in compliance with
2 internal controls.

3 A If they're not shared with us, then we would not be able
4 to detect that, yes.

5 MR. ACOSTA: Thank you very much, Mr. Plotts, it was
6 nice (indiscernible).

7 THE WITNESS: Okay; thank you.

8 THE COURT: Thank you, Mr. Acosta.

9 Before the debtor gets to redirect, does anyone else
10 have any questions of this witness?

11 (No audible response heard)

12 THE COURT: Goes back to the debtor.

13 MS. GRAY KOZLOWSKI: Thank you, Your Honor. I will
14 try to keep this short to move us along here.

15 REDIRECT EXAMINATION

16 BY MS. GRAY KOZLOWSKI:

17 Q Mr. Plotts, Mr. Acosta concluded his questioning by asking
18 you about qualifications that are included in the engagement
19 letter. Is that standard language included all of Aronson's
20 audit letters -- engagement letters?

21 A It is.

22 Q Okay. Mr. Acosta also asked you about your relationship
23 with -- whether you had a good relationship with Mr. Spray, do
24 you recall that?

25 A I do.

1 Q Okay. Did you also have a good relationship with Ms.
2 Rowling?

3 A Yes, we did.

4 Q In connection with your -- the audit services provided in
5 2019, do you have an opinion of Ms. Rowling?

6 A Yes, we evaluate finance staff, including Sonya Rowling,
7 based on their SKE, is what we call it, skills, knowledge, and
8 experience. And she had very high experience with the NRA,
9 very high knowledge of accounting practices, and she had the
10 skills in order to do her duties quite well. So we had a very
11 good transparent relationship and working relationship with
12 Sonya Rowling.

13 Q Okay. Kind of working backward through the questioning,
14 you were asked about Mr. LaPierre's expenses in 2019. Do you
15 know whether those have been reimbursed?

16 A I would not know if they've been reimbursed in 2020 yet.

17 Q I'm sorry, in 2019.

18 A In 2019, we were not aware of any reimbursement for
19 expenses of Wayne LaPierre.

20 Q Okay. And turning back to the 990, which was NYAG 8, you
21 were asked a number of questions about Schedule L, do you
22 recall that?

23 A Yes.

24 Q Okay. If we look at the explanations that are included
25 for Mr. Cox, do they include transactions that predated 2019?

Plotts - Redirect/Gray Kozlowski

87

1 A Yes, they do.

2 MR. ACOSTA: I think the document speaks for itself.
3 I don't really know why this witness has to testify to that.

4 THE COURT: Overruled.

5 MS. GRAY KOZLOWSKI: Your Honor --

6 THE COURT: The witness --

7 MS. GRAY KOZLOWSKI: Thank you, Your Honor.

8 THE COURT: The witness said yes.

9 MS. GRAY KOZLOWSKI: Thank you, Your Honor.

10 BY MS. GRAY KOZLOWSKI:

11 Q You were also asked about the disclosures with respect to
12 Mr. Lehman. Do the disclosures include transactions that
13 predate 2019, as well?

14 A Yes, they do.

15 Q And the same -- is the same also true for Mr. LaPierre?

16 A Yes.

17 Q Okay. You were then asked why -- asked about why
18 transactions that -- these transactions aren't disclosed in the
19 financial statements, would you expect transactions that
20 occurred before 2019 to be in the NRA's 2019 financial
21 statement?

22 MS. FUCHS: Objection, Your Honor; misstates
23 testimony. The questioning related to the management letter.

24 THE COURT: Do you want to restate your question?

25 MS. GRAY KOZLOWSKI: Certainly.

Plotts - Redirect/Gray Kozlowski

88

1 BY MS. GRAY KOZLOWSKI:

2 Q Mr. Plotts, would you expect transactions that predated
3 2019 to be included in the management letter?

4 A It depends on the facts and circumstances if it relates to
5 internal controls of 2019.

6 Q You were asked about the engagement letter from 2019, and
7 it used the phrase "assist in preparing the 990," do you recall
8 that?

9 A I do recall that.

10 Q Okay. And you were also asked about RSM signing the prior
11 990s, do you recall that?

12 A I do.

13 Q Would it have been appropriate for RSM to sign the 990s,
14 in your opinion?

15 A If they -- if they were paid preparer, then they would
16 sign the 990.

17 Q Okay. Is it your understanding that they were the paid
18 preparer?

19 A It is my understanding that they were the paid preparer of
20 the 990.

21 Q Okay. And is Aronson the paid preparer of the NRA's 2019
22 990?

23 A No, we were not.

24 Q Okay. And do you -- why was -- why -- do you know why
25 Aronson wasn't engaged to be the paid preparer?

Plotts - Redirect/Gray Kozlowski

89

1 MR. ACOSTA: Objection, Your Honor; speculation.

2 THE COURT: Overruled.

3 You may answer the question, sir.

4 A The NRA staff took training on 990s, and filled out their
5 own 990 forms on special software that they had in 2020 when
6 they did the 2019 990, and so they prepared their own 990.

7 Q Thank you. You were also asked about Mr. Spray self-
8 reporting the deficiencies identified in the management letter,
9 do you recall that?

10 A Yeah, I do.

11 Q Okay. And you wanted to provide an explanation, but were
12 precluded from doing so. Can you -- can you help me understand
13 what your understanding of the alleged self-reporting in the
14 management letter?

15 A Yes, Mr. Spray was very transparent when we first met with
16 him before we took on the engagement in October of 2019, that
17 there was -- could be alleged fraudulent expense reporting at
18 the NRA. So he did bring it to our attention, and when we did
19 our sample selection of expense reportings, we also found the
20 control deficiency in our casting. So with his pointing out
21 some of those expense reports, and with our testing, we came up
22 with the significant deficiency in the management letter.

23 Q Okay. And is part of Aronson process to inquire about
24 whether management has any concerns like that?

25 A Yeah, absolutely.

Plotts - Redirect/Gray Kozlowski

90

1 Q Okay. You were asked about steps taken with respect to
2 related party transactions. What steps did Aronson take with
3 respect to related party transactions?

4 A Yes, so we got a listing of related party transactions,
5 and we took those related party transactions and made sure that
6 they are approved for in the minutes of the Audit Committee,
7 and that there was no material transactions that needed to be
8 disclosed in the financial statements, and we also had
9 management represent to that.

10 Q Okay. Why don't we turn quickly to -- well, let me --
11 before I move on, do you have an understanding of why RSM
12 decided to not continue providing services to the NRA?

13 A What I was told was they were moving in a different
14 strategic direction with their auditing --

15 MS. FUCHS: Hearsay; objection.

16 THE COURT: Who was the speaker there, Mr. Plotts?
17 Who told you that?

18 THE WITNESS: That was the audit partner at RSM.

19 THE COURT: Sustained.

20 BY MS. GRAY KOZLOWSKI:

21 Q Could I have you move -- turn to Exhibit 155, please?
22 It's NRA 155, you previously look at this document with
23 counsel, do you recall that?

24 A I'm getting it.

25 Q I'm sorry.

Plotts - Redirect/Gray Kozlowski

91

1 A NRA 155.

2 Q Yes, sir.

3 A This is an email, yes, I do recall seeing this.

4 Q Okay. And so you have -- it walks through October -- you
5 know, you walked through the timeline of October 10th. You
6 responding being -- appreciating being contracted. And then it
7 continues through to a meeting.

8 When did Aronson meet internally to decide whether or
9 not it was interested in providing a proposal to the NRA?

10 A So at -- after our meeting with the NRA in person, this
11 was the email to set up that meeting with Craig Spray, I think,
12 and Sonya Rowling, and Rick Tedrick. We came back and
13 evaluated all the facts and circumstances around the risk, and
14 then we decided to move forward with the proposal, doing a
15 formal proposal, and that was done in -- you know, October --
16 after the meeting, at some point between October -- October
17 31st -- October -- so -- before we gave them that proposal.

18 Q Thank you.

19 MS. GRAY KOZLOWSKI: I have no further questions,
20 Your Honor.

21 THE COURT: Thank you, Counsel.

22 For the record, does anyone else have any questions
23 of Mr. Plotts?

24 MS. FUCHS: Your Honor, just three or four questions
25 on recross.

Plotts - Recross/Fuchs

92

1 THE COURT: Okay. Just, if you would, wind down this
2 time, though.

3 Thank you.

4 MS. FUCHS: Yes; thank you.

5 RECROSS-EXAMINATION

6 BY MS. FUCHS:

7 Q Mr. Cross [sic], isn't it -- I'm sorry, Mr. Plotts, isn't
8 it true that the only related party transactions you reviewed
9 would be the ones provided to you by the NRA?

10 A That were provided to us, and that were in the Board
11 minutes.

12 Q And do you recall how many there were?

13 A I can't recall right at this -- at this time.

14 Q Do you recall the aggregate value of the related party
15 transactions?

16 A The aggregate value was immaterial to disclosing the
17 financial statements that was provided to us.

18 Q And immaterial on a quantitative or a qualitative basis?

19 A Well, it would be quantitative, and we felt qualitative,
20 too.

21 Q Isn't it true that a factor in qualitative materiality is
22 the potential of noncompliance with relevant laws and
23 regulations?

24 A That -- it could be one of the qualitative.

25 Q But you didn't feel like the number of related party

1 transactions was material enough to include in the financial
2 statements.

3 A That is correct, that we did not see any material
4 transactions with related parties that needed to be disclosed
5 in the financial statements.

6 Q Okay.

7 MS. FUCHS: Thank you. Pass the witness.

8 THE COURT: Thank you.

9 Anyone else have any questions of this witness?

10 MR. ACOSTA: Nothing from Ackerman, Your Honor.

11 THE COURT: Thank you, Mr. Acosta.

12 Mr. Plotts, there's been a Rule of Evidence invoked,
13 and I'd ask that you not speak with anyone about your testimony
14 until I've ruled.

15 Does anyone intend to call this witness back?
16 Because we can release him at least as far as watching the rest
17 of the trial, if he wants to.

18 (No audible response heard)

19 THE COURT: Okay. I'm going to excuse you from part
20 of the rule, if you want to watch anymore of the trial, it's
21 supposed to go today, tomorrow, and then closing arguments on
22 Monday, you're welcome to do that.

23 But until one of the lawyers on the debtors' side
24 tells you that I've released you completely with the rule, if
25 you would not speak with anyone about what's going on right

1 now, that is the rule.

2 Do you understand that?

3 MR. PLOTTS: I understand, Your Honor.

4 THE COURT: Okay, thank you. Thanks for coming down
5 here.

6 MR. PLOTTS: All right; thank you. Have a great day.

7 THE COURT: Mr. Garman, you may call your next
8 witness.

9 MR. GARMAN: Yes, sir, my next witness will be Mr.
10 LaPierre. We're in the process of getting him in the room set
11 up, it will probably be less than five minutes.

12 THE COURT: Okay.

13 (Pause)

14 MR. GARMAN: Apparently, Your Honor, I'm slower than
15 the witness.

16 (Laughter)

17 THE COURT: No problem.

18 MR. GARMAN: Your Honor, I believe we're ready to go.

19 THE COURT: All right. Mr. LaPierre, can you hear
20 me?

21 MR. LAPIERRE: I sure can.

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

24 WAYNE LAPIERRE, DEBTORS' WITNESS, SWORN

25 THE COURT: All right, Mr. Garman, you may proceed.

LaPierre - Direct/Garman

95

1 MR. GARMAN: Yes, sir.

2 DIRECT EXAMINATION

3 BY MR. GARMAN:

4 Q Good morning, Mr. LaPierre.

5 A Good morning.

6 Q I know doing this, I'm probably going to occasionally call
7 you Wayne because we've been spending some time together, so
8 forgive me if I do that.

9 How are you feeling today?

10 A I feel good; a lot better than last time. No medication.

11 Q Okay. So, Mr. LaPierre, of the things --

12 MR. GRUBER: Objection, Your Honor; I'm going to ask
13 that that statement about -- Your Honor, I'm going to ask that
14 the statement about medication be stricken from the record.

15 THE COURT: And why?

16 MR. GRUBER: Because it wasn't part of the question,
17 and he made a statement that was non-responsive about -- that
18 in -- injects another issue into the -- his testimony from last
19 time. It was not responsive to the question, and I think it's
20 an improper statement that he's made.

21 THE COURT: Overruled.

22 MR. GARMAN: So --

23 THE COURT: Overruled.

24 BY MR. GARMAN:

25 Q Mr. LaPierre, one of the things we didn't cover last time

1 you testified was your background. Could you introduce
2 yourself, and give the Court a brief introduction to your
3 upbringing?

4 A Sure. I was born up in Schenectady, New York, I grew up
5 down Roanoke, Virginia, went to high school in Roanoke. I went
6 off to college at Siena College in New York. I worked as an
7 intern in the New York State Legislature for two State
8 senators.

9 I went back to Virginia, I worked on a democratic
10 campaign for Congress.

11 I then worked with a country store owner that was
12 running for the House of Delegates in Virginia, I worked on his
13 campaign.

14 I then went off to Boston College to pursue a masters
15 in government politics, and --

16 Q So, Mr. LaPierre, let's stop there. Your undergraduate
17 work, what did you study for your undergraduate?

18 A It was government and education.

19 Q And did you receive a degree, and if so, from where?

20 A Yes, from Siena College in Loudonville, New York.

21 Q Okay. So I interrupted you, but you were talking about
22 graduate work now, if you could tell us about your graduate
23 studies.

24 A Yeah, I obtained a masters degree from Boston College in
25 government politics, and went back, and worked in the Virginia

LaPierre - Direct/Garman

97

1 Legislature with a delegate, and then went back to Boston
2 College to pursue a PhD, and did all the course work, and after
3 I got through with that, I wasn't sure what I was going to do.
4 In fact, Tip O'Neill's office talked about me becoming a
5 capital police officer to write -- while I wrote my
6 dissertation, but I was over at the Democratic National
7 Committee because I was on their list talking with a
8 congressional candidate about possibly working on his campaign.
9 And I knew a bunch of the NRA people -- the NRA building was
10 right across the street.

11 Q So let me stop you there, sir. So -- so we talked about
12 your education, some of your work background. Let's now turn
13 to the NRA and the first time you were employed by the National
14 Rifle Association.

15 A Well, I -- after I left the Democratic National Committee
16 building, I walked into the NRA building and I knew a lot of
17 the people because we had -- the delegate that I worked for
18 sponsored a mandatory senate bill for the use of a gun in a
19 crime, and NRA supported that. So I walked in to say hi to the
20 NRA people, and they offered me a job as a lobbyist because
21 they were looking for a democrat lobbyist --

22 Q And what year was that? What year was that, sir?

23 A That was in -- well, in late 1977 when they offered me the
24 job.

25 Q And did you take that job?

LaPierre - Direct/Garman

98

1 A I did. I thought about it, I didn't know whether I wanted
2 to be a lobbyist or not, but I loved the process, I loved the
3 legislative process, the whole back and forth. And I thought
4 about it, and I took the job as a State liaison.

5 Q And what did it mean to be a State liaison at that time?

6 A I worked for NRA doing ten legislators -- legislatures in
7 the northeast United States. I worked with the members in
8 those states with hunting clubs, and with firearms clubs, and I
9 tried to put them up front, meeting with the legislatures, not
10 me, because it's always better to have a constituent do it than
11 some guy from Washington. But occasionally I'd go to meetings
12 in the legislatures --

13 Q And what --

14 A -- (indiscernible - multiple speakers) in those states.

15 Q Okay. And how long did you have that first job as a
16 liaison for those ten or so states?

17 A I did it for one year.

18 Q And then your -- and how did your career advance after
19 that?

20 A Well, they put me into the position of Director of State
21 and Local, which was managing all 50 states in terms of the
22 State Legislation. So I started working with NRA members
23 around all 50 states, and with the -- with the legislators and
24 with the other NRA lobbyists.

25 Q And how long did you do that, sir?

LaPierre - Direct/Garman

99

1 A I did that for one year, and then they moved me over to
2 Director of Governmental Affairs, which was working Capitol
3 Hill for the NRA.

4 Q And when you say "they" moved you over, who are you
5 referring to?

6 A The Executive Vice President of the NRA and the Director
7 of the Institute for Legislative Action.

8 Q Okay. And so I'm sorry, I may have cut you off. But you
9 turned to Capitol Hill, what approximate year are we talking
10 about now, sir?

11 A 1986.

12 Q Okay. And could you tell us what your duties were?

13 A No, no, 1980. 1980, I took over the Governmental Affairs
14 position on Capitol Hill.

15 Q Okay. And what were your job duties in charge of
16 Governmental Affairs for Capitol Hill?

17 A Overseeing the NRA's legislative priorities on Capitol
18 Hill, whether they were for or against something, directing the
19 lobbying staff, working with members up on Capitol Hill, and
20 also being involved with all the political races where NRA was
21 supporting or opposing someone.

22 Q And these jobs that you've talked about so far, are they
23 part of the Institute for Legislative -- ILA?

24 A Yeah, that's correct, they are.

25 Q Okay. So how long did you have that position, sir?

LaPierre - Direct/Garman

100

1 A I had that position for six years.

2 Q And so at the end of that six years, what happened?

3 A I was promoted to the Executive Director of the NRA
4 Institute for Legislative Action, which is the part of the NRA
5 that controls all the political and legislative affairs of the
6 NRA.

7 Q Okay. And so approximately what year did you elevate to
8 that position?

9 A 1986, I believe.

10 Q Okay. And --

11 A Yeah, '86.

12 Q And how long did you hold -- how long did you hold that
13 job?

14 A Until '91.

15 Q Okay. And so -- so testimony's been out in 1991, you
16 become the Executive Director -- the Executive Vice President
17 of the NRA, right?

18 A That's correct.

19 Q Could you tell the Court how you came to have that job?

20 A Well, it's kind of funny. I mean, I actually wanted to
21 stay in the Institute for Legislative Action because what I
22 really loved was the legislation and the politics, and the back
23 and forth, and all of that. I mean, that's kind of what I grew
24 up loving, the process and all that. But I realized that -- I
25 tried to recruit a bunch of other people. I tried to recruit

LaPierre - Direct/Garman

101

1 the -- either Secretary of the Air Force, the Undersecretary to
2 the Air Force, the same thing with the Navy. I tried to
3 recruit Congressman John Dingell who helped form the Institute
4 for Legislative Action, the key democrat on Capitol Hill. And
5 I actually had him for one night say he would do it.

6 But then they all kept saying, Wayne --

7 MR. GRUBER: Objection; hearsay.

8 THE COURT: You need to narrow your answer down. I
9 don't want to run into what we did the last time. So sustain
10 that.

11 BY MR. GARMAN:

12 Q So, Mr. LaPierre, how did you come to throw your hat in to
13 be Executive Vice President?

14 A Well, they all kept saying, Wayne, you've been around here
15 a long time, you've been out with the members, the members --
16 you've been doing all the television for the NRA, the members
17 know you, you need to throw your hat in the ring, and we'll all
18 back you.

19 Q And, of course, that happened; what year was that?

20 A 1991.

21 Q And how were you selected? What's the process by which
22 you became Executive Vice President?

23 A The Board of Directors elects the Executive Vice
24 President, the 76 Board of Directors members, every year.

25 Q And what was -- in 1991 when you took that job, can you

1 describe for us what the NRA was, and perhaps how it's
2 different from what it is today?

3 A Well, its -- its budget was about \$87 million, I believe
4 it had 2.5 million members, I mean, it's a lot bigger
5 organization today. It has a lot more members. I mean, the
6 membership is just under 4.9 million now.

7 We -- we -- one of the things I tried to do was
8 transition the organization into rather than just gun owners
9 for or sportsman for, into a freedom organization because
10 that's really what the NRA is about is defending the freedom
11 and the Bill of Rights to not only the Second Amendment, but
12 the First Amendment.

13 Q So, sir, I want to explore that a little bit more. What -
14 - why did you believe it was important to transition, in your
15 word, the NRA in that direction?

16 A Because that's really what the NRA is about, and it's also
17 the mainstream of what NRA stands for. We're -- the NRA is the
18 deepest part of the river. I mean, Americans overwhelmingly
19 believe they have an individual right to own a firearm under
20 the Constitution. And in every poll, they overwhelmingly
21 believe they have the right to own a firearm, to protect
22 themselves and their family.

23 So it made good sense, in terms of keeping NRA in the
24 mainstream, and having it grown and prosper, to transition the
25 organization's brand to a freedom brand.

LaPierre - Direct/Garman

103

1 Q So, sir, you've used the word "mainstream" now, how do --
2 how did you move the NRA towards what you've defined as the
3 mainstream?

4 A Well, I mean, one of the things I've always tried to do
5 from the time I started out was get out there around the
6 country with the members. I mean, that's the real strength of
7 the NRA, it's not the building in Washington, it's not me, it's
8 one-by-one-by-one, people all over their country -- all over
9 this country that in their hearts believe they have the freedom
10 to own a firearm, and it's their right.

11 And so I was constantly out there on the road with
12 members, talking with them, I was doing speaking engagements
13 wherever I could do. I became the voice of the NRA on TV. I
14 think I was the first person to ever do TV for the NRA, and
15 I'd try to say what the members would say if they were on TV.
16 So --

17 Q Sir, let me -- let's direct this conversation a little
18 bit. So you recall being on the stand two weeks ago, right?

19 A I do.

20 Q And do you recall there was an answer that you wanted to
21 give about cultural touch points as, I believe, it was Mr.
22 Sheehan who asked you that question, do you recall that?

23 A I do recall that.

24 Q You had more to say on that subject, now is our
25 opportunity. Why are those -- all those cultural touch points

1 important at the NRA?

2 A Well, it's because besides the strength being in the
3 individual members, and people all over the country, and also
4 having the NRA take positions that resonate with the mainstream
5 of American society, I mean, it's important for NRA to be
6 involved with all of these cultural influence points in
7 American society, that they understand what the organization's
8 about, that it's not what the media portrays the organization.
9 That it's good people all over the country, and safety,
10 training, education, in addition to supporting the freedom.

11 So I tried to make contact with the celebrity
12 community, educate the celebrities about what the organization
13 is for, bring them in to supporting the organization with
14 groups like NASCAR, which has an influence on a huge part of
15 American society.

16 The NFL where we did things with the NFL alumni. We
17 actually ran the clay shoot for the NFL alumni at the Super
18 Bowl for them.

19 With country music, where we started a brand called
20 NRA Country, and got involved with all the country music
21 artists.

22 Because all of these cultural touch points, besides
23 the media, they're huge influencers on American society. And
24 in terms of NRA to grow and prosper, I felt it was important,
25 all these cultural touch points understand the organization,

LaPierre - Direct/Garman

105

1 what it's about, what it stands for, that it's good people. It
2 stands for freedom, and we'd like them to get involved, and
3 speak out, and be part of it.

4 Q Sir, how do those -- how does all of that ultimately
5 benefit the NRA?

6 A Well, it benefits the NRA -- I mean, probably the best
7 example is my gosh, what did Charlton Heston mean to the
8 organization when he was one of the touch points that we
9 reached, and he decided to become an officer, and become
10 President for six years -- I mean eight years. You really
11 can't put a value on what that was worth.

12 But it's also -- I mean, there's a big value when you
13 see some country music star that talks about the fact that,
14 yeah, he learned to shoot with the NRA, and he's proud of it.

15 We did events at the Academy of Country Music, and --
16 where we did a sporting clay event. And during the national
17 television show, they would show clips of country music stars
18 out shooting sporting clays, I mean, at the NRA event. That
19 makes people feel better about the NRA, it makes them feel
20 better about joining, and about -- they -- hey, you know, it's
21 not just me alone, I mean, my gosh, these -- all these other
22 folks are for it, too.

23 Q And how do you do this? How do you go about cultivating
24 that roster of celebrities and supporters?

25 A Well, you've got to be out there, and you've got to be out

LaPierre - Direct/Garman

106

1 there building relationships. I mean, we used to do a
2 celebrity shoot in Hollywood, for example, for a number of
3 years. We -- there's a lot of people in the Hollywood
4 community that love shooting, so we would do a celebrity shoot
5 out there.

6 We'd go out there and just work dinners or -- you
7 know, where we had an opportunity to circulate within the
8 community. And it's a relationship business, and as you build
9 the relationships, you explain what the organization's about,
10 and you build a relationship, and eventually not all of them,
11 but many of them go, hey, I'm for that. I mean, we had a lot
12 of celebrities step forward and do Eddie Eagle child safety ads
13 for us, which is one of our best child safety programs.

14 Q So, sir, what's a typical work -- pre-COVID, what's a
15 typical work week like for Wayne LaPierre?

16 A Oh, gosh, I mean, it's a mixture of everything. I mean,
17 it may be preparing for days for a -- television interviews,
18 for national television interviews. It's working on
19 fundraising, working with donors, working with members around
20 the country, going out and giving speeches, whether it's
21 Friends' Dinners or whether it's a hunting group, or even a
22 group like the Detroit Economic Club, or the Commonwealth Club,
23 or something like that. It's working with programs and with
24 our program people in terms of -- I mean, we've expanded so
25 many of our programs. It's just a -- it's just a -- it's a

LaPierre - Direct/Garman

107

1 mixture of a variety of things to try to push the organization
2 forward, keep bringing in members, keep bringing in the dollars
3 to support all the good work the NRA does. And being the
4 outface of the organization publicly is --

5 Q And, Wayne, how much of your -- well, how many hours a
6 week on average do you work as Executive Vice President?

7 A You know, depending on the week, it could be -- I mean,
8 there were weeks where I was on the road 40 weekends a year, so
9 I mean, you're -- 40, 50, 60 hours sometimes a week I work.

10 Q And how much of your -- how much of your work is -- as you
11 described, forward facing versus how much work you do in the
12 office?

13 A It's both, but I spend -- I mean, because I know where our
14 strength is. Our real strength is with the members out there
15 on the road, and if I can be out there thanking them, and
16 keeping them bonded to the NRA, I'm keeping the NRA strong. I
17 always say that the day the NRA gets cut off in Washington, DC
18 is a day the NRA starts losing.

19 So I spend a lot of time out there with our members,
20 which is where our real strength is.

21 Q Sir, you --

22 A Go ahead.

23 Q You brought up what you called Friends' Dinners in your
24 testimony a few minutes ago.

25 A Yes.

1 Q What are those?

2 A It's one of the programs I started where I became the EVP
3 of the NRA, it -- I wanted to showcase who NRA really was as
4 opposed to what the media tends to portray NRA as. And I
5 thought, gosh, wouldn't it be great if we did a dinner in every
6 community in the country to raise money for the 501(c)(3)
7 programs of the NRA, the shooting, and the training, and the
8 education, and the hunter safety, and the child safety, and all
9 those type programs.

10 So we started doing a dinner, we do 11 hundred of
11 them before COVID. We're doing -- we're going to end up doing
12 about 750 this year.

13 Q And how many of those --

14 A The --

15 Q Sir, how many of those do you go to?

16 A A lot. I mean, it depends on the year, but I would go to,
17 you know, as many as I could get to. Sometimes it was 30 a
18 year, sometimes it was maybe more than that, sometimes less
19 than that. But I would also go out and -- and I would never
20 eat. What I would do is spend my time walking around to every
21 table in the room, and thanking everybody for being there,
22 saying, thanks for being here, thanks for supporting NRA,
23 you're the reason this organization works, and also listening
24 to them. I mean, I get so much good input from listening to
25 all these people when I'm out on the road with their

LaPierre - Direct/Garman

109

1 suggestions in terms of -- a lot of our advertising campaigns
2 over the years have actually come out of listening to what our
3 members, and gun owners, and hunters were saying to me when I
4 was actually out there talking with them on the road.

5 Q So when -- circling back now to kind of where we were a
6 little while ago talking about mainstream, what happens if the
7 NRA strays from the mainstream?

8 A Well, I think if NRA strays from the mainstream, it starts
9 losing its clout. I mean, I've always thought from the time I
10 started with the NRA, the way the NRA gets beat is it pushes --
11 it gets pushed to fringe as an extremist organization, and
12 that's how the NRA loses. And I have done everything I can to
13 -- I mean, I remember there was one meeting where I stood up
14 publicly in front of the whole meeting and said, look, if
15 anybody -- if you think you're training for revolution in the
16 woods --

17 UNIDENTIFIED ATTORNEY: Objection, Your Honor.

18 A -- so you're part of some militia group that thinks you're
19 going to take the law into your own hands, there's the door, we
20 don't want you in the National Rifle Association. So I've --

21 Q So --

22 A I've always tried to have the NRA take legislative
23 stances, too, that made sense, not only for --

24 Q So, Mr. LaPierre, we'll talk about those in a moment. But
25 -- I'm sorry, I think I was speaking over someone. Maybe not.

LaPierre - Direct/Garman

110

1 THE COURT: I would say this, Mr. Garman, that --

2 UNIDENTIFIED ATTORNEY: Your Honor, if I could, I did
3 object --

4 THE COURT: We probably need to be more narrow in the
5 answers because we're trying to finish up in the one day here,
6 so --

7 MR. GARMAN: Your Honor, I'm going to be in and out
8 in less than an hour.

9 THE COURT: Okay, well --

10 MR. GARMAN: And we're going to be pretty efficient
11 here.

12 THE COURT: This was more directed --

13 MR. GARMAN: So I will tighten it up, thought.

14 THE COURT: This was more directed to Mr. LaPierre
15 than you, Mr. Garman.

16 THE WITNESS: I will, Your Honor.

17 THE COURT: Okay; thank you.

18 THE WITNESS: I will.

19 BY MR. GARMAN:

20 Q Mr. LaPierre, how many members does the NRA have right
21 now?

22 A Just under 4.9 million members.

23 Q Do -- what efforts do you undertake to grow that number?

24 A Well, I mean, I do everything I can to encourage people to
25 join. We do -- we do mail, we do email, we do prospecting that

LaPierre - Direct/Garman

111

1 I usually sign. It -- we -- you know, we do TV appearances,
2 which people see it and go, "Hey, I want to join." Anything we
3 can to get the NRA in front of the American public, we do
4 because when people see us out there, they join.

5 Q And is that an important part of being Executive Vice
6 President?

7 A It's an essential part of being the Executive Vice
8 President.

9 Q Sir, changing chapters now, back to the lobbying component
10 you testified about earlier. We need to do it briefly, but can
11 you identify notable legislative wins that you've overseen on
12 behalf of your members?

13 A Well, I think one of the big -- the biggest is the
14 McClure-Volkmer bill where we basically rewrote the entire 68
15 Gun Control Act to -- it was way too broad. Everything was a
16 felony, you didn't have to have intent. We wrote it to protect
17 law-abiding citizens, but we also took all the law enforcement
18 amendments to make sure that law enforcement could still do its
19 job.

20 But we also passed bills like preemption where you
21 didn't have a crazy patchwork quilt of gun laws in every state
22 where if you drove from one town to another, you'd be in
23 violation of the law.

24 We passed range protection laws, hunter protection
25 laws, emergency power bills where the Government couldn't come

1 into your house in a time of emergency and take your gun and
2 leave you defenseless.

3 We passed right to carry laws in virtually 40 some
4 states where law-abiding people could carry a firearm for
5 personal protection.

6 And then ultimately the Heller and McDonald
7 decisions, which NRA was involved with, where the Supreme Court
8 declared the Second Amendment on an individual right, not the
9 Government's right.

10 Q Sorry, I was waiting.

11 A We also worked to arm America's airline pilots, and we
12 also worked on legislation to -- where retired police officers
13 could carry a firearm also.

14 Q Turning, sir, to hunters, you talked about hunters a
15 minute ago, is that an important community for the National
16 Rifle Association?

17 A It is. I mean, there are -- it's less than it used to be
18 in terms of numbers, it's probably 15, 16 million now; it used
19 to be in the twenties. But, yes, it's an important community
20 for the NRA to reach, yes.

21 Q And do you -- and does the NRA take steps to grow its
22 relationship with the hunting community?

23 A Yes, I mean, NRA used to do virtually all the legislative
24 work on the hunting issue on Capitol Hill because all of the --
25 and the State legislatures, because all these other hunting

LaPierre - Direct/Garman

113

1 groups were actually 501(c)(3) groups, and they couldn't lobby.
2 But NRA wasn't perceived as a hunting organization, so one of
3 the things I tried to do was get the NRA in front of the
4 hunting community as a hunting organization. So I would go
5 speak at as many events, like the Mule Deer Association, or the
6 Wild Sheep Foundation.

7 We have programs now like hunter safety courses that
8 we do online where people can get their permit for hunting.

9 We have programs like the youth hunter education
10 challenge, which teaches young people about the outdoors, and
11 about hunter safety and ethics.

12 Q And, sir, can you -- can you tell me, do you have an
13 understanding of what Shikar is?

14 A I do. Shikar is probably the premier hunting organization
15 in the world in terms of professional -- in terms of hunters,
16 men and women.

17 Q And does the NRA have a relationship with that
18 organization?

19 A We do. I, along with my wife, both became members of
20 Shikar as a result of our hunting experience. And we attend
21 the convention every year, not this year because of this
22 hearing that's going on, but, yes, we are members, and have
23 gone into that organization and formed a relationship with it.

24 Q And do you remember members for the New York Attorney
25 General asking you questions about a piece of jewelry purchased

LaPierre - Direct/Garman

114

1 from Neiman Marcus, do you remember that?

2 A Yeah, I sure do. It --

3 Q So, one, can you tell us what that piece of jewelry is,
4 and then I'll ask you the next question?

5 A Yeah, what that was is -- and Shikar asked the
6 organizations to donate to their auction where they raise over
7 a million dollars a year at their auction. And my wife
8 happened to be walking through Nieman Marcus Last Call, which
9 is where they mark down stuff 50, 60, 70, 80 percent. And she
10 saw this necklace that she thought -- because she knows pretty
11 much what women hunters like. And she purchased it, gave --
12 for the NRA to donate to the Shikar auction, and I put it on my
13 expenses, and it -- she --

14 Q And, sir --

15 A (Indiscernible - multiple speakers).

16 Q So, did you, in fact, donate that to Shikar as an auction
17 item?

18 A We did. She bought it for -- I think it was something
19 like seven -- a thousand -- seven hundred and fifty dollars.
20 It was worth forty-five hundred, and Shikar actually auctioned
21 it off at their auction for \$7,500.

22 Q And did you attend that auction -- that meeting?

23 A I did. I did.

24 Q And -- and did the -- did the NRA receive a benefit for
25 being associated with Shikar, and attending that meeting?

LaPierre - Direct/Garman

115

1 A Yes, I actually came back from that meeting with a
2 \$3 million check for the NRA Foundation from the Shikar
3 Foundation. And I also provided documentation to the NRA from
4 Shikar on all the backup.

5 Q And, sir, you're generally familiar with the allegations
6 that have been made against you by the New York Attorney
7 General, right?

8 A I am.

9 Q And are you familiar with allegations that you have
10 purchased gifts for the NRA staff?

11 A I am.

12 Q And can you tell us -- well, one, is that true? Have you,
13 in fact, purchased gifts for NRA employees?

14 A Yes, I have. I thought it was a smart thing to do. I
15 mean, I'm kind of the -- in my position, the EVP, or any EVP,
16 you're kind of the glue that's trying to hold the organization
17 together, and keep morale up. And I thought it was a good idea
18 to give Christmas gifts, or if somebody had a baby, or a
19 wedding, something like that --

20 Q And could you -- Mr. -- Wayne, could you tell us the
21 scale? How big were these gifts that you gave to employees,
22 and what types of gifts were they?

23 A Well, to the staff, I mean, most of them were like ice
24 cream and, you know, 12 -- 12 pints of ice cream or six pints
25 of ice cream. Occasionally, it would be something different if

LaPierre - Direct/Garman

116

1 we -- but it was -- it was -- it was things like that to the
2 staff.

3 Q Okay. And, sir, the final topic I want to talk about is -
4 - you had more to say on this subject, but do you remember
5 being questioned about the course correction?

6 A Yes, I do.

7 Q And in your own words, sir, what was the -- what is the
8 course correction?

9 A Well, the course correction was Tom King called me up, and
10 relayed a conversation he had about the fact that New York non
11 -- with someone -- and about --

12 MR. SHEEHAN: Your Honor, could I object on the basis
13 of hearsay?

14 MR. GARMAN: Your Honor, I'm not -- he's not
15 testifying as to the truthfulness of Tom King's statement. I
16 think he's simply saying that that was the catalyst for his
17 course correction.

18 THE COURT: Not the content then. Why don't you
19 restate your question?

20 BY MR. GARMAN:

21 Q So let's -- Mr. LaPierre, let's take this piece-by-piece.
22 Just from a high level, what is -- what is the course
23 correction, in your own words?

24 A The course correction is I decided that it was only a
25 smart management thing to do to take a 360 degree look at every

LaPierre - Direct/Garman

117

1 NRA employee, including myself, every NRA vendor, to make sure
2 that the organization was in complete compliance with New York
3 State not-for-profit law, was in compliance in terms of our
4 internal procedures, and was in compliance in terms of our
5 controls to the point where there was not a possibility of
6 overrides, and just do an entire safety check of the entire
7 organization. I just thought that was a smart thing to do for
8 the organization.

9 Q And, sir, what was the catalyst for starting the course
10 correction?

11 A Well, the catalyst is when -- it was explained to me that
12 there were a lot of changes in New York not-for-profit law, and
13 someone suggested that there might even be an investigation,
14 that I decided the smart, prudent thing to do, whether or not
15 there was an investigation, but just from a management
16 standpoint, was to let's take a complete look at the
17 organization, every employee, every vendor, and make sure we're
18 in compliance, and that we have best practices, and we actually
19 encouraged, as we went through that the whistle-blowers to step
20 forward. We checked out every whistle-blower complaint, ran it
21 down just to make sure that the organization was functioning.
22 We had always had clean audits.

23 Q And -- and then when did -- when did the course correction
24 begin?

25 A It started in 2017, and continued throughout 2018. I

LaPierre - Direct/Garman

118

1 think in 2019, we did compliance seminars in the summer of
2 2018, we worked with the whistle-blowers during the summer of
3 2018, checking out all of their complaints, and just running
4 down everything.

5 Q And -- and --

6 A Because we (indiscernible - multiple speakers).

7 Q Yeah.

8 A If there was any mistake, we wanted to correct it. If
9 someone was taking advantage, we wanted to pursue it. And we
10 just wanted to get everything right.

11 Q And where does the NRA stand today in the context of its
12 course correction?

13 A I think the NRA is in a much better place today. I think
14 it's stronger. I think the controls are stronger. I think the
15 -- the possibilities of any overrides of controls are -- it is
16 not going to happen, the protections are in place. And I feel
17 very good about where we are, and I know that when a -- a
18 recent 2019 audit, they looked at everything that had come up,
19 in the media and everything else, and we received a completely
20 clean audit.

21 So it's one of the things I'm proudest of, the fact
22 that I've done in my career, to tell you the honest truth is
23 take this organization for the last three years down this
24 principle path of looking at every employee, including myself,
25 every vendor, and making sure the organization is in compliance

LaPierre - Cross/Sheehan

119

1 with New York State law, but also has all its controls in place
2 internally with its procedures, and that it's right where it
3 ought to be.

4 Q Mr. LaPierre -- thank you, sir, I appreciate your
5 testimony today.

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

7 THE COURT: Thank you.

8 We'll go in the same order that we've been going on.

9 I just want to say, everyone, certainly gets the right to
10 cross-examine Mr. LaPierre. I'm going to remind you that we've
11 had six hours with the movants asking him questions already, so
12 if you could be efficient, and not duplicate others, I think we
13 can move through the day.

14 Mr. Sheehan, you get to go first.

15 MR. SHEEHAN: Thank you, Your Honor.

16 CROSS-EXAMINATION

17 BY MR. SHEEHAN:

18 Q Good morning, Mr. LaPierre.

19 A Good morning.

20 Q I'm going to ask you a series of questions, and I will try
21 to keep this brief. Starting off with the course correction
22 that you just described, you were the leader of it, right?

23 A I was; I was the one that started it, and I was the one
24 that kept us on the principle path, no matter how hard anybody
25 tried to take us off of it.

1 Q Okay. And you understand the National Rifle Association
2 is a New York charity, right?

3 A I do.

4 Q And you understand that it's been a charity in New York
5 for 150 years, correct?

6 A Yes.

7 Q And you understand that as an officer of this New York
8 charity, you have a fiduciary duty to perform your duties in
9 good faith, and with the care of a prudent person, correct?

10 A Yes.

11 Q And you understand that as an officer of a New York
12 charity, you may receive only reasonable compensation for your
13 services for the charity, correct?

14 MR. GARMAN: Your Honor, I object, only to the extent
15 that calls for a legal conclusion.

16 THE COURT: I sustain that, but the witness may give
17 his understanding, if he has one.

18 You may answer the question, if you have an
19 understanding, Mr. LaPierre.

20 A I -- I -- I don't really have an understanding of the law
21 on that.

22 Q All right.

23 A I -- I think my compensation has always been reasonable.

24 Q All right. And you understand that the -- as an officer
25 of a New York charity, you cannot distribute the assets of the

LaPierre - Cross/Sheehan

121

1 charity, except for the charitable mission, correct?

2 A I would -- I would believe that everything I've done is in
3 the best interest of the NRA and --

4 Q Mr. LaPierre, is it your understanding that you're not
5 allowed to distribute the revenues of the NRA to yourself or
6 other officers and directors except as compensation?

7 A Yes.

8 Q Okay. And do you also understand that under New York
9 charities law, the NRA cannot enter into a transaction which
10 you have a financial interest without the approval of the Board
11 or an authorized committee?

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

14 THE COURT: Same ruling.

15 MR. SHEEHAN: Now --

16 THE COURT: You may answer the question, Mr.
17 LaPierre, if you know the answer. I sustained legal
18 conclusion.

19 A Yes. Yes, I believe that's true.

20 Q Okay; thank you. In earlier testimony, you said the New
21 York Attorney General commenced her charities investigation at
22 the NRA because of bias, correct?

23 MR. GARMAN: Your Honor, I do want to object here.
24 I've been very careful under the scope of the direct, that's
25 relating back to the movant's case in chief, and I believe it's

1 inappropriate under Rule 611.

2 THE COURT: I sustain that, Mr. Sheehan.

3 MR. SHEEHAN: Thank you.

4 BY MR. SHEEHAN:

5 Q You told us in your testimony that the NRA took the
6 whistle-blowers' complaints very seriously, correct?

7 A Yes, we did. We -- we backed them completely, and I --

8 MR. SHEEHAN: Objection, Your Honor; move to strike.
9 It's asking for a yes or no.

10 A Yes, we did.

11 THE COURT: Sustained.

12 Q And isn't it true that, Mr. LaPierre, that you did not see
13 the whistle-blowers' complaints until June 6th -- June 19th of
14 2020?

15 MR. GARMAN: Your Honor, I'm going to object again.
16 There was no substantive testimony about whistle-blowers or
17 specific whistle-blower complaints in my direct.

18 THE COURT: I think this may be --

19 MR. SHEEHAN: Your Honor --

20 THE COURT: I think this may be being used to impeach
21 him. Overruled.

22 MR. SHEEHAN: All right. Your Honor -- okay.

23 THE COURT: I overruled the objection.

24 Q So --

25 MR. SHEEHAN: Thank you, Your Honor.

LaPierre - Cross/Sheehan

123

1 Q Mr. LaPierre, you did not even see the whistle-blowers'
2 top concerns memo until June 19th, 2020, correct?

3 A What I did is when I heard the whistle-blowers --

4 MR. SHEEHAN: Your Honor, move to strike.

5 THE COURT: Just answer the question, Mr. LaPierre.

6 A No, I think that's about when I saw it.

7 Q Okay. And that was nearly two years after that whistle-
8 blowers' concerns memo was presented to the Audit Committee,
9 correct?

10 A Yes, that's when I saw the entire list.

11 MR. SHEEHAN: Mr. Conley, can you pull up Exhibit
12 129, please?

13 THE COURT: Is this NYAG --

14 MR. SHEEHAN: Is it open already?

15 THE COURT: NYAG?

16 MR. SHEEHAN: Yes, Your Honor, 179.

17 MR. GARMAN: I'm sorry, Your Honor, this is my fault,
18 I need to send somebody up to get the exhibits opened on Mr.
19 LaPierre's computer.

20 THE COURT: That's not a problem.

21 (Pause)

22 THE COURT: Your lawyers are all fast on the hoof,
23 Mr. Garman.

24 MR. GARMAN: Mr. Noall might not be as fast as Mr.
25 Ciciliano.

LaPierre - Cross/Sheehan

124

1 (Laughter)

2 MR. NOALL: Mr. Sheehan, that was -- you said NYAG
3 what number?

4 MR. SHEEHAN: 179.

5 (Pause/Off-the-record Colloquy)

6 BY MR. SHEEHAN:

7 Q So, Mr. LaPierre, do you have it in front of you now?

8 A I -- I -- I do, but I -- we're working on it.

9 MR. NOALL: Where would you like the witness to view
10 the document, Mr. Sheehan?

11 MR. SHEEHAN: It's the second page on the PDF, which
12 is the list of top concerns for the Audit Committee.

13 (Pause)

14 A Yes, I'm looking at it right now.

15 Q All right. And just to recapitulate, you did not see this
16 document between the time it was submitted to the Audit
17 Committee in 2018 and June 19th, 2020, correct?

18 A I don't think I saw the draft of this document, that would
19 be correct. But what I did do --

20 MR. SHEEHAN: Objection, Your Honor.

21 THE COURT: Sustained. Just --

22 MR. SHEEHAN: Beyond I didn't see the draft.

23 THE COURT: Just answer the question.

24 A I'm not sure when I finally saw this document.

25 Q So on -- let's go on from that document to New York AG

1 Exhibit 138.

2 MR. SHEEHAN: May I ask, Mr. Noall, are you going to
3 have to stay with the witness?

4 MR. NOALL: I can try and find somebody else to do
5 it, if you would like me to.

6 MR. SHEEHAN: No.

7 MR. NOALL: I'm just trying to help Mr. LaPierre with
8 the exhibits.

9 MR. SHEEHAN: Okay.

10 MR. NOALL: Is there an objection to that?

11 MR. SHEEHAN: No.

12 A Yes, I do.

13 Q Okay.

14 MR. SHEEHAN: Maybe we can try to screen share on
15 Exhibit 138, Mr. Conley.

16 Q All right. I'm showing you, Mr. LaPierre, Exhibit 138,
17 which purports to be a contract between the NRA and yourself,
18 do you see that document?

19 A I do see that document.

20 Q And do you see the signature on the bottom of the second
21 page?

22 MR. GARMAN: Your Honor, I'd like to lodge an
23 objection to being outside the scope, and I'm going to start
24 objecting that the testimony is cumulative.

25 MR. SHEEHAN: Your Honor --

LaPierre - Cross/Sheehan

126

1 THE COURT: Mr. Sheehan --

2 MR. SHEEHAN: I'm sorry; yes.

3 THE COURT: -- address scope, and also cumulative, if
4 you would.

5 MR. SHEEHAN: Your Honor, what happened here, he
6 testified that there was a course correction in 2018, and in
7 2017, 2018, and 2019 as a direct result of his intervention,
8 and we would like this document to show, in fact, it was not a
9 course correction, that he continued with the practices that
10 had existed before, especially for himself.

11 THE COURT: Overruled.

12 THE WITNESS: May I explain, Mr. Sheehan?

13 THE COURT: No.

14 MR. GARMAN: No, hold on, Wayne.

15 THE COURT: Overruled. May be used for impeachment,
16 I think. But I do think we do not need to cover the same
17 ground we covered in the examination of the witness a couple
18 weeks ago.

19 MR. SHEEHAN: Understood, Your Honor.

20 BY MR. SHEEHAN:

21 Q When this document was signed, Mr. LaPierre, it was signed
22 on May 5th, 2018, correct?

23 A Correct.

24 Q And it was signed by you, Mr. Phillips, Mr. Brownell, and
25 Ms. Meadows, correct?

LaPierre - Cross/Sheehan

127

1 A Correct; it was presented to me by the -- by the --

2 MR. SHEEHAN: Objection; move to strike.

3 THE COURT: Just answer the question, Mr. LaPierre.

4 A Yes.

5 Q All right. And on the day this document was signed, May
6 5th, 2018, isn't it true that Mr. Brownell had two days left in
7 his term as President at the NRA?

8 A I'm not sure of that, but that could be true. It -- his
9 term was coming to an end.

10 Q His term was coming to an end because it was the annual
11 meeting of the NRA, correct --

12 A That's correct.

13 Q -- in Dallas?

14 A Yes.

15 Q And the election was going to be held on May 7th, 2018,
16 correct?

17 A Yes.

18 Q All right. And this document, that is Exhibit 138, that
19 you signed, and that Mr. Phillips signed was to go into effect
20 for -- until 2030, is that correct?

21 A Yes, it was.

22 Q All right. And the -- isn't it true that for the years --
23 if you were fired as the head of the NRA, as the Executive
24 Director, this contract would continue until 2030, and you
25 would receive approximately \$17 million in compensation post

1 employment as EVP, correct?

2 MR. GARMAN: Your Honor, I'd like to object, under
3 the best evidence rule, the document speaks for itself.

4 MR. SHEEHAN: All right.

5 THE COURT: That's --

6 MR. SHEEHAN: Your Honor, maybe I can rephrase.

7 THE COURT: Yeah, I sustain that.

8 MR. SHEEHAN: Okay.

9 BY MR. SHEEHAN:

10 Q So let's take a look at the document at 138, and go to the
11 revised seven-year schedule. So for 2019, you're going to
12 receive \$1,300,000 if you were fired EVP of the NRA, correct?

13 MR. GARMAN: Your Honor, I'd lodge the same
14 objection.

15 THE COURT: I'll permit the witness to answer that
16 question.

17 A Yes, that's what the document says.

18 Q And that was your understanding of the contract, too,
19 right?

20 A Yes.

21 Q And for 2020 to 2025, you're going to get a million and a
22 half dollars a year for six years, correct?

23 A Yes, that's what the document says.

24 Q Okay. And then from 2026 to 2028, you're going to get
25 three more years at \$1,500,000.

1 A Yes, that's correct.

2 Q Okay. And \$1.3 million in 2029 and 2030, correct?

3 A Yes.

4 Q All right. And this contract executed on May 5th, 2018 by
5 Mr. Brownell and Ms. Meadows, Ms. Meadows is the current
6 President of the NRA?

7 A Yes, that's correct.

8 Q And she's the head of the Special Litigation Committee?

9 A Yes.

10 Q All right. This contract -- this -- was this contract
11 approved by the Board?

12 A I -- I don't think it was. It was approved by the Comp
13 Committee.

14 Q Okay. So the compensation for you was not approved by the
15 Board, correct?

16 A As far as I'm aware, I'm not in those sessions, it was
17 approved -- I know it was approved by the Comp Committee.

18 Q How do you know --

19 A I --

20 Q -- it was approved -- I'm sorry. Let me --

21 A May I explain?

22 Q Well, no. Let's -- let's walk through with respect to
23 this contract. This is the only employment contract you had
24 between May 5th, 2018, correct, and January -- January 7th,
25 2021, right?

LaPierre - Cross/Sheehan

130

1 A Yes, although I thought it had been torn up in 2019.

2 MR. SHEEHAN: Objection; move to strike, Your Honor.

3 THE COURT: Sustained.

4 Mr. LaPierre, you're going to get off the stand a lot
5 quicker if you just listen to the question that's asked, and
6 answer it.

7 THE WITNESS: Yes, sir, Your Honor.

8 BY MR. SHEEHAN:

9 Q So --

10 A Yes.

11 Q Yes, just to confirm, to your knowledge, this contract was
12 never submitted to the Audit Committee for review as a related
13 party transaction, right?

14 A I'm not aware of whether it was or wasn't.

15 Q So to the best of your knowledge, it was not submitted to
16 the Audit Committee, correct?

17 A I'm not aware of whether it was or wasn't.

18 Q So to the best of your knowledge, it wasn't.

19 A I don't know whether it was.

20 Q This contract stayed in effect until January 7th, 2021
21 when it was replaced with your new employment contract,
22 correct?

23 A That is correct.

24 Q And that's -- that's the Exhibit 50, which we've looked at
25 before, with a one-year term.

LaPierre - Cross/Sheehan

131

1 A Correct, and the Board --

2 MR. SHEEHAN: Objection, Your Honor; move to strike.

3 THE COURT: Sustained.

4 Q And isn't it true, Mr. LaPierre, in addition to your
5 contract on May 5th, 2018, the NRA entered into an independent
6 consulting agreement with Treasurer Woody Phillips, correct?

7 MR. GARMAN: Your Honor, I believe this is -- this is
8 cumulative, and it's well outside the scope of my examination.

9 THE COURT: I think it is getting cumulative, Mr.
10 Sheehan, so help me on why we need to do this again.

11 MR. SHEEHAN: Course -- it's course of conduct, Your
12 Honor. The same day -- what we're prepared to show is that the
13 same day that Woody Phillips signed off on Mr. LaPierre's
14 contract, and Mr. Brownell, who was leaving in two days, signed
15 off on Mr. LaPierre's contract, and Ms. Meadows, who is the
16 head of the independent litigation committee, signed off on it,
17 this is not -- insider contract, the second insider contract
18 that Mr. LaPierre and the NRA entered into.

19 THE COURT: But --

20 MR. SHEEHAN: It's inconsistent with the theory of
21 course correction.

22 THE COURT: Isn't that already in the record, though?

23 MR. SHEEHAN: The -- Your Honor, I understand what
24 you're saying, let's keep moving.

25 THE COURT: Yeah.

LaPierre - Cross/Sheehan

132

1 MR. SHEEHAN: I just --

2 THE WITNESS: No, I did not enter into this
3 contract --

4 MR. GARMAN: Wayne --

5 THE COURT: Wait, hold on. Hold on.

6 MR. GARMAN: Wayne, wait for the Judge.

7 THE COURT: Mr. LaPierre, I just ask that you would
8 sort of move it along so we can do the things that we said that
9 we were going to accomplish today, Mr. Sheehan.

10 MR. SHEEHAN: Yes.

11 THE COURT: And I hear you, too. You've made a point
12 with me, all right?

13 MR. SHEEHAN: Thank you, Your Honor.

14 BY MR. SHEEHAN:

15 Q Mr. Phillips was paid in 2019 under this contract,
16 correct?

17 A I was not aware of this contract.

18 Q Okay. It was entered into on the same day that your
19 contract was entered into, May 5th, 2018.

20 MR. GARMAN: Your Honor, asked and answered.

21 THE COURT: Sustained.

22 Q Wasn't the Woody Phillips contract included in the 2019
23 EVP budget.

24 A I have no knowledge of that; I don't know.

25 Q Okay. When the course correction began in 2017, all

1 right, which you took charge of --

2 A I did.

3 Q You've got to let me ask the question, Mr. LaPierre.

4 Isn't it true that after the course correction began, you and
5 your wife looked at several homes in the Dallas, Texas area
6 with a realtor and an Ackerman executive?

7 MR. GARMAN: Your Honor, we are well outside the
8 scope. The evidence is that no house was purchased. This
9 feels cumulative and outside a very narrow scope of my
10 examination.

11 THE COURT: I'll permit it for brief impeachment.
12 But, again, this is already in the record, Mr. Sheehan, so --

13 MR. SHEEHAN: Okay.

14 THE COURT: And we have a judge trial, so -- thank
15 you.

16 MR. SHEEHAN: Your Honor, all right.

17 THE COURT: Answer the question, Mr. LaPierre.

18 A I did not propose anyone buying a house for us. We looked
19 -- Ackerman McQueen suggested that -- I didn't propose anyone
20 buying a house for us. We did look at some houses --

21 MR. SHEEHAN: Your Honor, move to -- move to strike
22 as non-responsive.

23 THE COURT: Sustained.

24 Mr. LaPierre, please just answer the question that's
25 asked.

LaPierre - Cross/Sheehan

134

1 A We looked -- we looked -- my wife and I were driven around
2 by a realtor and looked at some houses.

3 Q In April of 2018?

4 A That's correct.

5 Q With respect to the course correction and the 100 percent
6 compliance, did the NRA have a written policy with respect to
7 charter flights ever?

8 MR. GARMAN: Your Honor, I'm going to object. It
9 misstates his testimony; he never said 100 percent compliance,
10 I don't believe.

11 MR. SHEEHAN: Fair enough. Your Honor, let me
12 rephrase the question.

13 THE COURT: Okay.

14 BY MR. SHEEHAN:

15 Q Would you agree with me that as of the end of 2019, the
16 NRA still had no written policy on charter flight travel?

17 A The -- the NRA security office had a policy on private
18 travel.

19 MR. SHEEHAN: Your Honor, I move to strike as non-
20 responsive.

21 THE COURT: Overruled.

22 Q Mr. LaPierre, did the NRA, by the end of 2019, after your
23 course correction, have a written policy on charter travel for
24 you?

25 MR. GARMAN: I object; asked and answered.

1 THE COURT: I think the question is slightly
2 different.

3 You may answer the question, sir.

4 A I'm not aware of whether the NRA has put that policy in
5 writing or not, the NRA Security Committee has put it in --

6 Q Okay.

7 A -- in writing or not.

8 Q Have you ever seen a written policy that requires you to
9 fly charter?

10 A I haven't seen -- no, I haven't.

11 Q Okay.

12 MR. SHEEHAN: Your Honor, could I just take a few
13 minutes' break to see if I can shorten my questioning?

14 THE COURT: Certainly. Why don't we all take about
15 five minutes. But really, let's limit it to five because we
16 want to try to move things along.

17 Mr. LaPierre, you've heard me say this, I think, when
18 you were testifying last time, during the break, don't speak
19 with anyone about your testimony, you're in the middle of
20 examination, do you understand that? Okay.

21 THE WITNESS: I do, Your Honor.

22 THE COURT: We'll come back in -- we'll come back in
23 in just about five minutes.

24 (Recess 11:32 a.m./Reconvene 11:37 a.m.)

25 THE COURT: Ready, Mr. Sheehan?

1 MR. SHEEHAN: Yes, Your Honor. And I take to heart
2 your request that we move quickly, and we're going to try to do
3 that.

4 THE COURT: Okay.

5 BY MR. SHEEHAN:

6 Q Mr. LaPierre, with respect to Mr. Robert Kyle Weaver,
7 isn't it true that payments to Mr. Weaver continued after the
8 course correction began?

9 A I'm not sure when the last payment to Mr. Weaver was.

10 Q Okay. The 2019 990 recites that he got paid over \$200,000
11 in 2019, is that consistent with your understanding?

12 A Again, I -- I -- I'd have to see the document. If that's
13 in the 990, I'm sure it's accurate.

14 Q Okay. And there's been no disgorgement of the amounts
15 paid to Mr. Weaver under this contract, correct?

16 A That's -- yes.

17 Q All right. And with respect to Mike Marcellin -- is it
18 Michelle Marcellin?

19 A It's Mike Marcellin.

20 Q Okay. He was the former managing director of Affinity
21 Programs at the NRA, correct?

22 A Correct.

23 Q And he had a consulting contract with the NRA after he
24 left the Association, correct?

25 A I wasn't aware of that.

LaPierre - Cross/Sheehan

137

1 Q All right. Isn't it true that in 2020, the NRA paid Mr.
2 Marcellin \$748,000 as reflected on the statement of financial
3 affairs?

4 A I don't know.

5 MR. SHEEHAN: Could you just pull that up, Mr.
6 Conley?

7 (Pause)

8 Q So you see, Michael Marcellin --

9 MR. GARMAN: What number exhibit?

10 MR. SHEEHAN: I'm sorry, this is Exhibit 193.

11 A Yes, I see it.

12 Q Do you see there are two payments, one in January and one
13 in April, for \$374,100 apiece?

14 A Yes, I see that.

15 Q And is it your testimony you don't know what that payment
16 was for?

17 A I knew nothing about the Mike Marcellin contracts or
18 payments --

19 Q Okay.

20 A -- or anything about that at all, to tell you the truth.

21 Q Do you know if those contracts -- these payments were
22 examined to see if they should be disgorged?

23 A I had no idea.

24 Q Okay. Do you know Mr. Robert Marcario?

25 A I do.

LaPierre - Cross/Sheehan

138

1 Q And isn't it true that he was the NRA's Managing Director
2 of Membership until the end of 2015?

3 A Correct.

4 Q And he got a post employment contract for 10,000 per month
5 through 2020, correct?

6 A I know he had a two-year -- I think -- I believe it was a
7 two-year contract. I was not aware that someone extended his
8 contract beyond that.

9 Q And if you look at what -- at Exhibit 193, you'll see
10 under Mr. Marcario there's a breach of contract settlement for
11 \$200,000, do you see that?

12 A I do.

13 Q Did you authorize that payment?

14 A I knew that our lawyers were talking with Mr. Marcario
15 about reaching a settlement.

16 Q Okay. Okay. Did you authorize that payment?

17 A I authorized them to -- they thought it was a --

18 MR. SHEEHAN: Objection; move to strike, Your Honor.

19 MR. GARMAN: Your Honor, he's trying to answer.

20 A I took the lawyer's advice.

21 Q So you authorized the payment.

22 A I -- I -- I took the lawyer's advice on what they thought
23 we ought to do.

24 Q So you authorized the payment.

25 A Yes, I accepted the lawyer's -- our lawyer's legal

1 judgment.

2 Q And there was no review of Mr. Marcario's payment to
3 determine whether there should be disgorgement as an excess
4 benefit, correct?

5 A I don't know; that was all done with the lawyers, and I
6 wasn't even aware of the contract extension. It was done
7 without my knowledge.

8 Q Okay. Let's move on to the issue of the Chief
9 Restructuring Officer. Now did you read the application of the
10 NRA for a Chief Restructuring Officer?

11 A I did.

12 Q Okay, good.

13 A Or I think I signed it back in April or --

14 Q It seems like a long time ago, doesn't it?

15 A Well, it -- yeah, it does.

16 Q Okay.

17 (Laughter)

18 MR. SHEEHAN: Mr. Conley, could you pull up Docket
19 Number 519?

20 Q This is the --

21 MR. SHEEHAN: You're -- Mr. Noall, you're still
22 pulling it up for him?

23 MR. NOALL: Standby. I'm sorry, was that an exhibit
24 or a docket entry?

25 MR. SHEEHAN: It was a docket entry 519 marked for

LaPierre - Cross/Sheehan

140

1 identification as Exhibit 677, I believe. No, 367.

2 MR. NOALL: Did you say 367?

3 MR. SHEEHAN: Correct.

4 MR. NOALL: NYAG 367?

5 MR. SHEEHAN: One second.

6 MR. NOALL: Standby.

7 MR. SHEEHAN: One second, Your Honor.

8 (Pause)

9 MR. SHEEHAN: Your Honor, this is one of the NRA's
10 documents, it is not admitted yet, I'd like to move for its
11 admission.

12 MR. GARMAN: We don't have Exhibit 367, but I have no
13 objection to the Court taking judicial notice of pleadings we
14 filed on the docket.

15 THE COURT: What's the docket entry because my
16 exhibits don't go that far.

17 MR. SHEEHAN: It's Docket Number 519, Your Honor.

18 (Pause)

19 MR. NOALL: I don't have in the witness exhibit room
20 docket entries on the record, Mr. Sheehan.

21 (Mr. Sheehan engaged in off-the-record colloquy)

22 BY MR. SHEEHAN:

23 Q Mr. LaPierre, can you see the application?

24 A Yes. Yes, I can.

25 Q All right. Do you believe the creditors need to be

LaPierre - Cross/Sheehan

141

1 provided assurance in this case that the NRA no longer has
2 internal control problems?

3 A I -- I am in favor of a compliance officer --

4 MR. SHEEHAN: Objection, Your Honor; move to strike.

5 THE COURT: Sustained.

6 Q Do you believe the creditors in this case need assurance
7 that the NRA no longer has internal control problems, Mr.
8 LaPierre?

9 A I don't see any problem with that.

10 Q I'm sorry. Do you believe the creditors need to be
11 provided assurance that the NRA no longer has internal control
12 problems?

13 A I believe NRA no longer has internal control problems, but
14 I have no problem with them getting reassurance of that.

15 Q Okay. So the document represents that the creditors need
16 to be provided assurance that the NRA no longer has internal
17 control problems.

18 MR. SHEEHAN: And, Jonathan, can you pull up that
19 section of the document?

20 (Pause)

21 Q Mr. LaPierre, do you believe the parties in interest in
22 this case need an independent fiduciary -- need to be assured
23 there's an independent fiduciary overseeing these proceedings?

24 A I -- I have talked with Mr. Robichaux, and I am in --

25 MR. SHEEHAN: Objection; move to strike.

LaPierre - Cross/Sheehan

142

1 THE COURT: Overruled.

2 A I'm in agreement with a Chief Restructuring Officer.

3 Q Mr. LaPierre, do you believe that the parties in interest
4 need to be assured that there is an independent fiduciary
5 overseeing these proceedings, independent from the NRA?

6 A I'm not -- I'm not sure I understand your question.

7 Q The -- it's my understanding of the application that the
8 NRA is seeking an independent fiduciary, is that your
9 understanding in the form of --

10 A In this -- in Mr. Robichaux.

11 Q Right.

12 A Yes, that's correct.

13 Q And the reason the NRA is doing that is because the NRA
14 believes that the parties in interest need to be assured
15 there's an independent fiduciary overseeing these proceedings.

16 MR. GARMAN: So, Your Honor --

17 A Yes.

18 MR. GARMAN: Your Honor, I do just want to interject
19 an objection for the record.

20 Mr. LaPierre testified that he signed the agreement.
21 I don't think he has testified he saw the application. I think
22 we were talking past one another, so I actually would object to
23 foundation on the motion without more.

24 MR. SHEEHAN: Your Honor, let me just -- I think I'm
25 almost finished, but let me just take two second.

LaPierre - Cross/Sheehan

143

1 THE COURT: Okay; take a couple seconds, you can.

2 (Pause)

3 MR. SHEEHAN: Mr. Conley, can you pull up Paragraph 9
4 of the document?

5 BY MR. SHEEHAN:

6 Q And, Mr. LaPierre, do you see Paragraph 9 on that
7 document?

8 A I do.

9 Q And you see it says that the relief requested in this
10 application is necessary to the successful administration of
11 these Chapter 11 cases, do you believe that's correct?

12 A Yes, I -- I did not negotiate this --

13 Q Mr. LaPierre --

14 A -- but I signed it. I -- I --

15 Q Mr. LaPierre --

16 A Yes.

17 Q Thank you. And do you believe it's necessary to provide
18 assurance to creditors, parties in interest and the Court that
19 there is an independent fiduciary overseeing these proceedings,
20 do you believe that?

21 A Yes.

22 Q All right.

23 MR. SHEEHAN: Thank you very much, Mr. LaPierre.

24 THE WITNESS: Thank you.

25 THE COURT: Thank you, Mr. Sheehan.

LaPierre - Cross/Gruber

144

1 Let me just poll the remaining lawyers just for a
2 time estimate -- and approximate time estimate. Ackerman for
3 cross of Mr. LaPierre?

4 MR. GRUBER: Your Honor, I think five or ten minutes.

5 THE COURT: Okay. We can probably get that done
6 before we break.

7 Journey?

8 MR. WATSON: Judge, Jermaine Watson.

9 Five minutes.

10 THE COURT: Okay, maybe we can get that one in, too.
11 Committee?

12 MR. HENDRIX: Your Honor, Nick Hendrix for the
13 Committee.

14 I don't believe we'll have any questions for Mr.
15 LaPierre today.

16 THE COURT: Thank you, Mr. Hendrix.

17 Okay. I want to go to about ten or so, there's no
18 magic to that, since we're going to have to start at 1:30
19 because there's a matter that is set for 1:30 in this case.

20 So, Mr. Gruber, why don't you go first for your five
21 to ten, and we'll see if Mr. Watson can get his done, too.

22 MR. GRUBER: Thank you, Your Honor.

23 CROSS-EXAMINATION

24 BY MR. GRUBER:

25 Q Hello, Mr. LaPierre; how are you today?

LaPierre - Cross/Gruber

145

1 A I'm fine; good afternoon.

2 Q So a lot of your testimony seemed to be about mainstream
3 America and your efforts to bring the NRA, I guess, closer to
4 mainstream America, would you say that's a fair restatement of
5 your testimony?

6 A Yes, I would say NRA represents mainstream America.

7 Q And you -- weren't you touting your own efforts as far as
8 that? As far as making the NRA more acceptable to mainstream
9 America, is that correct?

10 A I worked on that, along with others.

11 Q Okay. So not to ignore the elephant in the room, but
12 let's talk about elephants. Have you read the newspapers for
13 the last few days about your hunt in Africa back a few years?

14 A (Inaudible - weak Internet connection) the newspapers, but
15 I understand that there have been newspaper articles.

16 Q Including Wall Street Journal, New York Times, USA Today,
17 most of them have covered it, haven't they?

18 A I haven't read them, but I don't doubt it that they might
19 -- that they probably did.

20 Q And would you agree that the consensus was you represent
21 all the hunters and the non-hunters?

22 MR. GARMAN: Objection to vague and ambiguous
23 question.

24 THE COURT: Why don't you restate your --

25 A I don't -- I don't understand what you're questioning.

LaPierre - Cross/Gruber

146

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

2 BY MR. GRUBER:

3 Q So if you've gotten a report on the articles, isn't it
4 true that both hunters and non-hunters were upset by the video
5 that was released about your hunt?

6 MR. GARMAN: Objection; hearsay, Your Honor.

7 THE COURT: And also what's the relevance of this?

8 MR. GRUBER: Your Honor, I think, first of all, it's
9 not just today, but this seems to be kind of putting a cap on
10 the testimony for the last week about how great and
11 indispensable Mr. LaPierre is for the NRA, and I am hearing the
12 same thing today, that he's gone out as far as fundraising and
13 all, was a big part of what he was talking about, he's gone all
14 across country fundraising, and introducing the NRA to
15 mainstream America.

16 And I -- our point is that we think Mr. LaPierre has
17 not done a very good job at all of connecting with mainstream
18 America, and has damaged the NRA brand over the last number of
19 years significantly.

20 THE COURT: And so --

21 MR. GARMAN: Your Honor, might I respond?

22 THE COURT: Sure.

23 MR. GARMAN: So, Your Honor, yesterday, or the day
24 before, Tony Makris, from Ackerman McQueen, released six-year-
25 old footage of Mr. LaPierre hunting an elephant that was

1 clearly designed to embarrass him the day before he took the
2 stand.

3 The fact that Mr. Makris' own lawyer is now
4 questioning him about it on something wholly unrelated to
5 whether a trustee should be appointed or dismissal of these
6 cases should occur is highly objectionable.

7 THE COURT: I don't know that it's highly
8 objectionable. Just for the record, so everyone knows, I have
9 not seen the video, but it's in the headlines. I'm trying, as
10 I said a couple of times, trying to avoid, as much as I can.
11 There's something in the paper every day about this case.

12 I don't think we need to go there, Mr. Gruber. So I
13 sustain the objection.

14 MR. GRUBER: Okay.

15 BY MR. GRUBER:

16 Q Well, how about -- could I ask this, just -- have you read
17 all the publicity over the last several weeks about the
18 bankruptcy?

19 A I haven't.

20 Q Have you gotten reports to you about all the negative --
21 all the publicity about the bankruptcy?

22 A I have not been following the media.

23 Q And you haven't been getting reports on it?

24 A I -- I have not, I have avoided it.

25 Q Okay. So you don't have any idea that there's daily

LaPierre - Cross/Watson

148

1 negative press coming out about the bankruptcy -- the -- going
2 into bankruptcy by the NRA?

3 MR. GARMAN: Object, Your Honor, it's an
4 argumentative question.

5 THE COURT: Overruled.

6 Answer the question, if you can.

7 A I -- I have not been following the media because I am not
8 supposed to know what people are saying in their testimony, and
9 I have not been following the media.

10 MR. GRUBER: Your Honor, I don't have any other
11 questions for the witness.

12 THE COURT: Thank you, Mr. Gruber.

13 Mr. Watson?

14 MR. WATSON: Thank you, Your Honor; Jermaine Watson
15 on behalf of Judge Journey.

16 CROSS-EXAMINATION

17 BY MR. WATSON:

18 Q Good afternoon, Mr. LaPierre.

19 A Good afternoon.

20 Q You previously testified that the NRA has 4.9 million
21 members currently, is that correct?

22 A Just under, yes.

23 Q Okay. How many --

24 A Four eight nine seven or something like that.

25 Q Thank you. How many of those life members -- how many of

LaPierre - Cross/Watson

149

1 those members are life members?

2 A I think about 55, 60 percent.

3 Q Okay. So would you -- would you estimate that -- that two
4 and a half million life members are members of the NRA?

5 A I think that's probably correct.

6 Q Thank you. Isn't it also true that life members are the
7 primary voters for NRA Board members?

8 A That's correct, although three -- I believe three and
9 five-year members can also vote, but I think you're correct.

10 Q But of that body of members, isn't it a majority -- isn't
11 a majority of those members life members?

12 A Yes, I think that's true.

13 Q Okay. Isn't it true that the NRA provides membership
14 services to life members?

15 A Yes.

16 Q And what types of services does the NRA provide to life
17 members?

18 A We provide magazines every month, we provide what they
19 joined NRA for, all the great programs and the legislative
20 representation, and the advocacy. We also provide Affinity
21 benefits for them, and all of that type of stuff.

22 Q Does the NRA encumber -- have encumbered funds set aside
23 to take care of these membership services for life members?

24 A We do.

25 Q Okay.

LaPierre

150

1 MR. WATSON: Thank you, Judge. No further questions.

2 THE COURT: Thank you, Mr. Watson.

3 MR. GRUBER: Your Honor -- Your Honor, could I
4 address the Court for just a minute?

5 THE COURT: Sure.

6 MR. GRUBER: Mr. Garman made a statement that
7 surprised me, and I've just checked, and I think it's
8 completely untrue that Mr. Makris had anything to do with
9 releasing video.

10 I -- we know nothing of that, and we have confirmed
11 with the client that they don't believe that's true, so I --

12 MR. GARMAN: It was reported in the --

13 MR. GRUBER: -- (indiscernible - multiple speakers)
14 statement on the record, so --

15 MR. GARMAN: It was reported in the Washington Post
16 yesterday that it was footage from Mr. Makris from Under Wild
17 Skies from 2014.

18 MR. GRUBER: No, that's a misrepresentation of -- it
19 -- it occurred on a trip that he was on, but there is nothing
20 reporting that the video was released by Mr. Makris. If we
21 need to call him in rebuttal, we'll do so.

22 THE COURT: Well, if it helps, Mr. Garman's statement
23 is not evidence; yours isn't evidence either. I'm certainly
24 not going to think that anybody's testified the source of the
25 tape -- or video, whatever, but we didn't let the video or

LaPierre - Redirect/Garman

151

1 discuss it, or it come into the record. But I appreciate your
2 saying that on the record, Mr. Gruber.

3 MR. GRUBER: That's very helpful; thank you, Your
4 Honor. I appreciate that.

5 THE COURT: All right, okay.

6 Mr. Garman, do you have any other questions of Mr.
7 LaPierre? If you have a few, we can do him before we break.

8 MR. GARMAN: I can be done before we break, Your
9 Honor, it's just a few.

10 THE COURT: Okay, why don't you do that then?

11 REDIRECT EXAMINATION

12 BY MR. GARMAN:

13 Q Mr. LaPierre, what's your current compensation?

14 A It's -- it's -- it's a million three, but it's cut 20
15 percent. So I have a 20 percent cut in place on my
16 compensation.

17 Q And why is that 20 percent cut?

18 A Because I voluntarily did it when -- when -- during --
19 during COVID when we -- we also cut other people by 20 percent;
20 I did the same thing with my pay.

21 Q Okay. And did you receive a bonus last year?

22 A No, I did not.

23 Q Why not?

24 A I -- I -- I offered to give it up so that the NRA could do
25 retention bonuses to -- Comp Committee could do the retention

1 bonuses to other key employees.

2 Q Do you recall Mr. Sheehan asking you about when you saw
3 the whistle-blower report, do you remember that testimony?

4 A I do.

5 Q And do you remember testifying that you didn't see the
6 actual document until June of 2020?

7 A Yes, I -- I -- I do remember that.

8 Q And is that the first time you had heard of the whistle-
9 blower concerns in June of 2020?

10 A No, I heard the whistle-blowers were stepping forward in
11 June of 2018, maybe even late May of 2018, and I immediately
12 asked the Brewer firm to run it all down, work with them, check
13 everything else, they could see every document.

14 Q Okay.

15 A Let's find out what's true and not true.

16 Q Okay. Changing now -- I want to get this done in a couple
17 of minutes here, a couple more questions. Sir, do you remember
18 having questions about your --

19 MR. SHEEHAN: Your Honor? Your Honor, can I go back
20 for a second on that statement?

21 MR. GARMAN: No.

22 MR. SHEEHAN: The testimony --

23 MR. GARMAN: No.

24 MR. SHEEHAN: -- about what was told to --

25 MR. GARMAN: No.

LaPierre - Redirect/Garman

153

1 MR. SHEEHAN: -- attorneys --

2 THE COURT: Not right now, we're in the middle of
3 redirect.

4 MR. SHEEHAN: Okay; I'm sorry.

5 BY MR. GARMAN:

6 Q Mr. LaPierre, do you remember being questioned about your
7 2018 employment contract?

8 A I do.

9 Q Who asked for that contract?

10 A I didn't ask for it, it was -- it was presented to me by
11 the -- by the Board and the counsel of the Board.

12 Q Okay. Last subject: You were asked a series of questions
13 about the Chief Restructuring Officer application, do you
14 recall that?

15 A I do.

16 Q Were you involved in negotiating the contract with Mr.
17 Robichaux and Ankura to be CRO?

18 A No, I recused myself from any involvement, and I did not,
19 in any way, negotiate it.

20 Q Who did negotiate that?

21 A The lawyers and the SLC with Mr. Robichaux and Ankura.

22 MR. GARMAN: Your Honor, I have no further questions.

23 THE COURT: Thank you.

24 Does anyone else have any questions of Mr. LaPierre?

25 MR. SHEEHAN: No, Your Honor, not from the Attorney

1 General's Office.

2 THE COURT: All right.

3 MR. GRUBER: No, Your Honor, not from AMc.

4 THE COURT: All right, thank you.

5 All right, Mr. LaPierre --

6 MR. GARMAN: Your Honor, I would ask that Mr.

7 LaPierre be released as the Board meeting has already begun on
8 this -- there is work of the NRA to do.

9 THE COURT: All right. Let me -- let me ask -- I
10 guess I'll give you my views if we don't have a consensus on
11 this, but is there a problem with releasing him? He's not
12 going to be called back again, and the witness is Robichaux,
13 and then the next witnesses come from the movants. So is there
14 any problem with releasing him from the Rule, so he can go to
15 the Board meeting?

16 MR. GRUBER: Your Honor, I don't mind him being
17 released from the Rule, but I'm not going to say we're not
18 going to make him a witness in rebuttal; we need to talk about
19 it.

20 MR. SHEEHAN: And the AG has the same position, Your
21 Honor.

22 THE COURT: Okay.

23 MR. GARMAN: Are you going to call --

24 MR. WATSON: Your Honor, Jermaine Watson on behalf of
25 Judge Journey.

1 I don't have an issue with it, as long as my clients
2 are released to attend the Board meeting speak freely, as well.

3 THE COURT: Anybody want to weigh in on that? We'll
4 take just a couple minute break for me to visit with my law
5 clerks. Anybody intending to call Journey tomorrow?

6 MR. GRUBER: Your Honor, I don't believe we are.

7 THE COURT: Or I guess the other Journey witnesses,
8 too, I probably should have said it broader than that. There
9 were some other folks that are under the Rule, some other Board
10 members I think.

11 MR. GRUBER: No, we don't.

12 And Mr. LaPierre can go to the Board meeting as far
13 as we're concerned, as long as he's instructed, you know, still
14 -- at least until -- until a couple of hours after the last
15 witness, that he's still instructed not to violate the Rule.

16 THE COURT: So, Mr. Garman, is that possible? My
17 intentions were to release him from the Rule at the end of your
18 case in chief, which I anticipate would be today.

19 MR. GARMAN: So, Your Honor, if it's a couple hours
20 from now, we can make that work.

21 THE COURT: Okay.

22 MR. GARMAN: I was asking for him to be released now,
23 but --

24 THE COURT: Okay.

25 MR. GARMAN: -- in the interest of fairness, a couple

1 of hours from now when everyone's released, we'll make that
2 work.

3 THE COURT: Okay.

4 MR. GRUBER: Your Honor, we just need over the lunch
5 hour. I can't speak for the New York Attorney General, but
6 they need -- we need over the lunch hour to make the decision,
7 especially based on the limited amount of material we could get
8 into.

9 MR. GARMAN: I'm going to -- I mean, Mr. LaPierre is
10 not available tomorrow; I'm going to object so I guess we'll
11 cover that and see if it comes up.

12 THE COURT: Y'all have shown a great deal of
13 professionalism to date, I expect that in the afternoon also.

14 We'll be in recess until 1:30.

15 (Whereupon, the morning session concludes at 12:05 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 cursive script that reads "Karen Hartmann".

Karen Hartmann, AAERT CET 475 Date: April 29, 2021
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