

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

IN RE: . Case No. 21-30085-HDH-11
. .
NATIONAL RIFLE .
ASSOCIATION OF AMERICA . Earle Cabell Federal Building
and SEA GIRT LLC, . 1100 Commerce Street
. Dallas, TX 75242-1496
. .
Debtors. .
. April 8, 2021
. 1:15 p.m.
. P.M. Session

AMENDED TRANSCRIPT OF MOTION TO DISMISS CASE
BEFORE HONORABLE HARLIN DeWAYNE HALE
UNITED STATES BANKRUPTCY COURT JUDGE

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1 THE COURT: Mr. Mason and Mr. Garman, are you all
2 ready?

3 MR. GARMAN: Yes, sir.

4 MR. MASON: Yes, Your Honor.

5 THE COURT: All right. We -- before you all start
6 your argument, let me just ask a question just -- it'll help
7 me. We -- we've spent, you know, a fair amount of time on
8 this. The response came in I think yesterday when we were on
9 the bench. Must this issue be decided this afternoon, is my
10 question. So from either person's perspective.

11 MR. GARMAN: Your Honor, from the debtors'
12 perspective, I would need to have it resolved before I begin my
13 affirmative case. It would impact the evidence I do or do not
14 bring in, but it need not be -- it would not have to be brought
15 in -- it would not have to be decided today from my
16 perspective.

17 THE COURT: Okay. And, Mr. Mason?

18 MR. MASON: And I would agree with that, Your Honor.
19 The one thing that I would say is, obviously, this objection
20 relates to the admissibility of any of the deposition
21 designations that we've had. To the extent that the Court
22 overrules that objection, I know that the debtors have asserted
23 specific page and line objections to some of the actual
24 deposition designation testimony that would ultimately need to
25 be ruled upon by the Court, but in terms of the timing I don't

1 believe that's something that would need to be done today.

2 THE COURT: And I ask that --

3 MR. MASON: Either one of those things.

4 THE COURT: I think what will happen, then, at a
5 quarter to 2 is I'll just take it under advisement, and, as you
6 probably know, this isn't an issue that we face every single
7 day down here at the Bankruptcy Court, and I think you're
8 entitled to at least my version of what a right ruling would
9 be, rather than a rushed ruling. So it may be we'll get back
10 to you via email in a day or so, all right, but I won't spring
11 it on you on Tuesday, I guess is what I'm saying.

12 MR. PRONSKE: Your Honor, I've got one comment if I
13 could, please, on the -- and I agree that it doesn't need to be
14 heard today.

15 But what I am going to ask, Your Honor, is we were --
16 it relates to the New York attorney general. There are a
17 couple of Ackerman depositions that were taken and we
18 designated portions of those Ackerman depositions. We
19 can -- if -- and they're probably right legally on their motion
20 as far as it relates to us, but it's an unfortunate motion
21 because it's a -- you know, as opposed to operation streamline
22 that I tried to lay out for you as far as the New York attorney
23 general is concerned, this is the opposite of that, because if
24 we can't designate those portions of the depositions, it just
25 means we need to call three live witnesses, ask the exact same

1 questions from the depositions, and get the exact same answers,
2 and it's kind of unfortunate.

3 And so I don't -- that's not a legal argument, but
4 I'm going to ask the debtor to rethink this as it relates to
5 us. Thank you.

6 THE COURT: Thank you, Mr. Pronske, for that non-
7 legal argument. Okay. Why don't we go Garman, Mason, and then
8 Mr. Pronske, if you do have a comment I'll certainly hear you,
9 too, but let's try to keep it within a half an hour. And
10 knowing that we now have three real law clerks working on this,
11 we've now barred Judge Larson's law clerk, who's been very
12 helpful, too, and we've read everything.

13 MR. GARMAN: Your Honor, Greg Garman for the debtor.
14 And, Your Honor, I will keep this fairly short. I actually
15 think it's been fairly well briefed. I'd like to -- let me
16 begin with the New York attorney general and what Mr. Pronske
17 said.

18 I can't help but, I guess, reaffirm that I think he
19 believes I'm probably right on the law. I would like to say
20 that this is not a procedural vehicle that's designed to slow
21 us down.

22 The witnesses that the New York attorney general has
23 designated, the three of them, Makris, Winkler and Montgomery,
24 are all on the witness list for Ackerman. I believe one's the
25 client representative that's been designated, one has been

1 watching the sessions, I believe, and one lives here in Dallas.

2 And, just candidly, I don't think the transcripts
3 contain the responses that I would need. And so I do believe
4 that as I have learned this case through the discovery,
5 candidly, through baptism by fire, I am in a position now to
6 ask questions that we might not have been in a position to ask
7 questions of before.

8 And so I believe under Rule 32(a) they do not meet
9 the test, and I ask both the parties and the Court to take me
10 at my word that this isn't designed to slow us down. This is
11 designed -- I'm obligated to protect my clients' substantive
12 rights, and I believe that that is the purpose and the intent
13 of what we filed our motions for.

14 I have more argument to the extent it's necessary on
15 the legality of it, but that's my position on the New York
16 attorney general.

17 As it relates, Your Honor, to the Ackerman
18 depositions of Hallow, Ms. Meadows, Lt. Colonel North, Mr. Hart
19 and Mr. Boren, those -- so, look, let's start with the law.
20 They're obviously hearsay, and so the question is under Rule 32
21 is it an exception to hearsay that would permit those matters
22 to be taken. The applicable rule is Rule 32 -- what is it,
23 32(a) sub 8?

24 Yes, Your Honor, 32 sub -- (a) sub 8, which is
25 directly on point, and it's depositions taken in an earlier

1 action. I think the standard is probably agreed to. I think
2 the standard is well-known, which is it must be the same
3 subject matter between the same parties. And they lose on both
4 those grounds, respectfully.

5 It's not the same subject matter. The Ackerman
6 depositions in which these were taken, as I understand them,
7 are a breach of contract case. We have talked a lot about how
8 we're not going to resolve the Ackerman litigation in the
9 context of what's before Your Honor. That litigation at the
10 end of the day will result in a claim by the debtor or against
11 the debtor in some monetary amount.

12 On the subject matter issue, the standard that we're
13 here arguing about is 1104 and 1112. Neither of those
14 standards contain -- or are determined based upon claims to --
15 against or by a debtor against third parties. There are
16 certainly related claims in those -- in that proceeding that
17 relate to fraud and other allegations that spill over into this
18 case, but the language of the rule is not related to the
19 subject matter. It's not substantially similar. It is the
20 same subject matter.

21 This rule is applicable in cases that are derivative,
22 in which one party brings identical claims that could be
23 brought in the shoes of another party. The rule talks about
24 successors. That's the purpose and the language of this rule.

25 I also believe that on the second count they are not

1 the same parties. Strange bedfellows are made in bankruptcy
2 proceedings. Here the New York attorney general and the
3 Ackerman parties are on the same side, but I will point out
4 there are a whole bunch of different parties. We have an
5 unsecured creditors committee who for the most part takes the
6 same position that we do. They did not exist at the time these
7 depositions were taken. They can't be the same parties. We
8 have Judge Journey. We have the Office of the United States
9 Trustee.

10 Your Honor, I understand the arguments of efficiency,
11 I understand the arguments of convenience, but the simple
12 reality is that these parties are not the same. The matter is
13 not identical, and the use of these depositions from another
14 proceeding under Rule 32(a)(8) is inappropriate and would be
15 prejudicial.

16 I think there is argument, the GW Equity case that we
17 cited, which is Northern District of Texas case, the question
18 is does counsel have the same motive in developing the
19 testimony. Here, boy, there's been a lot of testimony about
20 the Brewer firm, and I'm not going to wander into that
21 minefield for the purpose of this motion, other than to say we
22 are very much different counsel with very much different
23 motives and tasks.

24 My job is -- for this portion of the case is to
25 defend this client on a standard of fraud, dishonesty and

1 competence, gross mismanagement as it relates to a trustee, and
2 good faith as it relates to the filing of the petition. And I
3 think that the GW Equity case stands for the proposition as a
4 secondary component that the motivations of counsel are
5 different.

6 And then finally, Your Honor, there is language that
7 has to be to the same extent taken in the later action. I
8 don't think we've demonstrated -- that does require, in my
9 opinion, showing that there is unavailability as it relates to
10 these third-party witnesses. Even our witnesses, I accepted
11 subpoenas from Ackerman McQueen and the New York AG on behalf
12 of parties that are under our control. I don't think they meet
13 that standard, either, but, Your Honor, that is a much lesser
14 standard than the -- that is a much lesser issue to us than the
15 subject matter being the same and the parties.

16 And, Your Honor, unless you have any further
17 questions, I think that summarizes our argument.

18 THE COURT: Thank you. Mr. Mason.

19 MR. MASON: Thank you, Your Honor. Briefly, I don't
20 want to get too much into Mr. Garman's comments with respect to
21 the New York AG's designations of my clients' testimony, but
22 Mr. Garman did make the point that -- I believe he said
23 something along the lines of that the questions that were asked
24 or the issues that were raised during my clients' depositions,
25 you know, may have been different than what he would have done

1 with it. And to that I would just simply point out that the
2 Brewer firm attorneys were the ones, Sarah Rogers and Svetlana
3 Eisenberg, were the two attorneys that took the depositions of
4 all three of my clients, and they have been intimately involved
5 with the Ackerman litigation from our perspective for the last
6 two years.

7 With respect to Ackerman's deposition designations
8 here, this is just another classic example of the NRA's sword
9 and shield. The NRA is taking the position that part of the
10 self-compliance correction that they did involved Ackerman,
11 that Ackerman wasn't complying with audits, that Ackerman was
12 engaged in extortion scheme, that Ackerman was withholding --

13 THE COURT: Hold on, Mr. Mason. Let's try to mute
14 this other speaker. Got it?

15 UNIDENTIFIED SPEAKER: Yes.

16 THE COURT: Thank you. Thank you, Mr. Mason. Sorry
17 about that.

18 MR. MASON: -- that Ackerman and Colonel North were
19 intentionally withholding information about Colonel North's
20 contract, that Ackerman was working with Colonel North to audit
21 the Brewer fees. None of that is true. And the fact of the
22 matter is they're pointing the finger and making allegations at
23 us, but when we want to offer deposition testimony that goes to
24 issues that have been raised by the debtors in these
25 proceedings, not only in their response, but also at this trial

1 so far, they want to put handcuffs on us and say you can't put
2 any of that evidence on. The reality is the testimony of these
3 witnesses is very, very critical to some of these issues that
4 have been raised by the debtors and the false accusations that
5 have been made against my client.

6 There's really three arguments that Mr. Garman makes
7 with respect to why they should not come in. The first one is
8 that these witnesses are not available. That is an easy one,
9 because under Rule 32(a)(4)(B) -- I believe all five of these
10 witnesses are outside of 100 miles. Oliver North is in
11 Virginia. Dan Boren is in Oklahoma City. Steve Hart is in
12 Tennessee. And Carolyn Meadows and Millie Hallow I understand
13 are in Virginia.

14 In addition to that, under Rule 32(a)(3) the
15 depositions of Ms. Meadows and Ms. Hallow are also admissible
16 under -- because they are adverse parties, and at the time of
17 their depositions they were officers or representatives or
18 executives of the NRA. So that should take care of the
19 inability [sic] that have been raised by the debtors here.

20 The other issue is that they claim that these -- this
21 is not the same subject matter under Rule 32(8)(a). The
22 allegations, some of these allegations that have been made
23 against Ackerman have been made in the Virginia litigation
24 which began in April of 2019. They have since been made in the
25 underlying Texas action, and now they were made again in the

1 debtors' response to the motion to dismiss and motion to
2 appoint a trustee, and they've been raised at this trial.

3 Mr. Garman stood up during his opening statement and
4 accused my client of blackmail. And now he's not allowing --
5 he -- the debtors are arguing that we can't put on evidence of
6 the people that were involved in those conversations to show
7 that that is absolutely false.

8 The Brewer firm has been involved with the Ackerman
9 litigation since day one. They were attending all of these
10 depositions. They had the opportunity to ask questions of all
11 of these witnesses. In fact, they took the deposition of Dan
12 Boren in the fall. They were the ones that noticed it and
13 spent the majority of the time on it.

14 These are their witnesses. They had the same or
15 similar notice to ask questions of each one of these witnesses.
16 And the fact that there may be causes of action that are in
17 those cases that are not here, that -- that's not the standard.
18 The standard, is there -- was there a similar motive, is the
19 subject matter the same. And if you look at the pleadings that
20 were asserted in Virginia and Texas and in this bankruptcy and
21 the evidence that has been -- so far come out on some of these
22 issues, they are all the same.

23 And that includes -- we've heard it from Mr. Cotton,
24 we've heard it from Mr. LaPierre, and we've heard it from
25 Mr. Frazer. And when we raised objections with respect to

1 Mr. Cotton getting into some of these issues, specifically
2 Oliver North's contract and whether he was a 1099 or an
3 employee, Mr. Noall pointed out this was all -- this all
4 relates to the self-correction. Well, Oliver North will
5 testify, if he's permitted to do so, that Wayne LaPierre was
6 involved in the entirety of the negotiations with his contract,
7 that he absolutely knew that he was going to be an employee,
8 that his wife had health issues and from day one she needed to
9 be an employee, they needed to have insurance.

10 And so this whole notion that Mr. LaPierre wasn't
11 aware, the NRA wasn't aware, it's just not true. And if
12 Mr. North is able to testify on that issue, you're going to --
13 you would hear that testimony.

14 I'm not sure that I quite understand the -- their
15 argument that's being made that the debtors' counsel was not
16 present or didn't have a motivation to cross-examine these
17 witnesses. I think it goes back to the fact that the Brewer
18 firm was -- I think I've already seen how intimately involved
19 the Brewer firm is with respect to all of this, and so I think
20 to suggest that the Neligan firm or the Garman firm or the UCC
21 or other parties to these proceedings wouldn't have matched up
22 with either Ackerman or the NRA's position and have the same or
23 similar motivations to ask questions of these witnesses is just
24 simply not true.

25 We -- in our response we did brief, I think, kind of

1 what you would hear from each of these witnesses, and, again, I
2 think that testimony goes to a few issues. One is the gross
3 mismanagement and dishonesty that we've already been hearing
4 about in this trial, but it also goes to the allegations that
5 are being made against my client.

6 One other thing that I would point out, Your Honor,
7 is, and I said this on my opening, it has never been our intent
8 to litigate these underlying issues, and it's still not our
9 intent. We're not asking the Court to do that. But we believe
10 that there are some limited evidence that we should be
11 permitted to put on, and we believe that we should be able to
12 defend ourselves and that the debtors shouldn't be able to
13 just, you know, throw allegations out there and not allow us to
14 put on contrary evidence.

15 And if Your Honor recalls, the NRA filed a motion to
16 compel various topics on a 30(b)(6), and we objected and we
17 said, look, these -- we think that these are issues in the
18 Texas case, we don't believe they're before this Court, and
19 they were permitted to move forward and ask questions as part
20 of the expedited discovery here.

21 The one thing I would say, Your Honor, we're also
22 doing our best to try and streamline this, I know we're -- we
23 have limited time, but we think that this -- these -- the
24 testimony of all five of these individuals -- and I do think
25 it's important that they not all be grouped together, this is

1 an all or nothing thing for purposes of the Court's analysis,
2 because some of them do say a few things that are different.
3 But I think if the Court examines the testimony and looks, that
4 they -- these deposition designations are absolutely admissible
5 under Rule 32, and they are incredibly important and relevant
6 evidence for the Court to consider as part of this proceeding.

7 THE COURT: Thank you, Mr. Mason. Mr. Pronske, do
8 you have anything you'd -- else you'd like to say?

9 MR. PRONSKE: No, thank you, Your Honor.

10 THE COURT: Thank you. Mr. Garman, you get to go
11 last, but briefly.

12 UNIDENTIFIED SPEAKER: Believe you're on mute,
13 Mr. Garman.

14 MR. GARMAN: Thanks. It was my turn to do that. I
15 apologize.

16 Your Honor, the cornerstone of the judicial system,
17 the adversary system we have, is the right to confront the
18 witnesses who make allegations against you. Here I've heard
19 words -- I've grown to really respect Mr. Mason in the short
20 time that I've been trying this case against him, but
21 convenience, relevance of testimony, ease of streamlining the
22 case, these are not factors that are exceptions to the hearsay
23 rule. These are not factors that can be used to deny me the
24 ability to confront testimony.

25 And the simple fact is that Rule 32(a)(8) has a very

1 strict standard, which is it must be the same subject matter.
2 It doesn't mean that it overlaps in some component or another.
3 I heard the word similar motive. You will not find that in the
4 rule.

5 I heard Oliver North will testify if permitted. You
6 know, that's exactly what should happen. Colonel North should
7 be here to testify if there's an argument that is to be
8 advanced against this debtor in connection with what is
9 certainly, I believe, one of the most Draconian relief that can
10 be requested of a debtor, which is a Chapter 11 trustee.

11 I believe that this is incredibly skilled counsel and
12 adversary that I'm up against, but at this point in time if
13 they haven't put a case together that brings forward relevant
14 witnesses to advance the arguments and the elements they deem
15 to be necessary, there can't be a save in the context of a
16 witness who I do not have the right to confront.

17 And so, Your Honor, I do believe that it would be
18 appropriate to hold the parties to the standard as set forth in
19 the rules and to not make a new exception to the hearsay rule
20 denying me what I believe are substantive, necessary positions
21 I must take to protect the interests of the debtor.

22 THE COURT: Thank you, Mr. Garman. Could you give me
23 just a second? I may ask you one other question.

24 (Pause)

25 THE COURT: All right. We already have our omnibus

1 hearing time at 1:30 on --

2 MR. DRAKE: Your Honor?

3 THE COURT: Yeah.

4 MR. DRAKE: I'm sorry to interrupt you. I just --
5 could I just make a quick statement about the proceeding we
6 just heard on behalf of the UCC?

7 THE COURT: Sure.

8 MR. DRAKE: So, Your Honor, we didn't take a
9 position in the hearing, and to be completely candid, I haven't
10 really even focused on it since we're not taking a position. I
11 just wanted to make clear, since I think both sides referenced
12 the committee in their argument, that I just don't want anyone
13 to -- if this issue comes up in subsequent proceedings, that,
14 you know, we were silent and, therefore, somehow waived our
15 rights. So I just want to make clear that we're not taking a
16 position as to this hearing and the use of the depositions, but
17 I do want to reserve right for future proceedings to the extent
18 we do need to raise the issue, and I didn't want our silence to
19 be taken as a waiver.

20 THE COURT: Thank you, Mr. Drake. What I was about
21 to say, we're already set for, I think there are just a couple
22 matters, on our 1:30 docket on Monday, which is not -- this is
23 not part of the trial, it's an omnibus setting. So it would be
24 my intention to give you a ruling on or before that time. It's
25 likely I'll just have something to read into the record at that

1 day. Thank you very much.

2 UNIDENTIFIED SPEAKER: Thank you, Your Honor.

3 (Pause)

4 THE COURT: All right. We're slightly ahead of where
5 I thought we'd be because I've changed the direction, but are
6 you all ready to start, because if you are, I had I think said
7 it before the break, we would probably get back to --

8 MR. GRUBER: Your Honor, I am. This is Mike Gruber.
9 I -- I'm one-half of the equation.

10 THE COURT: Okay.

11 MR. GARMAN: Your Honor, I might have to move
12 Mr. LaPierre back into the room, which might take a couple
13 minutes, and, candidly, I haven't actually seen him since we
14 took the break. So I'll go track him down and get him in the
15 witness room.

16 THE COURT: Okay. So why don't we just say we'll
17 start when you all -- everybody gets situated, and probably
18 it'll be before 2:00. I'll go back into chambers for a minute,
19 but we'll be ready to go when you are, all right?

20 MR. GARMAN: Okay, thank you, Your Honor.

21 THE COURT: Thank you.

22 (Recess from 1:40 p.m. to 1:44 p.m.)

23 THE COURT: All right. We'll go back on the record
24 in the NRA case.

25

LaPierre - Cross/Gruber

20

1 WAYNE LAPIERRE, WITNESS, PREVIOUSLY SWORN

2 THE COURT: Mr. LaPierre, I just wanted to remind you
3 on the record that you're still under oath.

4 THE WITNESS: Yes, Your Honor.

5 THE COURT: Mr. Gruber.

6 MR. GRUBER: Yes, Your Honor. Oops, I just -- hold
7 on, I just buried my outline, so one second, please.

8 THE COURT: Okay.

9 MR. GRUBER: Thank you, Your Honor, for your
10 indulgence.

11 THE COURT: My pleasure.

12 CROSS-EXAMINATION CONTINUED

13 BY MR. GRUBER:

14 Q Mr. LaPierre, are you ready to proceed?

15 A Yes, I am.

16 Q Thank you. And I wish I'd done this while it was fresh,
17 but I went through a number of questions with you about
18 dissolution, and I'd really like to kind of just in a very
19 abbreviated way talk about receivership. Do you know what a
20 receiver is, Mr. LaPierre?

21 A Yes. I mean --

22 Q Okay.

23 A Very -- yeah.

24 Q And do you understand that if the -- similar to the
25 dissolution situation, that if the New York attorney general

1 asked for a receiver, that decision would be made by a judge
2 as -- do you understand that?

3 A Yes.

4 Q And all the things we talked about, the appellate and the
5 federal court could step in, do you agree that those things
6 would apply to a receiver as well?

7 A Yeah, as far as I know.

8 Q Okay. And -- okay. And in the four years that you've
9 been aware that the New York attorney general has an interest
10 in the NRA have you been put on notice by the attorney general
11 that they intend to seek a receivership?

12 A No.

13 Q And as far as you know there's no imminent threat of that;
14 is that correct?

15 A Yes, if -- if we had -- if -- if -- if she had got an
16 inkling, yes, I think -- I think there was.

17 Q Okay. But that's your opinion; is that correct? That'/
18 --

19 A Yes.

20 Q -- not any facts that you're relying on?

21 A Yes.

22 Q So just to -- and my question was a little jumbled, but
23 there aren't any specific facts -- whatever your opinion is,
24 there aren't any specific facts that you're relying on that a
25 receivership was in the offing.

1 A Yes.

2 Q I want to go through, and there was just a hearing about
3 some of these issues, but the words extortion and blackmail and
4 all have been thrown around about Mr. North and AMC. Do you
5 understand that?

6 A I do.

7 Q I don't want to get into the facts because it would take a
8 very long time to do that, but I would like to walk you through
9 and ask you just about your knowledge of the facts. In other
10 words, I don't want to get into what the story is, but I want
11 to know what you witnessed and what you did not. Will you
12 understand that as part of my questioning?

13 A Yes.

14 Q Okay. And if I break from that, you and your counsel can
15 let me know. First of all, were you -- you are a witness to
16 the fact that there was a 25-year relationship with AMC; is
17 that correct?

18 A I am. Yes.

19 Q And I believe you've alleged that AMC, Colonel North, Dan
20 Boren, and Chris Cox were engaged in some type of extortion
21 attempt to have you resign in April of 2019. Does that
22 summarize it?

23 A Yes.

24 Q Was -- is there anybody you would add to that?

25 MR. GARMAN: Objection; vague and ambiguous.

1 BY MR. GRUBER:

2 Q Is there anybody you would add to AMC, Colonel North, Dan
3 Boren, and Chris Cox in any individuals associated with AMC?

4 A In fact, I think that -- those were the -- the primary
5 people.

6 Q And would you agree that in your allegation the extortion
7 occurred -- alleged extortion occurred on April 24, 2019?

8 A I think -- I think it began the -- the -- the week of the
9 board meeting it -- it started to begin.

10 Q Okay. And would you say it was concluded to your
11 knowledge by April 24th, 2019 when the calls occurred during
12 the board meeting?

13 A Yes. It was -- yes.

14 Q Okay.

15 A It was -- had -- yes.

16 Q Would you agree you were not a party to any conversation
17 between Dan Boren and Ed Martin on April 24, 2019?

18 A No, I was not.

19 Q Okay. And you were not a party to any conversation
20 between Dan Boren and Chris Cox on April 24, 2019.

21 A No, I was not.

22 Q And you would agree you were not a party to any
23 conversation between Dan Boren and Colonel North on April 24,
24 2019.

25 A No, I was not.

1 Q And you were not a party to any conversation between Dan
2 Boren and Millie Hallow on April 24, 2019.

3 A No.

4 Q And you were not a party to any conversation between
5 Colonel North and Millie Hallow on April 24, 2019.

6 A I was in the other room. I -- I knew they were on the
7 phone when Carolyn Meadows and Millie were -- were in the room
8 talking to Colonel North.

9 MR. GRUBER: And I'm going to ask that that be
10 stricken as nonresponsive.

11 THE COURT: Sustained.

12 BY MR. GRUBER:

13 Q Okay, let me ask this question again. You were not a
14 party to any conversation --

15 A No.

16 Q -- between Colonel North and Millie --

17 A No.

18 Q -- Hallow on April 24, 2019.

19 A No.

20 Q Thank you. No one ever called you personally and made any
21 threats or provided you any ultimatums; is that correct?

22 A No, that's not correct.

23 Q Okay, and that's what this is about. Can you tell me who
24 called you directly and made ultimatums in this time frame
25 we're talking about?

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1 A Chris Cox wanted to meet with me. I went and met with
2 him, and he told me, Wayne, he said, you've got to resign. You
3 need to withdraw that lawsuit against Acker McQueen. You got
4 to get onboard with these guys or they're going to smear you to
5 the point where you not -- will not be able to walk down the
6 street. He said, it's going to be horrible.

7 Q And he said -- did he say he was speaking on behalf of
8 AMC?

9 A He implied it was AMC and Colonel North and -- when he
10 said they.

11 Q Okay. Did he say that AMC specifically wanted anything in
12 return for not smearing you, I suppose, is what you're saying?

13 A Yes. They wanted the lawsuit withdrawn against Acker
14 McQueen, and then -- and for Colonel North.

15 Q Did you understand that -- well, we'll move on from that.
16 So anyone else that made threats or provided any ultimatums to
17 you?

18 A There were -- going into the board meeting Colonel North
19 over and over and over, like waterboarded me trying to get me
20 to withdraw the lawsuit, back off on the compliance thing, fire
21 the Brewer firm, stop any attempt to audit the Brewer firm
22 records with somebody that they already had picked. I mean,
23 that -- I went back and forth over and over and over again,
24 Colonel North, and I said, I'm not going to back off, this is
25 the right principled path.

1 Q May I ask you, at that time that you were having these
2 conversations was he the president of the organization?

3 A Yes, he was.

4 Q And you were the executive vice president of the
5 organization.

6 A Yes.

7 Q Do you agree that if he in his heart believed that you had
8 done things that would bring disfavor to the NRA, that he had a
9 right to talk to you about that?

10 A Of course he would have had a right, but that's not what
11 he was --

12 MR. GRUBER: Your Honor --

13 THE WITNESS: -- trying to do.

14 MR. GRUBER: Your Honor, I'm going to ask that
15 anything after that be stricken.

16 THE COURT: Sustained.

17 BY MR. GRUBER:

18 Q Specifically, no one from Ackerman McQueen called you at
19 any time and made any demands on you, did they?

20 A I think the Winkler letter, yes, they -- through the
21 Winkler letter.

22 Q Well, the Winkler letter, if you recall, was actually sent
23 several days before the -- you claimed that demands were made
24 upon you. Isn't that true?

25 A That -- that's what I -- as I testified, that was the

1 opening salvo of the campaign.

2 Q And if we could, my question was, isn't it true that the
3 Winkler letter, which came from AMC, is that -- yeah, from AMC
4 through Mr. Winkler, didn't that letter come several days
5 before you claim ultimatums were made to you?

6 A Yes. It was the first shot.

7 Q So would you agree that it would not be a very successful
8 kidnapping if you called and demanded the money and then said
9 I'm going to, you know, pick up your kid in a few days?

10 UNIDENTIFIED SPEAKER: Object, Your Honor. It's
11 argumentative.

12 THE COURT: Sustained.

13 MR. GRUBER: Your Honor, I think it's a pretty good
14 analogy.

15 THE COURT: Well, just restate your question.

16 MR. GRUBER: And I can't hear you, Your Honor.

17 THE COURT: I said restate your question.

18 BY MR. GRUBER:

19 Q My question is, isn't that like a kidnapping where you
20 would demand the money from somebody before you take the kid?

21 UNIDENTIFIED SPEAKER: Your Honor, same objection.

22 THE COURT: Same ruling. Please just restate your
23 question.

24 Q What -- let's stick with what you claim is an extortion.
25 You -- if you extort something from somebody don't you tell

1 them that you will release ugly information if they don't do
2 what you say?

3 A Yes.

4 Q And, in fact, in this case the Winkler letters asking for
5 information about some of your spending came several days
6 before you claim there was an ultimatum. Is that correct?

7 A Yes, but --

8 MR. GRUBER: Okay.

9 THE WITNESS: -- you know the --

10 MR. GRUBER: Your Honor, after "yes" I'd like to stop
11 him.

12 THE COURT: Sustained.

13 BY MR. GRUBER:

14 Q Isn't it true that you have not reviewed the sworn
15 deposition testimony relating to the alleged extortion of
16 former board member and U.S. congressman Dan Boren?

17 A I have not reviewed his.

18 Q And you haven't read the sworn testimony of former NRA
19 president Lt. Colonel North.

20 A I haven't.

21 Q And you haven't read the deposition testimony of your own
22 assistant, Millie Hallow.

23 A I have not.

24 Q And you haven't read the sworn testimony of current NRA
25 president Carolyn Meadows.

1 A No.

2 Q And have you reviewed the sworn declaration of AMC's
3 chairman of the board Ed Martin?

4 A No.

5 Q And do you believe that it's important to review the sworn
6 testimony of people involved with the alleged extortion
7 before -- because you lived it, correct?

8 A I lived it. I know what happened.

9 Q Okay. Despite the answers to all the questions that I've
10 just put to you, you say you lived it.

11 A I did.

12 Q Okay. I appreciate your answer. Is it true that you've
13 relied upon the Brewer firm to keep you advised as the -- of
14 the evidence that has developed relating to your alleged
15 extortion?

16 A No. I mean, I saw the alleged extortion with my own eyes,
17 what they were doing, implying an affair with an intern that
18 never happened, and the rest of it.

19 Q Mr. LaPierre, Steve Hart was presently the counsel to the
20 NRA board; is that correct?

21 A He was.

22 Q And you suspended Mr. Hart the same day that he sent the
23 board the Winkler letter, Mr. Winkler being from Ackerman
24 McQueen; is that correct?

25 A I'm not quite sure on my memory, but it might have been.

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1 Q And Mr. Hart was replaced by Wit Davis; is that correct?

2 A That's correct.

3 Q And Wit Davis was hired at the recommendation of Bill
4 Brewer; isn't that right?

5 A I'm not positive about that. That could be true.

6 Q And were you aware that Wit Davis was the former general
7 counsel at a company that was a prior client of the Brewer
8 firm?

9 A That -- that's right. You're right. Yes.

10 Q Mr. LaPierre, are you aware that the Brewer firm and
11 Mr. Brewer represented you in your individual capacity in the
12 Ackerman litigation?

13 A Before the attorney general's -- brought her suit, I think
14 the Brewer firm represented me on behalf of the NRA.

15 Q Well, I'm asking, you were sued by Ackerman McQueen
16 eventually; isn't that right? In your individual capacity.

17 A I believe I was brought in as a third party, yes.

18 Q Okay. And when that happened Mr. Brewer and his firm
19 represented you; is that correct?

20 A I believe so, until the attorney general filed charges.

21 Q Okay.

22 A And then I had found my own lawyer.

23 Q All right, thank you, sir. At some point in 2020 you
24 hired Mr. Ken Correll as your individual attorney; isn't that
25 correct?

1 A Yes.

2 Q And Kent Correll was recommended to you by Mr. Brewer; is
3 that right?

4 A Yes, that's correct.

5 Q And are you aware Mr. Correll -- that Mr. Correll and
6 Mr. Brewer were former partners?

7 A Yes.

8 Q And I know there's some discussion of a chief
9 restructuring officer of late, but do you recall that there was
10 a recommendation for a chief restructuring officer for this
11 bankruptcy named Marschall Smith?

12 A I do.

13 Q And do you recall that he was recommended to you by
14 Mr. Brewer?

15 A Yes, I do.

16 Q And you understand Mr. Smith was previously the general
17 counsel at 3M?

18 A I knew they had a relationship.

19 Q And were you aware that while Mr. Smith was general
20 counsel at 3M he was a client of the Brewer firm?

21 A I wasn't -- no.

22 Q Would -- was the Neligan firm recommended to you by
23 Mr. Brewer?

24 A Yes.

25 Q And was the Garman firm recommended to you by Mr. Brewer?

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1 A Yes. They worked with us on the San Francisco case, also.

2 Q Thank you. That was my next question and I couldn't find
3 my question, so thank you. So, Mr. LaPierre, besides Mr. Wit
4 Davis, Mr. Correll, Mr. Smith, the Neligan firm, and the Garman
5 firm can you think of other lawyers that have been retained by
6 the NRA in the last few years that were recommended to you by
7 Mr. Brewer?

8 A Not -- none immediately come to mind.

9 Q Several factors have been cited, I believe even by you and
10 your counsel, as to why it would be appropriate for the NRA to
11 continue into bankruptcy, I believe, and I'd like to ask you
12 about those. You have stated that the NRA is financially as
13 healthy as ever. Would you agree with that?

14 A Yes.

15 Q And so financial conditions are not why you're asking the
16 Court to keep you in bankruptcy and not dismiss it; is that
17 correct?

18 A Yes. Although the cost of -- is huge over what the
19 attorney general is -- in New York State have been doing to us
20 to -- it's a huge price the organization is paying.

21 Q Have you compared the cost of this bankruptcy proceeding
22 so far to the cost of your attorney general proceeding?

23 A They're both high.

24 Q And if this court dismisses this bankruptcy, the NRA would
25 be able to pay its debts in full and meet all its obligations;

1 isn't that correct?

2 A That's correct.

3 Q And do you understand that the New York -- well, let me
4 ask you this. If you take the New York attorney general and
5 the other enforcement actions out, is your litigation which
6 primarily is under the control of Mr. Brewer and the Brewer
7 firm, you're centralized there, is all that litigation a reason
8 to be in bankruptcy if you take out the enforcement actions?

9 A Could you restate the question? I'm sorry.

10 Q Yeah. I'm sorry, I asked it -- so if you take the
11 litigation concerning the attorney general and -- attorney
12 generals -- out of the equation, would you need to go into
13 bankruptcy to deal with all the other litigation you have?

14 A Okay, you're asking me if you take New York State and all
15 the New York State weaponized government actions out of it,
16 would the NRA have filed Chapter 11? Is that your question?

17 Q Would they need to file Chapter 11, yes. Essentially.

18 A No.

19 Q Okay. So it comes down to the reason you filed Chapter 11
20 is because you have this New York attorney general enforcement
21 action which is asking for dissolution of the NRA; is that
22 correct?

23 MR. GARMAN: Objection; misstates his testimony.

24 MR. GRUBER: Well --

25 THE COURT: Well, I'm going to go ahead and let him

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1 answer that. Try to give an answer to that, Mr. LaPierre.

2 THE WITNESS: Yes, Your Honor. Yes, we filed the
3 Chapter 11 to -- because the New York State attorney general is
4 seeking dissolution of the NRA and see through its assets, and
5 we believe it's not a fair, level playing field.

6 MR. GRUBER: Your Honor, could I --

7 THE WITNESS: And we're looking to --

8 MR. GRUBER: -- ask after that we end the answer?

9 THE COURT: Okay. End the answer right there, but
10 I'm not going to strike any part of it. Thank you,
11 Mr. LaPierre.

12 MR. GRUBER: No, I -- I'm fine. I just would stop it
13 there.

14 BY MR. GRUBER:

15 Q So really what we're down to is that it's -- the New York
16 attorney general action is the reason you believe you need to
17 be in bankruptcy, and, really, solvency and all your other
18 litigation, those are not issues that would require you to be
19 in bankruptcy; is that correct?

20 A That's correct.

21 Q And in order for the Court to believe that dissolution was
22 a threat to the NRA wouldn't the Court have to believe that all
23 of your allegations about, first of all, the New York attorney
24 general, are correct, the corruption, the uneven playing field?
25 Wouldn't the Court have to take that as true in order to keep

1 you in bankruptcy?

2 MR. GARMAN: Your Honor, I object to the question.
3 It's, among other things, argumentative, lacks foundation, and
4 compound.

5 THE COURT: I think it also calls for him to
6 speculate. I'm going to sustain the objection.

7 BY MR. GRUBER:

8 Q Let me ask it this way. You claim to have an uneven
9 playing field, but we went through and talked about the state
10 District Court you're in, the federal District Court, and all
11 those appeals up to the Supreme Court, and didn't you say that
12 you believe you have a fair shot at being treated fairly in
13 those courts, as opposed to by the New York attorney general?
14 Is that correct?

15 A We were incorporated in New York State. We were told by
16 the former attorney general that they were -- planned to
17 weaponize the government of New York State --

18 MR. GRUBER: Your Honor --

19 THE WITNESS: -- and they did.

20 MR. GRUBER: -- I'll ask that that be stricken.
21 That's not the answer to my question.

22 THE COURT: Yeah, this is focused on the courts,
23 Mr. LaPierre, so listen to the question carefully.

24 BY MR. GRUBER:

25 Q And if you could -- and I understand this is not the way

1 you do business every day. It is --

2 A Right.

3 Q -- the formality --

4 A Yeah, I apologize.

5 Q -- of the court. So -- but what I'm trying to find out
6 is -- we talked about the New York attorney general, so
7 let's put that aside for just a second. But haven't we
8 discussed that there are three different courts, the trial
9 court to appellate courts on the state side, and then
10 you've got protection from the federal court and two
11 courts above that on that side? Do you understand that is
12 what we discussed earlier?

13 A I do.

14 Q And the New York attorney general cannot accomplish any of
15 these things unilaterally by fiat, saying that you are in
16 dissolution and you are in receivership; is that correct?

17 A As -- to the best as I know, no. Yes.

18 Q And so whatever the -- whatever it would take to go
19 through two different court systems and two levels of appeal,
20 you would agree that sometime, you know, out some way is when
21 the effect of either receivership or dissolution would take
22 place; isn't that right?

23 MR. GARMAN: Your Honor, I'm hesitant to object, but
24 this is ground we've now covered before and it's asked and
25 answered, the entire line.

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1 MR. GRUBER: Your Honor, this is taking prior
2 information and asking a new question.

3 THE COURT: I'll permit him to answer it, but don't
4 go over things you go -- went over this morning, all right?

5 MR. GRUBER: I'm just basically done after this, Your
6 Honor.

7 THE COURT: Okay. If you can answer that question,
8 Mr. LaPierre, we might be able to move on.

9 THE WITNESS: Yes.

10 MR. GRUBER: Thank you. Your Honor, I'll pass the
11 witness subject to whether they're going to -- whether I take
12 him again if they put him on direct. Thank you.

13 THE COURT: All right. Thank you.

14 MR. GRUBER: Thank you, Mr. LaPierre.

15 THE COURT: Thank you.

16 THE WITNESS: Thank you.

17 THE COURT: Thank you, Mr. Gruber.

18 All right. I think we are with Mr. Watson now, if my
19 notes are right.

20 MR. WATSON: Yes, Your Honor.

21 CROSS-EXAMINATION

22 BY MR. WATSON:

23 Q Good afternoon, Mr. LaPierre.

24 A Good afternoon.

25 Q My name is Jermaine Watson, and I represent Philip

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1 Journey, Owen Mills, Rocky Marshall, Esther Schneider, and Bart
2 Skelton. I just want to ask you a few questions this afternoon
3 about the NRA, if that's okay.

4 A Yes.

5 Q Okay. The strength of the NRA is its membership, isn't
6 it?

7 A Absolutely. That's the whole strength. I -- yes.

8 Q In what ways does the NRA advocate for Second Amendment
9 rights of its members?

10 A We get involved in legislation all over the country, from
11 the state, local, federal level. We get involved in the
12 political process and we support the Second Amendment and the
13 right to self-defense and constitutional freedoms.

14 Q How does the NRA promote gun safety training for its
15 members?

16 A We have 125,000 certified training instructors. We have
17 13,000 law enforcement instructors. We put 30 million kids
18 through our Eddie Eagle child safety program. We run 11,000
19 competitions a year in the country. We have all kinds of youth
20 education programs to educate young people about the outdoors
21 and hunting and safe and responsible use of firearms, and on
22 and on. Women's programs. Over three million magazines we
23 publish.

24 Q And these are all --

25 A We've given out 400 --

1 Q I'm sorry.

2 A -- billion in foundation grants to all types of different
3 activities that come under those areas.

4 Q I'm sorry, Mr. LaPierre, I didn't mean to cut you off.
5 Did you have anything else to add?

6 A No. I mean, there's a lot more, but you get the gist of
7 it.

8 Q Thank you. And these are very worthy causes, aren't they?

9 A They are. They're wonderful programs.

10 Q And the strength of the NRA is the membership itself,
11 isn't it?

12 A No doubt. I say all the time they'd run me out of town in
13 five minutes if it wasn't for the membership.

14 Q And NRA's been in existence for 150 years, give or take?

15 A That's correct.

16 Q And you're proud of the NRA, aren't you?

17 A I love the NRA. I think it's one of the finest
18 organizations in America. I think it's about as mainstream as
19 you get, democrats, republicans, liberals, conservatives, and
20 it's the mainstream of American families and good people all
21 over the country.

22 Q When did you first join NRA's management, Mr. LaPierre?

23 A Well, I came in from the bottom. I was -- I came in
24 as -- they were looking for a democrat to work for the NRA and
25 I was -- had a -- was a democrat, and I started out as a

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1 democratic lobbyist for the NRA.

2 Q But I guess my question's a little different. When did
3 you first become part of the NRA's management?

4 A Well, I became the ILA director I believe in '86, which is
5 the Institute for Legislative Action, and I became the
6 executive vice president in 1991.

7 Q Thank you, Mr. LaPierre.

8 A Yes, sir.

9 Q And at that time the NRA had been around for a hundred
10 years, hasn't it? Over --

11 A That's correct.

12 Q -- a hundred years.

13 A Yes.

14 Q I'm sorry. We're talking over each other. Let me ask my
15 question again so the record's clear. At the time you became
16 executive vice president the NRA had been around for over a
17 hundred years, hasn't it?

18 A Yes.

19 Q And how important is it that the NRA raise money to
20 promote the goals it sets for membership and its programs?

21 A It's critical that the NRA raises money. All -- virtually
22 all of the NRA money comes from the members across the country
23 that support the organization, and those -- that money supports
24 everything we just talked about in terms of NRA programs.

25 Q And to be fair, you've raised a lot of the money since

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1 you've been executive vice president for the NRA, haven't you?

2 A That's correct.

3 Q But, again, the strength of the NRA is its membership,
4 isn't it?

5 A The entire strength of the organization is its membership.

6 Q And you want the NRA to exist for hundred years or more,
7 don't you?

8 A I do. That's why I'm still here right now is trying to
9 fight for a NRA with a prosperous future to grow and prosper
10 in.

11 Q But with that said, you realize that at some point you're
12 going to have to step down as being a leader of the NRA. You
13 understand that?

14 A Yes.

15 Q And you also recognize that the NRA will continue to exist
16 after you step down, correct?

17 A Yes.

18 Q And I don't want to put words in your mouth, but my
19 understanding is you would agree with the statement that states
20 that -- so withdraw the question.

21 You would agree that -- with the statement that you want
22 to leave the NRA in a better position than it's currently in,
23 right?

24 A I sure do.

25 Q And as part of that you've been engaged in leadership of

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1 the NRA and -- let's move to 2018 -- this is one of the reasons
2 why the NRA began a course of self-correction, correct?

3 A That's absolutely correct. I mean, NRA -- after receiving
4 information I decided, whether it was going to happen or not,
5 NRA ought to take a look at everything, a 360-degree look to
6 make sure we were in total compliance with New York State non-
7 for-profit law, and if we weren't, we needed to fix things.
8 And anyone taking advantage, we need to find that out so we
9 were in complete compliance with New York State non-for-profit
10 law, because New York State has a safe harbor provision, and it
11 was just the right thing to do, whether there was an
12 investigation or not.

13 Take a look at everything. If there's something wrong,
14 fix it. That makes the organization stronger.

15 Q As we sit here today do you still believe that the NRA can
16 fix its problems internally?

17 A I believe NRA has fixed its problems internally. I
18 believe that we got a clean audit in 2019 after they looked at
19 every control possibility for overrides. We -- I believe the
20 NRA is in -- totally in compliance with every state in terms of
21 non-for-profit law now and that we're in the strongest position
22 we've been in years.

23 Q So is it the NRA's position that it can reorganize without
24 outside interference in this bankruptcy case?

25 A No. The NRA in order to reincorporate in a state which

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1 would be hospitable to the NRA, which would support its values,
2 where the organization could prosper and grow, need -- needs to
3 have the approval of a federal court, federal judge, in order
4 to reincorporate in a more hospitable state.

5 Q I guess -- let me reask my question, Mr. LaPierre. Is it
6 your position that the NRA can reorganize without outside
7 interference, meaning an external party stepping in and taking
8 control of the NRA.

9 A Yes, although we do not have a problem with working with a
10 chief restructuring officer who would come in and work with us,
11 and we are -- we have been looking to do that as part of this
12 process.

13 Q Has the NRA moving forward with filing any sort of motion
14 to request the appointment of a chief restructuring officer?

15 A We have interviewed several, and are on the verge of
16 coming forward with a plan.

17 Q Okay. Let's go back a minute. You were executive vice
18 president in 2018 when the NRA began its internal compliance
19 program, right?

20 A Yes. I'm the one that started it. Back in 2017 I
21 decided --

22 Q Okay.

23 A -- to take NRA down that course, and I first hired Morgan
24 Lewis, one of the leading nonprofit law firms, to come in and
25 provide us guidance on governance, and that eventually morphed

1 into the Brewer firm being hired, also.

2 MR. SHEEHAN: Your Honor --

3 MR. WATSON: And --

4 MR. SHEEHAN: -- I must object at this point on that
5 answer, which invades the attorney-client issues that we had
6 fought about last week.

7 THE COURT: Response on that, Mr. Watson?

8 MR. WATSON: I didn't ask him any questions about
9 attorney-client privilege, Judge, and I wasn't trying to invade
10 privilege. I just asked him an open question.

11 THE COURT: Pardon me. I couldn't tell who made that
12 objection. Was it you, Mr. Sheehan?

13 MR. SHEEHAN: Yes, Your Honor, and the objection was
14 to - Mr. LaPierre started to raise the Morgan Lewis and the --
15 beyond the Morgan Lewis report in his answer.

16 THE COURT: Okay. Hold on just a second.

17 That objection is sustained.

18 MR. WATSON: Can I reask my question, Judge?

19 THE COURT: You can.

20 BY MR. WATSON:

21 Q Isn't it true that you required other employees to attend
22 the compliance seminars?

23 A Yes.

24 Q Isn't it true that you testified that you yourself did not
25 attend these seminars?

1 A Yes. I read all the material, though.

2 Q Okay. Isn't it true that you failed to disclose the
3 excess benefit you received in 2015 from Mr. and Mrs. McKenzie
4 when you spent time on their yacht?

5 A Yes, and I've said that was a mistake that I made and
6 I -- yes.

7 Q Isn't it true that you failed to disclose all the excess
8 benefits you received between 2013 and 2020 on your internal
9 NRA disclosures?

10 A If you're talking about the airline trip, I didn't realize
11 it was an excess benefit until it was brought to my attention,
12 and then I immediately offered to pay it.

13 Q Do you now acknowledge that that was a mistake?

14 A Yes, I now know that that was an excess benefit, and I've
15 corrected my -- I paid it back and I've self-corrected.

16 Q Isn't it true that the New York AG used the disclosures
17 you made or the NRA made during the self-correction process to
18 bring its cause of action against the NRA?

19 A I think the New York AG was intent on carrying out a
20 campaign promise and targeting the NRA for political motives
21 because we had a different political viewpoint.

22 MR. WATSON: Objection. Nonresponsive, Your Honor.

23 THE COURT: Sustained. Just listen to the question
24 and answer it.

25 BY MR. WATSON:

1 Q I'll reask my question, Mr. LaPierre. Isn't it true that
2 the New York AG used the disclosures that the NRA made during
3 its self-correction process ultimately in her dissolution
4 action against the NRA?

5 A Yes. Some.

6 Q Okay. Thank you. Isn't it true that you were the
7 executive director of the NRA before the compliance self-
8 assessment in 2018?

9 A Yes.

10 Q Isn't it true that you're -- you've been the executive
11 director of the NRA since 2018?

12 A Yes. I've been leading the self-compliance process.

13 Q And so you have knowledge that you're still executive
14 director of the NRA.

15 A Yes.

16 Q Why should the NRA membership trust you to fix the NRA
17 without oversight?

18 A I have oversight every day from a board of directors that
19 I work for and communicate virtually every week with the three
20 officers of the association, and the board is elected by the
21 membership.

22 Q And I don't want to go into too much detail on this, but
23 isn't it true that you didn't inform the board that you and the
24 special litigation committee intended to file this Chapter 11
25 proceeding?

LaPierre - Cross/Watson

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1 A That -- the board delegated that authority to me in the --
2 on the January 7th board meeting in their resolution they
3 passed on my contract.

4 MR. WATSON: Objection; not responsive.

5 THE COURT: Sustained.

6 BY MR. WATSON:

7 Q Mr. LaPierre, my question is, quite simply, did you inform
8 the board, you, that that was your intent, to file Chapter
9 11 bankruptcy?

10 A No.

11 Q Okay. So is it the NRA's position that it does not need
12 oversight?

13 A I don't understand your question.

14 Q It was a bad question. I'll rephrase. Is it the NRA's
15 position that the NRA does not need oversight to help it
16 fulfill its mission to members?

17 A We -- well, we have strong governance in terms of our
18 board of directors and all of our committees. We have strong
19 committees, whether it's audit, finance, where the whole
20 governing process of the NRA is robust and works for the
21 organization. It's a robust process with people involved.

22 Q Why did NRA recently file an application to employ a chief
23 restructuring officer if it no longer needs oversight?

24 A Because we believe a chief restructuring officer could
25 help us as we go through this process in terms of insight, any

LaPierre - Cross/Watson

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1 way we can get better. I mean, you can always improve, and a
2 chief restructuring officer as we go through this process can
3 help us improve. That's what we want to do.

4 Q In your opinion will that chief restructuring officer be
5 providing the needed oversight to ensure that financial
6 controls are complied with?

7 A That's one of the things we intend the chief restructuring
8 officer to work with.

9 Q Is that a yes to my --

10 A Yes.

11 Q -- question?

12 A Yes.

13 Q Okay. Thank you. And would the chief restructuring
14 officer have the ability to implement changes to the corporate
15 governance of the NRA?

16 MR. GARMAN: Your Honor, I object to the extent that
17 calls for a legal conclusion.

18 THE COURT: I'll sustain that. The witness may give
19 his understanding if he has one.

20 THE WITNESS: I think that when it comes to the
21 governance and the NRA and the bylaws that's more of a legal
22 issue, that I'm not sure how far a chief restructuring officer
23 could go in terms of the bylaws and the -- that are in place
24 right now for the organization.

25 BY MR. WATSON:

1 Q Okay.

2 A So I just don't --

3 Q Okay, that -- thank you, Mr. LaPierre. I'll ask a
4 question a different way. What is your understanding of the
5 role as a chief restructuring officer that the NRA recently
6 filed a request for this Court to appoint?

7 A I think the chief restructuring officer can take a look at
8 all the financial controls, look at the -- look at our various
9 divisions and see if there's a way we can become stronger, if
10 there's -- if there are governance issues that can make us
11 better. I think, you know, all of those types of areas.
12 Financially, if there's insight into how we can do things
13 better and become stronger, we would -- all of that type of
14 stuff. Business practices.

15 Q Thank you, Mr. LaPierre. I just have a couple more
16 questions. Will the chief restructuring officer in your
17 understanding have the ability to not only make suggestions,
18 but to actually make changes to the areas you just testified
19 to?

20 A I think the chief restructuring officer can make changes
21 to the -- recommend changes to the -- ultimately to the --
22 probably the board of directors and -- yes. I mean, I think --
23 I mean, ultimately I think it would have -- it would need to
24 probably go to the board. I'm not an expert on the powers of a
25 chief restructuring officer, to tell you the truth.

LaPierre - Cross/Watson

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1 Q Well, yes. Thank you, Mr. LaPierre. I didn't want to go
2 there. I just wanted to get an understanding of what you
3 understood --

4 A Any way that can help us --

5 Q -- the powers to be.

6 A -- get better we want to give -- have that chief
7 restructuring officer help us, in all the areas we talked
8 about.

9 Q Thank you. And my last question is, generally, you agree
10 with this approach, the CRO, a third party coming in to help
11 the NRA get better, correct?

12 A I do.

13 MR. WATSON: No further questions, Your Honor. I'll
14 pass the witness.

15 THE COURT: Thank you. Mr. Drake.

16 MR. DRAKE: Yes, very brief, Your Honor, but before I
17 begin I'll ask either the Court's assistance or maybe someone
18 else from counsel. I'll apologize. Working alone in my own
19 office I haven't kept as good of records I probably should have
20 as far as which exhibits were admitted. I would like to use
21 either New York AG 81 or AMC 46, but I'm not sure which, if
22 either, of those -- it's the same document, but have either of
23 those been admitted?

24 UNIDENTIFIED SPEAKER: Stephanie, do you think you
25 could pull that up?

LaPierre - Cross/Drake

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1 THE COURT: Yeah, I just keep mine as we're going, so
2 I can look for those numbers.

3 MR. DRAKE: Or I'm happy just to admit one or both of
4 them --

5 THE COURT: All right. Let's pull it up.

6 MR. DRAKE: -- whatever the Court prefers.

7 MR. GARMAN: Your Honor, this is Greg Garman. I
8 don't think either has been admitted, but we have no objection
9 to either.

10 UNIDENTIFIED SPEAKER: Your Honor, if he could say
11 which exhibit it is again for AMC, we'll pull it up for him.

12 MR. DRAKE: I have AMC 46.

13 UNIDENTIFIED SPEAKER: Okay. It should come up,
14 then.

15 THE COURT: All right. AMC 46 is in.

16 (AMC 46 admitted into evidence)

17 CROSS-EXAMINATION

18 BY MR. DRAKE:

19 Q And, Mr. LaPierre, please let me know when you have that
20 in front of you or you can see it.

21 A I'm sorry, yes, I have it in front of me right now.

22 Q Okay. Do you recognize this document, sir?

23 A I do.

24 Q And what is it?

25 A It's a letter to our vendors explaining that -- what NRA

1 is doing with the filing of the Chapter 11 in the U.S.
2 Bankruptcy Court and that -- and why we're doing it.

3 Q And if you look about four paragraphs down, it includes a
4 quote from you. Do you see that?

5 A I do.

6 Q Okay. And so I believe we went over this in your
7 deposition, but just for efficiency, this is something that I
8 think the PR people helped prepare for the NRA?

9 A Yes.

10 Q But you would have had some review and input into it?

11 A Yes, I read it after they prepared it.

12 Q Do you see at the top where it says "Dear Valued Vendors"?

13 A Yes, I do.

14 Q Why did the NRA use the word valued?

15 A Because we value the partnership with our vendors. I
16 mean, what is going on with the NRA in no way implies that we
17 don't value our vendors. What it's about is compliance, not
18 that we are -- have an issue with our vendors, unless we
19 believe there was someone taking advantage of the NRA. So it
20 was to reassure our vendors that we value them and that we
21 intend to pay in full in terms of what is owed.

22 Q And, Mr. LaPierre, you're getting good at anticipating our
23 next questions. That was going to be my next question. If
24 you'll look at the second paragraph from the bottom, do you see
25 where it says: As part of the restructuring the NRA will

1 propose a plan providing payment in full of all valid
2 creditors' claims. Do you see that?

3 A Yes, I do.

4 Q Is that as of today still the NRA's intent?

5 A It is. Yes.

6 Q And, Mr. LaPierre, if you'll look at the very last
7 sentence on this page and then continuing on to the next page,
8 you see where it says: Its day-to-day operations, training
9 programs, and Second Amendment advocacy will continue as usual,
10 which means the NRA will continue to rely on the service of its
11 valued vendors. Do you see that?

12 A Yes, I do.

13 Q Does the NRA rely on the service of its vendors?

14 A Yes, it does. They are partners with us in accomplishing
15 the NRA mission.

16 Q And, Mr. LaPierre, if you'd look at the very last
17 sentence, you see where it says: We look forward to continuing
18 our work with you, our most trusted vendors and public
19 stakeholders.

20 A Yes, I do.

21 Q Do you agree with that? Does the NRA look forward to
22 working with its trusted vendors and stakeholders?

23 A Yes, we do.

24 Q And --

25 A We value --

1 Q -- would that --

2 A -- our relationship and we value the contribution they
3 make to the organization.

4 Q And would that include after the bankruptcy upon
5 reorganization?

6 A Yes, it would.

7 MR. DRAKE: Thank you. And I appreciate the
8 assistance from the Dorsey firm with that exhibit. Thank you.

9 BY MR. DRAKE:

10 Q Mr. LaPierre, I just -- I wanted to ask one more topic.
11 Since some of the other lawyers have brought up this issue of
12 the CRO, I know you've been on the stand for the better part of
13 two days, so you may not even be aware, but I'll represent to
14 you that the NRA's counsel last night filed an application of
15 the debtors for an order authorizing the retention and
16 employment of Ankura Consulting Group and appointment of Louis
17 Robichaux as the debtors' chief restructuring officer. Were
18 you aware that that had been filed?

19 A I didn't realize they filed it last night. I was aware it
20 was -- that's what I was talking about, it -- that it was
21 moving forward and we were going in that direction and were
22 getting ready to do it.

23 Q But you -- Mr. LaPierre, you did support personally that
24 application to --

25 A Yes.

1 Q -- retain Ankura, correct?

2 A Correct.

3 Q And, Mr. LaPierre, you actually signed the engagement
4 letter with Ankura; is that right?

5 A I did.

6 MR. DRAKE: Your Honor, I don't think we need to
7 admit that into evidence since it's obviously on your docket,
8 but I would request that the Court take judicial notice of the
9 application to employ Ankura and appoint Mr. Robichaux as CRO,
10 which is at Docket 519, and then specifically at Docket 519-2
11 that Mr. LaPierre signed the engagement letter which I believe
12 is at page 19 of 24.

13 THE COURT: I'll take judicial notice of the matters
14 on my docket. Let me also just say on the record that I know
15 it's been filed, but I have not read it.

16 MR. DRAKE: Okay. Thank you, Your Honor.

17 THE COURT: I can't keep up --

18 MR. DRAKE: With that, we --

19 MS. LAMBERT: Your Honor --

20 MR. DRAKE: -- will pass --

21 THE COURT: -- with everything that --

22 MS. LAMBERT: The United --

23 THE COURT: -- gets filed.

24 MS. LAMBERT: -- States --

25 THE COURT: Yes.

1 MS. LAMBERT: United States Trustee does not object
2 to notice that they were filed, but does object to the truth of
3 the matters asserted.

4 THE COURT: That's fine. All I did was take judicial
5 notice of the matter that's on my docket, Ms. Lambert.

6 MR. DRAKE: Your Honor, with that we'll pass the
7 witness.

8 THE COURT: All right. Okay. Mr. Garman, I think
9 we're with you now.

10 MR. GARMAN: Yes, sir. Your Honor, as an advocate
11 every bit of me wants to start today, but I know I'll be
12 plowing the same field twice, so I'm going to reserve my
13 questioning of Mr. LaPierre to my case in chief.

14 THE COURT: You have the right to do that.

15 Let me just ask, does anyone else have any questions
16 of Mr. LaPierre based on another examination that took place?
17 And this should be ever so brief.

18 All right. Hearing none, Mr. LaPierre, a rule of
19 evidence has been invoked. You're instructed not to speak with
20 anyone about your testimony or what went on in the courtroom
21 while you were in it until the time that I have ruled, which
22 will be after the hearing has concluded and probably about a
23 week after that, too. All right?

24 THE WITNESS: Yes, sir, Your Honor.

25 THE COURT: All right. Thank you very much. And my

1 understanding --

2 THE WITNESS: Thank you.

3 THE COURT: -- is that this witness is not the NRA
4 rep. Is that right, Mr. Garman?

5 MR. GARMAN: That is correct, Your Honor.

6 THE COURT: Okay. You may be excused, Mr. LaPierre.

7 UNIDENTIFIED SPEAKER: Thank you, Mr. LaPierre.

8 THE COURT: All right. Mr. Sheehan.

9 MR. SHEEHAN: Yes, Your Honor.

10 THE COURT: Are you ready to call your next witness?

11 MR. SHEEHAN: Let me just consult with my colleagues
12 for a moment, Your Honor. I'll be right back with you.

13 THE COURT: Okay.

14 MR. SHEEHAN: Your Honor, could I request a five-
15 minute break at this point.

16 THE COURT: Sure. It's almost 2:40. Why don't we
17 take about a 10-minute break. We'll probably take another
18 break later in the afternoon.

19 Just for everybody's purposes, I intend to quit about
20 the same time, little after 6 tonight. Thank you.

21 (Recess from 2:39 p.m. to 2:50 p.m.)

22 THE COURT: We'll go back on the record in the NRA
23 case. Mr. Sheehan, are you ready?

24 MR. PRONSKE: Your Honor, I'll be handling this part
25 of the history.

1 THE COURT: Okay.

2 MR. PRONSKE: This is Gerrit Pronske, thank you.

3 THE COURT: You may call your next witness.

4 MR. PRONSKE: Your Honor, as we said this morning, we
5 only have two witnesses that we were going to call and that
6 would have been Craig Spray or Sonya Rowling and as we said
7 this morning in court, we have chosen not to call her live but
8 to cross examine her if the NRA calls her which leads us a
9 short deposition excerpt video of Gayle Stanford which we
10 intend to put on now and then we will be calling Craig Spray.

11 MR. GARMAN: Your Honor, Greg Garman, might I be
12 heard?

13 THE COURT: You may. Yes, you may.

14 MR. GARMAN: Your Honor, at the outset, to be clear,
15 I did agree with Mr. Pronske. Mr. Spray, we've heard testimony
16 of some health concerns. He had his second Covid shot
17 yesterday and we have agreed to produce him even to the extent
18 out of order on Tuesday so that the NYAG can take it. So I
19 think that leaves us to the designated testimony of Ms.
20 Stanford.

21 I have an issue, and I'm not quite sure what we do
22 with this, is that I understand the movants are seeking to
23 introduce hybrid testimony some by written designation and some
24 by video. My concern is the following, is that we have filed
25 with the Court objections to certain of the testimony and I

1 don't quite know how, what we do on the fly here when I think
2 what has been called a highlight reel with questions I don't
3 know what they are but we're going to need to object to certain
4 of this testimony and I'm just from a mechanical perspective
5 not sure how we would handle this.

6 MR. PRONSKE: Your Honor, one point. I can tell the
7 Court we have left the objections in the highlight video.

8 MR. GARMAN: All right. And I guess we've countered
9 that, I'm sorry, Your Honor.

10 THE COURT: I didn't say anything.

11 MR. PRONSKE: I could point out, we think our
12 technician can also stop to let you make your objections if you
13 would like to do that.

14 MR. NOALL: That makes sense.

15 MR. GARMAN: Sure, Your Honor, Mr. Noall stands ready
16 to be, to have his evidentiary skills tested on the fly on our
17 objections to the testimony. I will just lodge, I guess a
18 concern, I will lodge an objection that we're doing this
19 hybrid, some written and some by video and I'm not quite sure,
20 I honestly can't figure out what feels wrong about that but if
21 feels incomplete to me so I do have a concern about that but
22 we're ready to lodge our objections in real time.

23 THE COURT: All right. I think this is the way we
24 want to handle this, just do it in real time and let me rule.

25 (Video testimony of Gayle Stanford 2:54:29 - 2:55:50)

1 "Q Ms. Stanford, would you please tell us your full name?"

2 "A Gayle Nancy Stanford."

3 "Q How old are you?"

4 "A 77."

5 "Q And what is your date of birth?"

6 "A September 5, 1943."

7 "Q What is your occupation, Ms. Stanford?"

8 "A Travel agent."

9 "Q And are you currently working as a travel agent?"

10 "A No."

11 "Q Are you retired?"

12 "A Yes."

13 "Q When did you begin working as a travel agent?"

14 "A In 1968."

15 "Q At some point after you transitioned from there, you began
16 working for the NRA. Is that correct?"

17 "MR. NOALL: Objection to form."

18 "THE WITNESS: Well, I did work for them."

19 THE COURT: Overruled.

20 "Q You provided travel services?"

21 "MR. NOALL: Objection to form."

22 "THE WITNESS: Yes."

23 "Q When did that begin, roughly?"

24 "A I think about 19 -- I think about 1993."

25 "Q And how did that come about?"

1 MR. NOALL: Your Honor, I'm sorry, I wanted to -- I
2 was on mute. With respect to the prior objection, I was
3 objecting to the form of the question based upon the role of
4 the services being vague and ambiguous.

5 THE COURT: Could you roll back that question,
6 please?

7 (Video testimony of Gayle Stanford replayed 2:56:21 to 2:56:32)

8 "Q At some point after you transitioned from there, you began
9 working for the NRA. Is that correct?"

10 "MR. NOALL: Objection to form."

11 "THE WITNESS: Well, I did work for them."

12 THE COURT: We're going to have to stop so I can rule
13 on the objections that the NRA maintains. I'm overruling that
14 one.

15 MR. NOALL: Your Honor, it was the next objection --

16 THE COURT: It's the next question.

17 MR. NOALL: -- that I want to replay.

18 THE COURT: Okay. Well, you got an extra overrule
19 there Mr. Noall. Sorry about that.

20 MR. NOALL: It's going to cost me at dinner tonight.

21 (Video testimony of Gayle Stanford 2:56:52 to 3:03:50)

22 "Q You provided travel services?"

23 "MR. NOALL: Objection to form."

24 "THE WITNESS: Yes."

25 "Q When did that begin, roughly?"

1 "A I think about 19 -- I think about 1993."

2 "Q And how did that come about?"

3 "A Charlton Heston was my client and he introduced me to Tony
4 Makris and I started doing his travel. And then -- and then,
5 he introduced me to Wayne."

6 "Q Oh, Wayne LaPierre?"

7 "A Yes."

8 "Q And was it Tony Makris who introduced you or Charlton
9 Heston?"

10 "A Tony Makris?"

11 "Q And this was in the early 1990s?"

12 "A Yeah. Yeah, I think around 1993. Somewhere around
13 there."

14 "Q And after you were introduced to Wayne LaPierre, how much
15 time went by before you started providing travel services to
16 him?"

17 "A No, that was when. He asked me to do travel for Wayne. I
18 didn't meet him. It was not -- it was on the phone at that
19 point."

20 "Q It was on the phone with Wayne LaPierre?"

21 "A I think so."

22 "Q So you were working on your -- like an independent
23 contractor?"

24 "A Yes."

25 "Q During the period of time that you provided travel

1 services to the NRA, did you have any other clients?"

2 "A No."

3 "Q And when you began working for the NRA, was it Wayne
4 LaPierre who hired you?"

5 "A Yes."

6 "Q When you would provide travel services for Mr. LaPierre,
7 would you bill the NRA or would you bill him personally?"

8 "A NRA."

9 "Q And during the period of time that you provided travel
10 services for Mr. LaPierre, which you billed to the NRA, did you
11 provide travel services for anyone other than individuals that
12 were traveling with him?"

13 "A Well, yes."

14 "Q Who would those individuals be?"

15 "A Different people that would go primarily to the annual
16 meetings, whether it was speakers, different attendees that
17 needed travel arrangements."

18 "Q And would you bill the NRA for those arrangements or for
19 the services connected to those arrangements?"

20 "A Yes. NRA and ILA."

21 "Q And who would authorize those travel arrangements?"

22 "A Whoever -- if Wayne told me to do it, then he did. And
23 then -- I didn't ask for other authorization."

24 "Q What types of travel arrangements would you make for the
25 NRA?"

1 "A Flights, hotels, cars. Those primarily."

2 "Q Were you ever provided with a written security policy by
3 Mr. LaPierre or anyone else at the NRA?"

4 "A No."

5 "Q Did you ever have discussions with Mr. LaPierre with
6 respect to confidentiality?"

7 "A No."

8 "Q Would it be fair to say you, on average, spoke to
9 Mr. LaPierre once a week to every two weeks, something like
10 that?"

11 "A Yes."

12 "Q Were you ever given a copy of any NRA policy or procedure
13 with respect to travel?"

14 "A No."

15 "Q Ms. Stanford, do you own any companies?"

16 "A I'm incorporated to do the travel."

17 "Q Okay. Well, what is II and IS, Incorporated?"

18 "A That's what I do the travel agency -- the travel work
19 through."

20 "Q Did you ever have a written contract with the NRA?"

21 "A A written contract in 2019."

22 "Q From when you first started working with the NRA in the
23 '90s until that written contract in 2019, did you have any
24 written contract with the NRA?"

25 "A No."

1 "Q So before 2019, you had no contract with the NRA?"

2 "A No written contract."

3 "Q Would you bill the NRA and NRA-ILA separately every
4 month?"

5 "A Yes."

6 "Q And why would you do this?"

7 "A That's how I was told to do it."

8 "Q And who told you to do this?"

9 "A Either -- either Woody or Lisa."

10 "Q And you're referring to Woody Phillips and Lisa
11 Supernaugh. Is that correct?"

12 "A Yes."

13 "Q Did they tell you why to bill -- send separate invoices to
14 the NRA and NRA-ILA?"

15 "A No."

16 "Q Right. So you're billing a different amount but are the
17 services being -- that you rendered, that you're charging the
18 NRA and NRA-ILA for, the same?"

19 "MR. NOALL: Objection to form."

20 MR. NOALL: Your Honor, in this objection, the issue
21 is that it's unclear what the witness is talking about, what
22 the question is directed to and what the witness is talking
23 about with respect to this question, meaning what is "the
24 same"? What does it mean?

25 THE COURT: Overruled.

1 UNIDENTIFIED SPEAKER: Your Honor, --

2 THE COURT: I overrule the objection.

3 (Video testimony of Gayle Stanford 3:04:21 to 3:05:35)

4 "Q Did this practice continue until the end of your time
5 providing services to the NRA?"

6 "A Yes, I think it did."

7 "Q What is GS2 Enterprises?"

8 "A I was asked to change the name."

9 "Q I'm sorry. You were asked to -- I'm sorry. Who asked you
10 to change -- let's back up.

11 "Are you the owner of GS2 Enterprises?"

12 "A It's a -- it's a DBA of II and IS."

13 "Q Okay. And when did you start using the DBA of GS2
14 Enterprises?"

15 "A I don't remember the date."

16 "Q And you said you were asked to change the name of your
17 business. Who asked you to change the name?"

18 "MR. NOALL: Objection to form."

19 THE COURT: Stop if you would.

20 "THE WITNESS: Woody Phillips."

21 THE COURT: Stop if you would.

22 Mr. Noall --

23 MR. NOALL: So Your Honor, with respect to this
24 objection, the question was vague and it assumed facts yet not
25 in evidence. It was vague and ambiguous with respect to

1 changing the name of the business.

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

3 (Video testimony of Gayle Stanford 3:06:02 to 3:06:28)

4 "Q And when was this approximately?"

5 "A I -- I don't remember when."

6 "Q Was this conversation in person or over the phone?"

7 "A Yeah, over the phone."

8 "Q And what do you remember about that conversation?"

9 THE COURT: Stop if you would.

10 Mr. Noall?

11 MR. NOALL: I'll withdraw that objection at that
12 point, Your Honor.

13 THE COURT: Thank you, Mr. Noall.

14 (Video testimony of Gayle Stanford 3:06:54 to 3:07:18)

15 "A Just that he said, I want you to change the name."

16 "Q Ms. Stanford, when you were told to create a new name to
17 bill the NRA, did you stop billing the NRA under II and IS?"

18 MR. NOALL: And I will withdraw that objection as
19 well, Your Honor.

20 THE COURT: Thank you, Mr. Noall.

21 (Video testimony of Gayle Stanford 3:07:30 to 3:11:15)

22 "MR. NOALL: Objection to form."

23 "A Yes, once I had the new name."

24 "Q Did you continue to bill NRA-ILA under II and IS?"

25 "A I did."

1 "Q And why did you continue to bill NRA-ILA under II and IS?"

2 "A They -- he didn't tell me to -- to do ILA. So I just kept
3 continuing to bill ILA with the II and IS."

4 "Q So you were directed to change the company name for
5 billings that went to the NRA but not to NRA-ILA?"

6 "A Yes."

7 "Q So as a general practice, when you prepared invoices for
8 GS2 Enterprises that were sent to the NRA for travel services,
9 you would include destination information but not passenger
10 information?"

11 "A Yes."

12 "Q You previously testified that you receive a monthly fee
13 for the travel services that you provided to the NRA, correct?"

14 "A Correct."

15 "Q Did you receive any additional compensation in addition to
16 that flat fee?"

17 "A I did."

18 "Q And what was that compensation?"

19 "A I had talked to Woody and requested that I -- as I was
20 getting older, that I would like to have my health insurance
21 paid and be part of the pension plan. And he said that wasn't
22 possible, that that was only for employees and I was not an
23 employee. And so he suggested that I add to the invoices. So
24 what I said was that travel agencies would add between 10 and
25 20 percent and that I would like to add the lower end,

1 somewhere around 10 percent. And he said that was fine."

2 "Q Ms. Stanford, would you -- how would this additional
3 compensation that you just testified to be reflected in the
4 invoices you sent to the NRA?"

5 "A I would just, under airline transportation, or air
6 transportation, that would be the total. I would include it."

7 "Q So you wouldn't break apart the compensation from the line
8 item on the invoice for the air transportation. It would just
9 be -- let me ask that differently."

10 "You would group in on the line item for air
11 transportation that extra approximately 10 percent for your
12 travel services?"

13 "A Yes."

14 "Q Do you recognize the first three pages of Exhibit D,
15 Ms. Stanford?"

16 "A Yes."

17 "Q What do you recognize them to be?"

18 "A The itinerary --"

19 "MR. COGGAN: Do you want me to go back up again on
20 the --"

21 "THE WITNESS: Yeah."

22 "MR. COGGAN: (Indiscernible) on sliding up and down,
23 correct?"

24 "THE WITNESS: Okay. Hold on a second. So that's 24
25 (indiscernible)."

1 THE COURT: Could we, could we stop just for a
2 second? Let me ask Mr. Pronske.

3 Mr. Pronske are the exhibits that are being referred
4 to attached to your exhibit which is this deposition?

5 MR. CONLEY: Your Honor, good afternoon, my name is
6 Jonathan Conley, I'm with the New York State Attorney General's
7 Office and --

8 THE COURT: Welcome.

9 MR. CONLEY: Yes, they are. The exhibit being
10 referred to is exhibit NYAG 29.

11 THE COURT: Okay. Thank you.

12 MR. CONLEY: My apologies. We would like to move for
13 admission of that exhibit.

14 MR. NOALL: Objection, Your Honor. Lacks foundation.

15 THE COURT: Hold on just a second, sir.

16 MR. CONLEY: My apologies, Your Honor.

17 THE COURT: Could you hold just --

18 MR. CONLEY: We note foundation will be set in the
19 testimony that's coming up.

20 THE COURT: Would you mind holding for a second while
21 I'm speaking with my law clerk?

22 Thank you.

23 MR. GARMAN: Your Honor, this is Greg Garman.

24 UNIDENTIFIED SPEAKER: He said hold for a second.

25 THE COURT: Yes, I'm still trying to speak with my

1 law clerk. But Mr. Garman, what do you need to tell me?

2 MR. GARMAN: Your Honor, the invoices are the subject
3 of a summary that was docketed on the Court's docket. It's
4 actually the source I think of probably independent argument we
5 will need. This is a fairly significant issue, the inclusion
6 or not of these invoices. I think there is some fairly
7 complicated issues of business records to be had and I don't
8 think we should take this one lightly. This might be
9 appropriate to be the subject of its own argument.

10 THE COURT: All right.

11 Now, can everybody hold for a second while I visit
12 with my law clerk about something?

13 Thank you.

14 (Court confers with Clerk off record)

15 THE COURT: You want to respond to the lack of
16 foundation argument?

17 MR. CONLEY: Yes, Your Honor.

18 Ms. Stanford is a travel agent. She receives the
19 invoices in question from Corporate America Aviation as part of
20 her business operations. She maintained them as part of her
21 business and she testifies to that in the deposition.

22 MR. GARMAN: And Your Honor, if I might respond.

23 THE COURT: You may.

24 MR. GARMAN: Your Honor, the invoices we're talking
25 about at Exhibit 29 are not invoices created by Ms. Stanford,

1 which is a requirement under the rule. Moreover, there is no
2 foundation or testimony indicating they were kept in the
3 ordinary course, that they were kept contemporaneous as part of
4 business, the whole standard that we have an argument laid out
5 for. But most importantly, the simple fact that they're kept
6 in her files does not make them business records because they
7 were not created by her.

8 THE COURT: Anything further, Mr. Conley?

9 MR. CONLEY: Yes, Your Honor. The invoices -- the
10 Corporate America Aviation invoices are the basis of the
11 invoices that Ms. Stanford would prepare and send to the NRA.
12 And we did receive --

13 UNIDENTIFIED SPEAKER: (Indiscernible) exhibit.

14 MR. CONLEY: I'm sorry?

15 UNIDENTIFIED SPEAKER: I'm so sorry. I thought I was
16 on mute. So sorry.

17 THE COURT: Continue Mr. Conley.

18 MR. CONLEY: Yes.

19 And they were produced by the NRA in the first place.

20 THE COURT: Okay. I don't think that helps you on
21 foundation. For now, I sustain the foundation objection.

22 (Video testimony of Gayle Stanford 3:16:18 to 3:16:36)

23 "Q Right. So would you agree that the first three pages
24 reflect invoices from Corporate America Aviation for flights
25 between August 24th and September 4, 2017?"

1 "A Yes."

2 MR. NOALL: So, Your Honor, this is Mr. Noall --
3 (Video testimony of Gayle Stanford 3:16:37 to 3:16:41)

4 "Q And this is representative of the invoices you would
5 typically receive from Corporate --"

6 MR. NOALL: I objected to this testimony predicated
7 upon the form of the question and the lack of foundation of the
8 underlying exhibit. And accordingly, this testimony should not
9 be considered because there's no foundation from the exhibit
10 for the answer.

11 THE COURT: Sustain the objection. There was an
12 indication by Mr. Conley that foundation may be established
13 later in the deposition. But for now, I sustain the objection.

14 (Video testimony of Gayle Stanford 3:17:14 to 3:17:34)

15 "Q ...America Aviation?"

16 "A Right."

17 "MR. NOALL: Objection to form."

18 "Q Now, the itinerary here on Page 1 shows a flight from
19 Washington, D.C., with a stop in Madison, Wisconsin, and then
20 ending in Grand Island, Nebraska. Is that correct?"

21 MR. NOALL: Your Honor, I have the same objection.
22 The objection is a continuing objection.

23 THE COURT: I have the same ruling. The same way we
24 offer into evidence in the courtroom documents has to take
25 place in the deposition. So the same ruling.

1 MR. NOALL: Your Honor, just for clarification, this
2 line of questioning I believe goes on for a while, do you want
3 me to keep objecting or can I just have a blanket objection for
4 this particular exhibit?

5 THE COURT: You can have a blanket objection.

6 MR. NOALL: Thank you.

7 (Video testimony of Gayle Stanford 3:18:08 to 3:18:54)

8 "Q ...is, Ms. Stanford?"

9 "A Yes, I do."

10 "Q And who is she?"

11 "A Their niece."

12 "Q Whose niece?"

13 "A Susan and Wayne's niece."

14 "Q Colleen Sterner is the niece of Wayne and Susan LaPierre.
15 Is that what you're testifying?"

16 "A Yes."

17 "Q All right."

18 "And where does -- do you know where Colleen Sterner
19 lives?"

20 "A Somewhere in Nebraska."

21 "Q To your knowledge, would Mr. LaPierre make stops in
22 Nebraska to pick up or drop off Ms. Sterner and her family?"

23 "MR. NOALL: Objection."

24 THE COURT: The speculation objection that was raised
25 in the deposition, if it's the same objection, is overruled.

1 (Video testimony of Gayle Stanford 3:19:11 to 3:20:27)

2 "MR. NOALL: Objection. Calls for speculation."

3 "A There were times he did."

4 "Q Now, Ms. Stanford, you previously testified that when you
5 prepared invoices to send to the NRA, you would include
6 destination information, correct?"

7 "A Yes."

8 "Q Okay. The invoices on Pages 4 and 5 do not include stops
9 to Nebraska or the Bahamas. Why is that?"

10 "A I was told how to do the invoices."

11 "Q And who told you how to do the invoices?"

12 "A Wayne."

13 "Q And you're referring to Wayne LaPierre?"

14 "A Yes."

15 "Q Would Mr. LaPierre tell you how to word invoices on
16 occasion?"

17 "A On occasion."

18 "Q You also invoiced Ackerman McQueen on a monthly basis for
19 several years, correct?"

20 "A Yes."

21 "Q Was this connected to services that you provided to the
22 NRA?"

23 "MR. NOALL: Objection to --"

24 MR. NOALL: Your Honor, My objection here was that it
25 was calling for speculation and there was a lack of foundation

1 established.

2 THE COURT: Overruled.

3 (Video testimony of Gayle Stanford 3:20:44 to 3:22:43)

4 "MR. NOALL: ...to form."

5 "A It was. They told me to do that.

6 "Q And who directed you to do that?"

7 "A Woody Phillips."

8 "Q And when did he tell you start invoicing Ackerman
9 McQueen?"

10 "A I don't recall."

11 "Q Did he tell you why you should invoice Ackerman McQueen?"

12 "A No."

13 "Q You in your invoices would refer to the services as travel
14 coordination. What does that mean?"

15 "A That was just what they told me to write on it."

16 "Q Did you ever receive a request from Ackerman McQueen for
17 services or have discussions with any representative of
18 Ackerman McQueen with respect to this \$4,000 monthly fee?"

19 "A No."

20 "Q And just so the record is clear, you were directed by
21 Woody Phillips at the NRA to separately invoice Ackerman
22 McQueen for \$4,000 a month and also told you to refer to that
23 in the invoices as travel coordination?"

24 "A Yes."

25 "Q Just to ask again. Pages 4 and 5 of Exhibit D, were those

1 invoices prepared based on instructions that you received from
2 Mr. LaPierre?"

3 "A There -- there was -- yes."

4 MR. NOALL: Your Honor, with respect to the exhibits,
5 to the extent they include pages from the CCA (sic) invoices, I
6 would just object to those portions for the reasons previously
7 stated.

8 THE COURT: I'm giving you a running objection on
9 that and we'll not take into account the exhibit that's not
10 into evidence.

11 MR. NOALL: Okay.

12 (Video testimony of Gayle Stanford 3:23:12 to 3:25:26)

13 "Q And would you agree that the invoices on Pages 4 and 5 do
14 not reflect all the legs of the trip that occurred?"

15 "A Yes."

16 "Q And while that's getting pulled up, Ms. Stanford, you
17 testified that you entered into a contract with the NRA in
18 2019. Is that right?"

19 "A Yes."

20 "Q What brought about that written agreement?"

21 "A They -- they asked to do that."

22 "Q Who asked you?"

23 "A Lisa."

24 "Q Ms. Stanford, you completed an RFP in 2019 for the NRA,
25 correct?"

1 "A Correct."

2 "Q And the RFP contemplated \$7,000 a month in fees for up to
3 25 hours a week of travel services?"

4 "A No, 25 hours a month."

5 "Q 25 hours a month. My apologies.

6 "Okay. So the RFP contemplated \$7,000 a month for up to
7 25 hours of travel services per month, correct?"

8 "A Correct."

9 "Q How did you arrive at the \$7,000 figure?"

10 "A I didn't."

11 "Q Who did?"

12 "A That's what they -- Lisa told me."

13 "Q And you're referring to Lisa Supernaugh?"

14 "A Supernaugh, yeah."

15 "Q Supernaugh. I keep pronouncing that wrong. I'm going to
16 get it eventually.

17 "And how did she convey that to you?"

18 "A I think it was that that's what they were going to offer
19 to whoever was going to apply for it. That was going to be the
20 standard."

21 "Q Okay. So she directed you to put 7,000 in the RFP that
22 you sent?"

23 "A Yes."

24 MR. CONLEY: Your Honor, I would like to follow up
25 about the admission of what was Exhibit D in the deposition.

1 Still would move for admission of that and would like to, on
2 that point, Pages 3, 4, and 5 were prepared by Ms. Stanford and
3 kept in the normal course and I would also like to direct Your
4 Honor to Pages 122 to 124 of Ms. Stanford's deposition, which
5 are designated, which set, you know, general business record
6 foundation for that and other records.

7 THE COURT: Is your argument that you went through
8 all of the prove-up for business records in the deposition?

9 MR. CONLEY: Yes, Your Honor, it is. I believe
10 Pages 122 to 124 do that.

11 THE COURT: Mr. Noall?

12 MR. GARMAN: Your Honor, this is Mr. Garman. We
13 prepared this argument because it related to the summary that
14 was placed on the docket. Your Honor, I'll admit that I don't
15 have my notes in front of me but I believe that the testimony
16 is very much not that all of the business records requirements
17 were proven up. And in fact, I believe that I can show through
18 the testimony that she identifies she's not even sure what was
19 produced because someone else pulled it off her computer, an IT
20 person, and I do not believe that the requirements that they
21 were created contemporaneously, that they were kept in the
22 ordinary course, and that she produced them were met. And so I
23 will say I'm operating on the fly because I imagined we were
24 going to do this in a different setting, but I very much must
25 respectfully disagree that the elements to admit them as a

1 business record were proven.

2 THE COURT: Anything further (indiscernible*
3 03:27:46)?

4 MR. CONLEY: Your Honor, if I may. I would also like
5 to add that when we asked debtor's counsel for them to identify
6 the documents that they were relying on as the basis for the
7 calculation of Mr. LaPierre's excess benefits that were
8 reported in the NRA's 2019 990, they identified several
9 invoices from Corporate America Aviation and no other invoices
10 as the basis for that calculation. So to question whether
11 they're business records doesn't really align with that either.

12 THE COURT: I --

13 MR. GARMAN: Your Honor, in response.

14 THE COURT: I sustain the objection. I don't think
15 you proved up every element of the business records exception.

16 MR. CONLEY: Your Honor, if we may reserve our
17 ability to bring, raise this again on papers, I would
18 appreciate that.

19 THE COURT: For now, it's still out.

20 MR. CONLEY: Understood, Your Honor.

21 MR. PRONSKE: Your Honor, are we next to move
22 forward?

23 THE COURT: I was waiting, I thought you may have
24 something else you were going to do as far as your deposition.

25 MR. PRONSKE: Yes. Your Honor, we would call Craig

1 Spray at this time.

2 THE COURT: Okay.

3 MR. GARMAN: Your Honor, if you may recall from our
4 conversation this morning, Mr. Spray, one, I told him I would
5 need more time to get Mr. Spray but Mr. Spray had his Covid
6 shot yesterday and he's under the weather today. And you may
7 recall Mr. Pronske and I discussing with the Court this morning
8 that we would produce him Tuesday morning. That can be out of
9 order if the NYAG's case is concluded or we can simply leave
10 their case open until Mr. Spray will be available Tuesday
11 morning.

12 THE COURT: Mr. Pronske, did you know?

13 MR. PRONSKE: Your Honor, if he's not here, he's not
14 here. So we are ready to move forward.

15 THE COURT: Okay. Who would be your next witness?

16 MR. PRONSKE: Sonya Rowling.

17 THE COURT: Okay.

18 MR. GARMAN: Your Honor, Ms. Rowling is here in the
19 building. I can have her ready. It will probably take us a
20 couple of minutes.

21 THE COURT: Okay.

22 (Pause 3:30:34 to 3:36:43)

23 MR. THOMPSON: Good afternoon, Your Honor, this is
24 Steven Thompson from the New York State Office of the Attorney
25 General. I will be conducting the examination today. It's a

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1 pleasure to be here.

2 THE COURT: Welcome to our court, sir. Is Mr.

3 Rowling ready?

4 MR. GARMAN: Yes, Your Honor, Ms. Rowling is in the
5 video room, she's ready. And Ms. Kozlowski from my office will
6 be defending her.

7 THE COURT: All right. Ms. Rowling, can you hear me?

8

9 MS. ROWLING: Yes, I can.

10 THE COURT: Would you raise your right hand.

11 SONYA ROWLING, SWORN

12 THE COURT: Mr. Thompson, you may proceed.

13 MR. THOMPSON: Thank you, Your Honor.

14 DIRECT EXAMINATION BY MR. THOMPSON:

15 Q Good afternoon, Ms. Rowling.

16 A Good afternoon.

17 Q Can you hear me all right?

18 A Yes, I can.

19 Q Okay, great. Could you please state your full name for
20 the record?

21 A Sonya Rowling.

22 Q And Ms. Rowling, you are currently the acting Chief
23 Financial Officer for the National Rifle Association, is that
24 correct?

25 A That is correct.

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1 Q And you were asked by Mr. LaPierre to assume that role in
2 late January, is that correct?

3 A That is correct.

4 Q And do you replace Mr. Craig Spray who was the CFO and is
5 still currently the Treasure of the National Rifle Association,
6 is that correct?

7 A That is correct.

8 Q And prior to your current role, you were the Director of
9 Accounting Operations and financial reporting, is that correct?

10 A Yes.

11 Q And you held that position from 2006 until you took on the
12 role as acting CFO, is that correct?

13 A Yes.

14 Q And the Financial Services Division is a division that
15 falls under the larger umbrella of the Office of the Treasurer
16 in the National Rifle Association, is that correct?

17 A Yes.

18 Q And can you tell me what the other divisions are that fall
19 under the Office of the Treasurer?

20 A The Information Services Division, Purchasing Division, as
21 well as the Finance Divisions of ILA, the Institute for
22 Legislative Action. As well as the Finance Divisions for the
23 other entities.

24 Q By the other entities you mean the other, like the NRA
25 Foundation for example?

1 A That is correct.

2 Q Okay. And as of today, you have not been nominated to the
3 Board for the position of Treasurer, is that correct?

4 A Yes.

5 Q Since you became the acting CFO in late January of this
6 year, have you spoken to Mr. Spray?

7 A No.

8 Q So is it fair to say that you have not had any
9 conversations with Mr. Spray about any transition related
10 matters regarding the new role as the acting CFO of the NRA, is
11 that correct?

12 A Yes.

13 Q Has Mr. LaPierre told you about the conversation that he
14 had with Mr. Spray on January 28th of this year?

15 A Yes.

16 Q What has Mr. Spray told you about his conversation?

17 A Mr. Spray did not have a conversation --

18 Q Oh, I'm sorry, what did Mr. LaPierre tell you about his
19 conversation?

20 A Mr. LaPierre informed me of Craig's departure for health
21 reasons. And asked if I was willing to step in as acting CFO.

22 Q So Mr. LaPierre told you that Mr. Spray had departed for
23 health reasons, is that correct?

24 A That is correct.

25 Q Would it surprise you to learn, Ms. Rowling, that Mr.

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1 LaPierre has testified both during this hearing and also at his
2 deposition, that he called Mr. Spray on January 28th to tell
3 Mr. Spray that he wanted to take the NRA in a "different
4 direction"?

5 A Does it surprise me? Not necessarily surprise is not like
6 the word.

7 Q Would it surprise you, Ms. Rowling, to learn that
8 according to Mr. Spray's testimony, his health was not a reason
9 for his departure from the NRA?

10 A Surprise again is not a word I would use.

11 Q Is that something that you knew prior to me saying it just
12 now?

13 A Those are conversations that I've had with counsel.

14 Q Okay. Outside of your conversations with counsel, you had
15 no conversations about the reasons for Mr. Spray's departure,
16 other than your conversation with Mr. LaPierre, is that
17 correct?

18 A That's correct.

19 Q Okay. Ms. Rowling, you first learned that the NRA was
20 filing for bankruptcy in the company wide email that the NRA
21 sent after the filing on January 15th, is that correct?

22 A Yes.

23 Q Okay. So Ms. Rowling, I'd like to take us all the way
24 back to 2018, and talk about the state of the NRA's internal
25 controls and compliance programs prior to Mr. Spray joining the

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1 NRA as CFO. And am I correct that Mr. Spray joined the NRA as
2 CFO in or about March OF 2018?

3 A Yes.

4 Q Okay. Before Mr. Spray was hired, the NRA had a culture
5 where internal controls were bypassed or ignored because Mr.
6 LaPierre, Mr. Phillips, or Mr. Powell said so, is that correct?

7 A I don't agree with that statement.

8 MR. THOMPSON: Okay. So Mr. Wang, if I could please
9 ask you to bring up -- Your Honor, I believe this is our first
10 piece of impeachment evidence that has not been included on our
11 exhibit list. And so I will be laying the foundation and then
12 if the exhibit is admitted, I will provide electronic copies to
13 the Court, if that is acceptable.

14 THE COURT: Okay.

15 Q Ms. Rowling, can you see the document on your screen?

16 A No.

17 MR. THOMPSON: Let me know if you can stop sharing,
18 I'll try and share it directly from my computer.

19 Q Are you able to see that, Ms. Rowling?

20 A No.

21 UNIDENTIFIED SPEAKER: Would you like us to go and
22 see if we can assist in making the document visible for Ms.
23 Rowling.

24 THE COURT: I think --

25 MR. GRUBER: This is Mike Gruber, again our

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1 technician is ready to, if you give her the exhibit number
2 again she can put it on for you.

3 MR. THOMPSON: Unfortunately this is not an exhibit
4 number, but I could provide you with the Bates stamp number.
5 But it might be faster just for counsel to go and assist, which
6 I would appreciate.

7 THE COURT: And the Court would too. Take your time
8 to get there.

9 UNIDENTIFIED SPEAKER: Thank you, Mr. Garman is
10 heading up to the witness room now to see if he can assist.

11 MR. GRUBER: Would you just call out to Stephanie if
12 you have another one that you're having trouble getting out and
13 she'll pull it up.

14 MR. THOMPSON: Yes, thank you, Mr. Gruber.

15 (Pause in proceedings to pull up exhibit)

16 (Counsel confer)

17 MR. THOMPSON: And Your Honor, I'll just let the
18 Court know that this is the only document I anticipate needing
19 to do this for, other than impeachment testimony. So hopefully
20 we'll not have this issue any more.

21 THE COURT: It's okay, Mr. Thompson, we have some of
22 these things happening from time to time.

23 (Counsel confer)

24 BY MR. THOMPSON:

25 Q Is that showing up, Ms. Rowling?

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1 A It is, but I can't read it.

2 Q Okay.

3 A It's very blurry.

4 Q That's fine.

5 A There we go.

6 Q So do you recognize this email, Ms. Rowling?

7 A Yes.

8 Q Can you tell me what it is?

9 A It was an email from Portia Padilla about expense
10 reimbursements, to myself.

11 MR. THOMPSON: So, Ms. Johnson, if I can take you to the,
12 I think it's the second page. And if you could blow up that
13 large middle paragraph for me. Thank you.

14 Q If you could just take a moment to read that, Ms. Rowling.

15 A A loud or?

16 Q Just to yourself for the moment, and then I'll direct you
17 to --

18 A Uh hum. Yes, I'm familiar with this.

19 Q So Ms. Rowling, do you see where it says, and so this is
20 Ms. Padilla writing to you, "it seems that when I raise
21 inconvenient or controversial questions I'm likely to hear
22 answers like, 'what he said to pay this as submitted', or 'Josh
23 will throw a fit', or 'we don't want this to reach Wayne or --
24 said to pay this much'". Do you recall receiving this email
25 from Ms. Padilla?

1 A Yes.

2 Q And in fact you considered this email from Ms. Padilla to
3 be severe enough that in or about April of 2018 you reported it
4 to the NRA's Human Resources Division, didn't you?

5 A I did.

6 Q And to the best of your knowledge, Human Resources did not
7 nothing in response, is that correct?

8 A I did not know what they did in response.

9 Q Okay. So to the best of your -- you have no personal
10 knowledge of anything that Human Resources did in response to
11 you raising this complaint?

12 A I do not know what they did in response.

13 Q Ms. Padilla is the head of the Accounts Payable Division
14 in the NRA, is that correct?

15 A Yes.

16 Q And at the time Ms. Padilla was one of your direct reports
17 as a managing -- I'm sorry, as a director, is that correct?

18 A Yes.

19 Q Okay. And Ms. Padilla remains the head of accounts
20 payable to this day, is that correct?

21 A Yes.

22 MR. THOMPSON: Ms. Johnson, you can go ahead and take
23 the exhibit down, thank you.

24 Q So Ms. Rowling, before Mr. Spray joined the NRA in March
25 of 2018, the NRA's procurement policy for contracts worth in

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1 excess of \$100,000 in a given year was not regularly enforced,
2 is that correct?

3 A There were occasions when it was not enforced.

4 Q Okay. And in fact there were some instances where vendors
5 were paid without an existing contract, is that correct?

6 A That is correct.

7 Q And the review process for the NRA's AmEx credit cards was
8 not as robust, is that correct?

9 A The review process for those credit cards were not within
10 my purview.

11 Q Whose purview were they within?

12 A They were actually within the Treasurer's Office at that
13 time, not in Financial Services.

14 Q Right, so, prior to the bankruptcy the way that the NRA
15 AmEx cards were structured were that there were two lines of
16 cards that were actually held in the names of two individuals
17 at the NRA, is that correct?

18 A The credit for those was in the names of two individuals,
19 but the card holders themselves had cards under their own
20 names.

21 Q Thank you for that clarification. So the two individuals
22 whose credit was tied to the credit cards were Mr. Tedrick and
23 Mr. Phillips, is that correct?

24 A Yes.

25 Q And at the time they were the two individuals responsible

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1 for reviewing the AmEx expense reports, is that correct?

2 A I don't know if they were responsible for reviewing each
3 one of the ones underneath them. I don't know.

4 Q Okay. Prior to Mr. Spray joining the NRA in March of
5 2018, the NRA's policy for requiring a business purpose for
6 expense reimbursements was inconsistently enforced, is that
7 correct?

8 A There were, yes, there were occasions when the business
9 purpose was not supplied.

10 Q Okay. And so this resulted in instances where the NRA was
11 improperly reimbursing employees for personal?

12 A For personal?

13 Q Yes. Let me rephrase. So, this rustled in instances
14 where the NRA was improperly reimbursing employees for expenses
15 that did not have a proper NRA business purpose, is that
16 correct?

17 A That could have happened, yes.

18 Q Okay. Did it in fact happen?

19 A I'd have to look back and see, but I don't, I can't say if
20 there were, they actually ended up being improper or not. Each
21 one would have to be analyzed in and of itself.

22 Q So for example, let's take Joshua Powell as an example.
23 You did personally review the AmEx expenditures for Mr. Powell
24 at some point in late 2019, is that correct?

25 A I did.

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1 Q And as a result of your review, you determined that some
2 of Mr. Powell's expenditures were not for proper NRA business
3 purposes, is that correct?

4 A That is correct.

5 Q And that determination applied to some payments going as
6 far back as when Mr. Powell joined the NRA in 2016, is that
7 correct?

8 A Yes.

9 Q So it's fair to say that in some instances the NRA was
10 improperly reimbursing employees for expenses that did not have
11 an appropriate NRA purpose, is that correct?

12 A Yes.

13 Q And prior to Mr. Spray joining the NRA in March of 2018,
14 there were instances where employees' expenses were being
15 billed to the NRA as pass through expenses by vendors, is that
16 correct?

17 A That is -- I personally did not see evidence of that. But
18 that is what -- all my conversations relating to those have
19 been with counsel.

20 Q Have you had any conversations with any of your
21 colleagues, for example Ms. Padilla in the Accounts Payable
22 Division, about any expenses she has seen being passed to the
23 NRA as pass through by vendors?

24 A I don't recall.

25 Q So you have no personal knowledge of any NRA employee

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1 expenses being billed to the NRA as pass through expenses by
2 vendors, is that correct?

3 A Not that I can recall.

4 Q And prior to Mr. Spray joining the NRA in 2018, the NRA
5 had numerous independent contractor or consulting agreements
6 with past employees of the NRA, is that correct?

7 A Yes.

8 Q Okay. And many of those consulting agreements were being
9 paid out of the Executive Vice President Office budget, is that
10 correct?

11 A There were definitely some out of his budget.

12 Q Do you know how many, as you sit here today?

13 A No.

14 Q So when Mr. Spray joined the NRA in 2018, you and several
15 of your colleagues in the Financial Services Division and
16 elsewhere in the office, under the auspices of the Office of
17 the Treasurer, brought forward a number of concerns to Mr.
18 Spray about the internal compliance issues at the NRA, is that
19 correct?

20 A Yes.

21 Q And Mr. Spray was a person in whom and your colleagues
22 felt that he was a person that would be receptive to your
23 concerns, is that correct?

24 A Yes, he was new, he was learning, and we were providing
25 him information so he could be up to speed on the organization.

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1 Q Okay. You said that Mr. Spray was new, did that play a
2 role in your assessment of whether or not Mr. Spray was a
3 person that you could trust?

4 A Well I don't trust easily, so that's a, kind of a word I
5 wouldn't necessarily use. He was somebody that you, you know,
6 as a new employee were going to speak with, because he was my
7 boss. And he was trying to learn the business.

8 Q Okay. And actually that raises a good question. In your
9 role, in your previous role as a Director, you reported
10 directly to Mr. Tedrick, is that correct?

11 A Yes.

12 Q Okay. And Mr. Tedrick is a managing director in Financial
13 Services, is that correct?

14 A Yes.

15 Q And then Mr. Tedrick in turn reports directly to the
16 Treasurer and CFO, is that correct?

17 A Yes.

18 Q And Ms. Rowling, you did not bring -- let me step back.
19 These concerns that we've been discussing, or rather these
20 issues that we have been discussing that took place prior to
21 Mr. Spray joining the NRA in 2018, did you raise any of these
22 concerns with Mr. Phillips?

23 A Mr. Phillips?

24 Q Yes.

25 A Not that I recall.

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1 Q And so after Mr. Spray joined the NRA in 2018, and then in
2 the summer of 2018 you and some of your colleagues prepared a
3 memorandum for the Audit Committee, is that correct?

4 A Yes.

5 MR. THOMPSON: If I could ask you to please bring up
6 NYAG Exhibit 72, which I believe is already in evidence.

7 Q And please just let me know once you have that up.

8 A I have it up.

9 Q Okay. So this memorandum was prepared and presented to
10 the Audit Committee -- I'm sorry. Let me strike that and start
11 over. This memorandum was presented to the Audit Committee in
12 July of 2018, is that correct?

13 A Yes.

14 Q Okay. And Mr. Tedrick, your supervisor, did not play a
15 role in preparing this memorandum, is that correct?

16 A Depends on which -- not in -- no, he did not.

17 Q All right, and that is because you did not trust Mr.
18 Tedrick with the contents of the memo, is that correct?

19 A Not necessarily, it was because Craig asked him to ask us
20 to prepare it. So it would have been Craig's call to see
21 whether Rick was a participant in the preparation of this.

22 Q Okay, but you were concerned about transmitting the
23 memorandum to Mr. Tedrick because you were worried that he
24 would alter its contents before it was presented to the Audit
25 Committee, weren't you?

Rowling - Direct/Thompson

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1 A Yes, that is correct.

2 Q And then that is the reason why -- let me strike that. So
3 the meeting with the Audit Committee occurred on July 30th
4 2018, is that correct?

5 A Yes.

6 Q And that meeting lasted for more than an hour, is that
7 correct?

8 A As far as I can recall, yes.

9 Q Okay. However two members of the Audit Committee,
10 specifically Ms. Carolyn Meadows and Mr. Charles Cotton, left
11 the Audit Committee meeting within the first five to ten
12 minutes of that meeting, is that correct?

13 A Yes, the Audit Committee meeting actually lasted longer
14 than that. But, because they had been meeting all day, so I
15 don't want to -- I just want to clarify that that meeting was
16 not just for that point of time.

17 Q Right, so the Audit Committee had been meeting earlier
18 that day and then you were a submeeting of that meeting, is
19 that correct?

20 A Yes.

21 Q Okay. And for your portion of the presentation -- I'm
22 sorry your portion of the meeting with the Audit Committee, Ms.
23 Meadows and Mr. Cotton left within the first five to ten
24 minutes of your presentation to the Audit Committee, is that
25 correct?

1 A Yes.

2 Q Okay. So Ms. Rowling, this memorandum that we have marked
3 as NYAG Exhibit 72, this memorandum was not a complete list of
4 all of the concerns that you and your colleagues had about the
5 internal controls of the NRA in 2018, is that correct?

6 A The list was not a complete list in terms of, there could
7 have been more examples of, but the categories were pretty
8 consistent.

9 Q Okay, but within each category you and your colleagues
10 provided a sample of the problems that you were seeing, is that
11 correct?

12 A Yes.

13 Q Okay. Sometime before this meeting with the Audit
14 Committee in July of 2018, Mr. Spray was out of the office for
15 health concerns or health reasons, is that correct?

16 A Yes.

17 Q And while Mr. Spray was out, you and your colleagues
18 received an email from Mr. LaPierre's office directly you and
19 your colleagues to report to Mr. Josh Powell, is that correct?

20 A Yes.

21 Q And Mr. Powell was the subject of several of the items in
22 the top concerns memo that we have marked as Exhibit 72, is
23 that correct?

24 A Yes.

25 Q And in fact one of your colleagues made a formal

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1 whistleblower complaint about Mr. Powell being placed over you
2 and your colleagues, is that correct?

3 A That is what I was told.

4 Q And to the best of your knowledge, you are not aware of
5 any action that was taken by the NRA in response to that
6 complaint, is that correct?

7 A Yeah, I don't know.

8 Q Okay. So Ms. Rowling, if you could look at Exhibit 72,
9 the top concerns memorandum, the first item is financial
10 conflict of interest at the senior management and Board of
11 Directors level, it is fair to say that this issue was
12 something that concerned you and your colleagues at the time
13 that this was presented to the Audit Committee in the summer of
14 2018, is that correct?

15 A Yes.

16 Q And the same thing is true with respect to senior
17 management override of internal controls?

18 A Yes.

19 Q And the same is true with respect to management
20 subordinating its judgment to vendors?

21 A Yes.

22 Q And the same is true with respect to vague and deceptive
23 billing by preferred vendors and contractors.

24 A Yes.

25 Q And the same is true with respect to the Carry Guard

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1 Program that was created by Mr. Powell, is that correct?

2 A Yes.

3 Q And the same is true with respect to reimbursement of
4 expenses relating to living expenses beyond the NRA's Human
5 Resources policy?

6 A Yes.

7 Q And the same is true with respect to the purchase of
8 firearms where the NRA was not certain of their location?

9 A Yes.

10 Q And finally, the same was true with respect to a lack of
11 controls over vehicle leases, is that correct?

12 A Yes.

13 Q Ms. Rowling, directing your attention in the memo, back up
14 to item 1-D as in David. So this items concerns Board
15 compensation arrangements not being disclosed, impairing
16 independence and the range "behind the scenes" with vendors
17 such as Ackerman McQueen, Associated TV and WarpSpeed, do you
18 see that?

19 A Yes.

20 Q And Associated TV is an entity that is owned in whole or
21 in part by Mr. David McKenzie, is that correct?

22 A I believe so.

23 Q And if you look at item 2 on the top concerns memo -- oh,
24 I'm sorry, no, if we could actually turn to item 4-D. So
25 starting with the heading, vague and deceptive billing by

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1 preferred vendors, contractors, some of whom have no current
2 contract or no contract, and then sub D as in David, is MMP
3 bills by contract stipulations, do you see that?

4 A Yes.

5 Q And MMP there refers to Membership Marketing Partners, is
6 that correct?

7 A Yes.

8 Q And that is another entity that is owned in whole or in
9 part by Mr. McKenzie, is that correct?

10 A I believe so.

11 Q The NRA has a policy that governs the procurement of
12 contracts that exceed \$100,000 in value in a given year, is
13 that correct?

14 A Yes.

15 Q If you could please pull up Exhibit 142, NYAG Exhibit 142.

16 A I have it up.

17 Q Ms. Rowling, is this exhibit NYAG Exhibit 142, the
18 procurement policy for contracts in excess of \$100,000 in a
19 given year?

20 A Yes.

21 Q And to the best of your knowledge, this contract is still
22 in force at the NRA, is that correct?

23 A Yes.

24 Q Okay. So when Mr. Spray joined -- or stepping back, so
25 after the July 30, 2018 Audit Committee meeting, and when Mr.

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1 Spray returned from his sick leave, you believed that you had
2 Mr. Spray's support to enforce the NRA's policies, is that
3 correct?

4 A Yes.

5 Q And in fact Mr. Spray undertook a number of steps to seek
6 to strengthen the NRA's enforcement of its internal controls
7 and policies, is that correct?

8 A Yes.

9 Q And those efforts included for example, eliminating the
10 AmEx cards that were held by past presidents of the NRA,
11 correct?

12 A Yes.

13 Q And it also included Mr. Spray personally taking charge of
14 reviewing the expense reimbursement requests for executive
15 director level officers of the NRA, is that correct?

16 A Yes, except for the ones he delegated.

17 Q Which ones did Mr. Spray delegate?

18 A I believe he delegated the Board officers who had credit
19 cards.

20 Q So that would be the President and the two Vice
21 Presidents?

22 A Yeah, yes, I'm not 100 percent sure which ones he
23 delegated, but he delegated a few of them.

24 Q Okay, and who did he delegate those to?

25 A Rick Tedrick.

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1 Q Okay. And we touched on this briefly, but in the fall of
2 2019, it was Mr. Spray who opened an investigation into the
3 expenses that had been incurred by Josh Powell and reimbursed,
4 is that correct?

5 A Yes.

6 Q And let me, because I didn't like my own question very
7 much there. Mr. Spray opened an investigation into expenses
8 incurred by Mr. Powell?

9 A Yes.

10 Q All right. And he asked you to assist him in that
11 investigation, is that correct?

12 A Yes.

13 Q And then that investigation ultimately resulted in Mr.
14 Powell's employment with the NRA being terminated in January of
15 2020, is that correct?

16 A Yes.

17 Q And one of the other policies -- I'm going to be careful
18 with my own language, because I remember you being careful with
19 your during deposition last week. One of the procedures that
20 Mr. Spray implemented was a procedure where Accounts Payable
21 was supposed to, where possible, verify that for any given
22 invoice that comes into the NRA, that a contract matching that
23 invoice is available, is that correct?

24 A There is a best effort in that, yes.

25 Q Okay. And so that involves, for example, where an invoice

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1 comes in from a vendor with which the NRA has a contract,
2 Accounts Payable is supposed to first determine whether or not
3 it has a contract with that vendor on file, correct?

4 A Well the first step is to determine whether a contract is
5 necessary for that type of payment.

6 Q Right, so there could be for example a purchase order in
7 place with a vendor that would not require a contract, correct?

8 A That's correct.

9 Q Okay. But where it came in pursuant to a -- where an
10 invoice comes in pursuant to the terms of a contract, Accounts
11 Payable is supposed to determine whether or not they have a
12 contract on file, is that correct?

13 A It is our hope that they can do that, yes.

14 Q The procedure in place, Ms. Rowling, is for Accounts
15 Payable to determine whether or not they have a contract on
16 file, is that correct?

17 A The procedure, yes, that is the procedure that we would
18 hope that we can have the time to do that. But COVID created a
19 lot of other issues, so.

20 Q Okay, let's --

21 A That's why I hesitate in that.

22 Q Okay.

23 MR. THOMPSON: Your Honor, I will move to strike that
24 answer as non responsive.

25 THE COURT: Sustained.

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1 Q So Ms. Rowling, and I understand the exigencies of COVID,
2 but let's take COVID off the table for a moment and -- I wish
3 we could take COVID off the table for longer than that, but
4 let's talk about 2019 in particular. So, well let me ask
5 first, approximately when did Mr. Spray implement this
6 procedure with Accounts Payable, that we've been discussing?

7 A I don't recall the exact time frame. It was something he
8 requested. There was pushback from Accounts Payable to do that,
9 because of the volume of activity. So I don't recall exactly
10 when Craig asked of that. I mean Accounts Payable processes
11 hundreds of invoices --

12 Q I'm sorry --

13 A -- a week.

14 Q I'm sorry to interrupt, Ms. Rowling.

15 MR. THOMPSON: I move to strike, Your Honor.

16 THE COURT: Sustained.

17 Q Okay, so Ms. Rowling, approximately when to the best of
18 your recollection was this procedure put in place by Mr. Spray?

19 A I don't recall.

20 Q Okay, is it fair to say that it was in place in 2019?

21 A I don't recall exactly when he asked that of Accounts
22 Payable.

23 Q Okay. Is it fair to say that it was in place before the
24 COVID pandemic in March of 2020?

25 A That seems reasonable.

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1 Q Okay. So prior to the COVID pandemic, when resources may
2 have been needed to be devoted elsewhere, Accounts Payable is
3 under this procedure implemented by Mr. Spray, supposed to
4 determine whether or not they have a contract on file when an
5 invoice comes in or a vendor pursuant to the terms of a
6 contract, is that correct?

7 A That was his wishes, yes.

8 Q So my question, Ms. Rowling, is that is what, that was the
9 procedure, is that correct?

10 A We don't have a written procedure that states that, no.

11 Q Okay. And this procedure that Mr. Spray implemented also
12 required that if Financial Services does have a contract on
13 file, to the best of their ability, they are supposed to
14 determine whether or not the payment in an invoice matches
15 against the payment terms in the contract, is that correct?

16 A That would be the procedure.

17 Q Okay. And one of the other changes that Mr. Spray brought
18 about was to, to the best of his ability, ensure that Financial
19 Services, and in particular Accounts Payable, had visibility of
20 all contracts that the NRA has with vendors, is that correct?

21 A That would be the hope, yes.

22 Q So prior to Mr. Spray joining the NRA in 2018, Financial
23 Services did not have access to a number of contracts that were
24 on file with the NRA, is that correct?

25 A Yes.

Rowling - Direct/Thompson

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1 Q And many of those contracts were in fact deliberately
2 withheld from Financial Services on privacy grounds, is that
3 correct?

4 A Yes.

5 Q And that was something that Mr. Spray sought to change
6 during his time as CFO, is that correct?

7 A Yes.

8 Q And so you in fact, in your previous role, were the point
9 person to whom other employees in the NRA were supposed to send
10 contracts to be kept on file with Financial Services, is that
11 correct?

12 A By default, it was the Financial Services Division, but
13 they came to me, yes.

14 Q Okay. And in your previous role as a Director of the NRA,
15 we discussed this already, but you supervised Accounts Payable,
16 is that correct?

17 A Yes.

18 Q And so in that role you spoke with Ms. Padilla, the head
19 of Accounts Payable, about implementing this process that Mr.
20 Spray, I'm sorry, implementing the procedure that Mr. Spray
21 wanted for checking invoices against contracts, is that
22 correct?

23 A Yes.

24 Q Okay. So Ms. Rowling, I'll ask you to please pull up,
25 first NYAG Exhibit 203.

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1 MR. THOMPSON: And Your Honor, we would move to admit
2 NYAG Exhibit 203.

3 MS. KOZLOWSKI: Your Honor, may I have a moment to
4 review it, please.

5 THE COURT: You may.

6 MS. KOZLOWSKI: No objection.

7 THE COURT: NYAG 203 is in.

8 (NYAG Exhibit 203 admitted into evidence)

9 Q Ms. Rowling, so I'll just ask you, do you have Exhibit 203
10 open?

11 A Yes.

12 Q And do you recognize this document?

13 A Yes.

14 Q And this is the first amendment to the agreement between
15 the NRA and Membership Marketing Partners, is that correct?

16 A Yes.

17 Q And to the best of your knowledge, does Financial Services
18 has a copy of this agreement on file in Financial Services?

19 A I believe so, yes.

20 Q Okay. So you can go ahead and close that and I'll ask you
21 to please open, first open NYAG 75, which I believe has already
22 been --

23 A Okay.

24 Q And Ms. Rowling, does Financial Services to the best of
25 your knowledge, have a copy of this contract on file?

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1 A I believe so, yes.

2 Q Okay. And to the best of your knowledge, this is the most
3 recent amendment, written amendment to the Membership Marketing
4 Partners agreement with the NRA, is that correct?

5 A Yes.

6 Q You are not aware of any written agreements between the
7 NRA and Membership Marketing Partners are on file with the
8 Financial Services Division that are later in time than this
9 second amendment, in NYAG 75, is that correct?

10 A Can I clarify on that --

11 Q Yes.

12 A -- your question? We do have on file a written
13 justification from MMP for increases. It is not a contract,
14 but it was written justifications for their increases.

15 MR. THOMPSON: Your Honor, move to strike as hearsay.

16 THE COURT: I'm going to let it stand.

17 Q Ms. Rowling that document that you referred to is not a
18 contract, correct?

19 A It is not a contract.

20 Q Okay. It is not signed by any employee of the NRA, is
21 that correct?

22 A I don't recall, but I don't believe so.

23 Q Okay. This exhibit, NYAG 75, have you seen a -- let me
24 strike that. This exhibit, NYAG 75, you are not aware of any
25 business case analysis on file with the NRA for this document,

1 is that correct?

2 A I do not have one in Financial Services.

3 Q Okay, are you aware of any other outside of Financial
4 Services?

5 A I'm not aware.

6 Q Okay. And you are not aware of any contract review sheet
7 on file with the, with Financial Services for this contract, is
8 that correct?

9 A Not that I recall.

10 Q Okay. And outside of whether it is on file with Financial
11 Services, you are not aware of any contract review sheet for
12 this second amendment in NYAG 75, is that correct?

13 A I'm not aware of if there's anything outside of Financial
14 Services.

15 Q Okay. And you are not aware of any written acknowledgment
16 in Financial Services -- I'm sorry, let me strike that and
17 start over. Financial Services does not have any written
18 acknowledgment of this contract NYAG 75, by the President or
19 either Vice President of the NRA, is that correct?

20 A I would have to check the file. But I don't believe so, I
21 don't recall if it's there or not.

22 Q So as you sit here today, you are not aware of any such
23 written --

24 A I don't believe so.

25 Q Okay. So if I could ask you to close that -- I'm sorry,

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1 keeping 75 open for just a moment, you will agree with me that
2 this contract does not change any payment terms of the
3 referenced underlying agreement, is that correct?

4 A That's correct.

5 Q So if you could please go ahead and close 75, and open
6 NYAG Exhibit 74, which I believe has also been admitted into
7 evidence.

8 A I have it open.

9 Q And Financial Services does have a copy of this agreement
10 on file, is that correct, Ms. Rowling?

11 A I believe so, yes.

12 Q Okay. And just for the record, this is the original, I'm
13 sorry, not original, this is the agreement between the NRA and
14 Membership Marketing Partners that was the subject of the first
15 and second amendments that were just looking at, is that
16 correct?

17 A Yes.

18 Q Okay. So Ms. Rowling, if I could draw your attention in
19 this exhibit, NYAG 74, to the very last page, Schedule A.

20 A Yes.

21 Q Do you see where it says effective December 1, 2011, the
22 management fee payable to MMP under this agreement shall be
23 \$400,000 per month?

24 A Yes.

25 Q So this is the contract and in particular this Schedule A

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1 is the payment term that Accounts Payable would be relying on
2 when checking invoices that come in from MMP to determine
3 whether or not they are tied to a contract, is that correct?

4 A That would -- yeah, if that's all we have.

5 Q Okay. But in fact since 2018 at least, the NRA has been
6 paying Membership Marketing Partners a little over \$950,000 per
7 month, is that correct?

8 A Yes.

9 Q And that was true until the date of the filing of this
10 petition, is that correct?

11 A Yes.

12 Q Okay.

13 MR. THOMPSON: Your Honor, may I just have one moment
14 to find a document?

15 THE COURT: You may.

16 MR. THOMPSON: Thank you. Thank you, Your Honor.

17 Q Ms. Rowling, if I could please ask you to turn to NYAG
18 Exhibit 173.

19 MR. THOMPSON: And I will ask that this be admitted
20 into evidence.

21 MS. KOZLOWSKI: No objection, Your Honor.

22 THE COURT: NYAG 173 is in.

23 (NYAG Exhibit 173 admitted into evidence)

24 Q Ms. Rowling, this is the first amendment to the 2011
25 agreement between the NRA and the Allegiance Creative Group, is

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1 that correct?

2 A It's an amendment. Doesn't say first, but.

3 Q Fair enough. Does the Financial Services Division have a
4 copy of this contract on file?

5 A I believe so.

6 Q Okay. And then if I could please ask you -- you can go and
7 close that. And please turn to Exhibit NYAG Exhibit 174 --

8 MR. THOMPSON: Which I will also ask to be moved into
9 evidence.

10 MS. KOZLOWSKI: No objection.

11 THE COURT: Thank you, NYAG 174 is in.

12 (NYAG Exhibit 174 admitted into evidence)

13 MR. THOMPSON: Thank you.

14 Q And Ms. Rowling, do you, does the Financial Services
15 Division have a copy of this contract on file?

16 A I believe so.

17 Q And then finally, if I could please have you turn to NYAG
18 Exhibit 172.

19 MR. THOMPSON: Which I will also be asking to move
20 into evidence.

21 MS. KOZLOWSKI: No objection.

22 THE COURT: NYAG 172 is in.

23 (NYAG Exhibit 172 admitted into evidence)

24 Q And Ms. Rowling, does Financial Services have a copy of
25 this contract on file?

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1 A I believe so.

2 Q Okay. So you can go ahead and close those. I'll ask you
3 to turn to NYAG Exhibit 53, which I believe is already in
4 evidence. Just let me know when you have that open please.

5 A I have it open.

6 Q So Ms. Rowling, this is the fourth amendment to the
7 agreement between Allegiance Creative Group and the NRA, is
8 that correct?

9 A Yes.

10 Q And does -- Financial Services does have a copy of this
11 contract on file, is that correct?

12 A I'm not sure on this one, possibly.

13 Q Okay.

14 A I'd have to look.

15 Q Have you, you have never seen a business case analysis for
16 this fourth amendment to the Allegiance Creative Group
17 contract, is that correct?

18 A I don't recall if I have or not.

19 Q Sitting here today you cannot recall having seen a
20 business case analysis for this contract, is that correct?

21 A That's correct.

22 Q And similarly, sitting here today, you cannot recall
23 seeing a contract review sheet for this contract, is that
24 correct?

25 A I don't recall.

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1 Q And sitting here today you cannot recall seeing any
2 written acknowledgment for this contract by the first -- I'm
3 sorry, by the President or either Vice Presidents of the NRA,
4 is that correct?

5 A Not that I recall.

6 Q Ms. Rowling, could you please turn to Exhibit 180, NYAG
7 Exhibit 180.

8 A I have it open.

9 Q Ms. Rowling, do you recognize this document?

10 A I recognize the names in the document, yes.

11 Q Do you know whether or not Financial Services has a copy
12 of this contract on file at the NRA?

13 A I would have to check our records on that, I don't know.

14 Q Have you ever seen a signed copy of this agreement?

15 A I don't recall if I've seen it, so, I don't recall.

16 Q Sitting here today, Ms. Rowling, you cannot recall having
17 seen this contract before, is that correct?

18 A I don't know.

19 Q Okay. All right, so we can put that aside. And Ms.
20 Rowling, I'll ask you to turn to Exhibit 8, please. The NRA's
21 2019 990 that is in evidence.

22 A I have it open.

23 Q Ms. Rowling, you assisted in the preparation of this
24 document, in 2019 -- I'm sorry, in 2020, is that correct?

25 A I was a participant in reviewing this document.

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1 Q Were there particular portions of this document that you
2 were responsible for reviewing?

3 A The financial information.

4 Q Ms. Rowling, did you have any personal involvement in the
5 preparation of the material that is found in Schedule L of this
6 document, and I will provide you the page number in just a
7 moment. I'm sorry, yes, Schedule L, and if you can turn to
8 page 86 of the document, which is also PDF page 49. And to
9 restate my question, did you have any involvement in the
10 participation of this Part 5 to Schedule L of the 2019 990?

11 A No I did not.

12 Q Do you have any personal knowledge -- let me rephrase
13 that. You have no personal knowledge of how the amounts of
14 excess benefits that are described in this Part 5 of Schedule
15 L, were calculated, is that correct?

16 A I'm aware that these, the transactions were handed over to
17 a tax counsel expert in order to come up with these
18 calculations.

19 Q So Ms. Rowling, did you have, do you have any personal
20 knowledge of what the information or documents that were used
21 by outside tax counsel to calculate the numbers in this Par 5
22 of Schedule L?

23 A No.

24 Q Okay. Did you personally provide tax counsel with any
25 documents that were, period. Well, sorry. Did you provide

1 outside tax counsel with any documents?

2 A I don't recall with respect to this. Actually the -- I
3 might have, I believe I provided information regarding the
4 line, the last box, because we were still trying to analyze
5 that.

6 Q And by last box, are you referring to the box on PDF page
7 50 for Board Members?

8 A That's correct.

9 Q Okay. So actually let's go ahead and just see if we can
10 quickly take them one by one. Did you have any involvement in
11 the calculation of the excess benefit for Mr. Powell that is on
12 page 86, and PDF page 49?

13 A I had involvement in, not the calculation of the excess
14 benefit, but on the investigation. I participated in that piece
15 of it. But not these calculations.

16 Q Okay. Do you know, do you have any personal knowledge of
17 who did perform the calculations for Mr. Powell on this, in the
18 2019 990?

19 A No, I don't.

20 Q And going down with respect to Mr. Cox, did you have any
21 personal involvement in the calculation of the excess benefits
22 for Mr. Cox?

23 A No.

24 Q Do you know who did have, who was involved in the
25 calculation of the excess benefit for Mr. Cox?

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1 A My understanding is tax experts, but I don't know.

2 Q Can you tell me, what is the basis for your understanding?

3 A Discussions with counsel.

4 Q Okay. And with respect to Mr. Lehman, is your answer the
5 same?

6 A I had no involvement.

7 Q What about with respect to Mr. LaPierre, did you have any
8 involvement?

9 A No.

10 Q Were you involved in the collection of any documents that
11 were used in calculating excess benefits to Mr. LaPierre?

12 A I don't recall, but I don't think so. If --

13 Q Sitting here today --

14 A We could have turned over invoices, but I'm not sure that
15 the support was from my department, at the time.

16 Q Do you know which department the support came from?

17 A I don't.

18 Q Sitting here today you are -- let me step back. Ms.
19 Rowling are you personally aware, sitting here today, any
20 investigation that was undertaken by NRA employees with respect
21 to excess benefits paid to Mr. LaPierre?

22 A Not that I'm aware of, I don't recall.

23 Q And similarly, are you aware of any NRA employees who
24 collected documents to be used in calculating excess benefits
25 due from Mr. LaPierre?

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1 A For this time frame relating to these, no.

2 Q Or any time frame?

3 A For 2020, which we are still evaluating. We have full
4 documentation to evaluate whether there's been excess benefit
5 transactions.

6 Q So you have -- I assume is this in, with regards to the
7 preparation of the 990 for 2020?

8 A That's correct.

9 Q And you have personal involvement, or I'm sorry, do you
10 know who has personal involvement with respect to the
11 collection of documents for calculating excess benefits for any
12 employees in 2020?

13 A Yes.

14 Q And what is your, who to the best of your knowledge is
15 involved in that process?

16 A Currently, me, but it is also part of the AP process, not
17 necessarily Accounts Payable people to understand fully, but we
18 are working on training, so that they can search for those
19 types of things. But right now for 2020, it is a look back on
20 executives into their expense reports, credit cards, and
21 travel, other travel.

22 Q I apologize, did you say for executives?

23 A For those that would fall into this category.

24 Q Right, so for disqualified persons, is that, as that term
25 is used?

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1 A Yes.

2 Q Okay. And does that include for Mr. LaPierre?

3 A Mr. LaPierre has not had expense reports or credit card,
4 but yes, with respect some of his travel, air travel.

5 Q Mr. LaPierre -- so we can go ahead and get to that
6 actually. Ms. Rowling, do you, you know what an accountable
7 plan is, as that term is used by the Internal Revenue Service,
8 correct?

9 A Yes.

10 Q And accountable plan is a plan for following IRS
11 guidelines with respect to employee expense reimbursements, is
12 that correct?

13 A Yes.

14 Q And Mr. Phillips did not enforce the NRA's accountable
15 plan, is that correct?

16 A I can't speak for Mr. Phillips, so, I'm not --

17 Q We discussed earlier how there were expenses that were
18 improperly reimbursed for, at the very least, Mr. Powell, that
19 did not have an appropriate NRA business purpose, is that
20 correct?

21 A Yes.

22 Q And some of those expenses occurred in 2016?

23 A Yes.

24 Q And that was while Mr. Phillips was the CFO and Treasurer
25 of the NRA?

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1 A Yes.

2 Q Okay. And the accountable plan as it existed under Mr.
3 Phillips, was not able to capture expenses that were paid
4 through vendors like Ackerman McQueen, is that correct?

5 A Yes, that's correct.

6 Q And the NRA does not in fact follow an accountable plan
7 with respect to the review and payment of Mr. LaPierre's
8 expenses, is that correct?

9 A Mr. LaPierre submitted his expenses, but they were -- in a
10 timely manner, which is part of what is required by an
11 accountable plan. However they were pulled aside by counsel
12 and others for evaluation. So I couldn't say that, you know,
13 he actually submitted them, he just hasn't been reimbursed.

14 Q If you could please turn, Ms. Rowling, to Exhibit 274.
15 NYAG Exhibit 273.

16 MR. THOMPSON: And I will move to admit 273.

17 A I have it up.

18 MS. KOZLOWSKI: No objection.

19 THE COURT: NYAG 273 is in.

20 (NYAG Exhibit 273 admitted into evidence)

21 Q Ms. Rowling, do you recognizes this email?

22 A I do.

23 Q So this is an email that you sent to Lisa Supernaugh in
24 June of 2020, is that correct?

25 A Yes.

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1 Q And then in the top most email on this chain, which is the
2 subject line is re: Wayne's expenses. You write to Ms.
3 Supernaugh, this really needs to be taken care of, and should
4 now be through at least June, an accountable plan under expense
5 reimbursement rules requires timely submission of expense
6 reports. If you are having trouble getting to this to us do we
7 need to escalate it to someone else. Do you see that?

8 A I do. And Mr. LaPierre submitted those, but not --

9 MR. THOMPSON: Move to strike, Your Honor.

10 THE COURT: Sustained.

11 Q So Ms. Rowling, regardless of whether or not Mr. LaPierre
12 timely submitted his expense reports, the NRA was not following
13 the accountable plan with respect to the reimbursement of Mr.
14 LaPierre's expenses, isn't that right?

15 A The accountable plan doesn't say reimbursements, it says
16 submission.

17 Q So Ms. Rowling, Mr. LaPierre's expenses historically have
18 been reimbursed on an approximately 18 to 24 month lag, is that
19 correct?

20 A I do not know. 2020 was the first year that they were put
21 through to the Financial Services Division. Prior to that they
22 were paid under ILA. I have not had time in my position as
23 CFO to see what his, historically had happened with his
24 expenses reports.

25 Q But earlier this year you were required to look at Mr.

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1 LaPierre's expenses in order to account for possible
2 reimbursements that the NRA would owe to Mr. LaPierre in the
3 amount of approximately \$180,000, isn't that correct?

4 A No, that's not correct. I accrued 12,000 relating to 2020,
5 into the NRA's side. ILA had already had an accrual relating
6 to previous years. But again, historically, I can't speak to
7 how late he was in getting anything.

8 Q So just to clarify, Ms. Rowling, ILA had already accounted
9 for approximately \$168,000 that could be owing to Mr. LaPierre
10 for personal expense reimbursement, is that correct?

11 A That if, I haven't verified that number, but --

12 Q But -- I'm sorry, so is it correct that whether,
13 regardless of whether or not you personally verified the
14 number, ILA had accounted for approximately \$168,000 that could
15 be owing to Mr. LaPierre for personal expenses as of January of
16 this year, is that correct?

17 A I guess so, yes.

18 Q Okay. And then you yourself accounted for an additional
19 \$12,000, approximately \$12,000 in expenses that could be owing
20 to Mr. LaPierre for reimbursement of personal expenses in 2020,
21 is that correct?

22 A Yes.

23 Q Okay. And you had to account for this approximately
24 \$180,000 total as a LaPierre expense reserve in the NRA's
25 statement of financial affairs that have been filed in

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1 connection with this bankruptcy, is that correct?

2 A If that's what it's called, it would say, it was his
3 accrued expense relating to, yes, so it was on the, on that
4 statement.

5 Q Yes, no I agree, Ms. Rowling, but it was on the statement.
6 But the amount in question, \$180,000, that, what is the time
7 period associated with that amount, Ms. Rowling?

8 A I'm not 100 percent sure on the exact time period, I know
9 it included 2020 and 2019. I'm not sure it, how much further
10 back it went. I believe there might have been some 2018 in
11 there as well.

12 Q Okay. Ms. Rowling, are you personally aware that Mr.
13 Spray had begun reviewing Mr. LaPierre's expenses that had been
14 submitted for 2018 and 2019?

15 A I am not aware personally of that information.

16 Q Okay. Do you have any personal knowledge of the process
17 for reviewing Mr. LaPierre's expenses that Mr. Spray had
18 implemented before he left the NRA?

19 A I believe he had tried, had implemented that he would
20 review and possibly the President or the Audit Chair would sign
21 off as well.

22 Q Okay. And in fact at some point in 2020, a box of Mr.
23 LaPierre's expense reports unsigned by either Mr. Spray or any
24 of the Board officers, ended up in the Financial Services
25 Division, is that correct?

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1 A That is correct.

2 Q And you alerted Mr. Spray that those expense reports had
3 ended up there, is that correct?

4 A Yes.

5 Q Do you have any personal knowledge of how those expense
6 reimbursement requests ended up in Financial Services?

7 A Yes, I was speaking with counsel that happened they were
8 mentioned they were in their office, and they weren't sure how
9 they got there. So I said, send them back.

10 Q Who was the counsel, Ms. Rowling?

11 A That was someone with the Brewer firm.

12 Q Do you recall who?

13 A A non lawyer with the Brewer firm.

14 Q Okay. And so just so I understand, this non lawyer with
15 the Brewer firm, you were speaking with this non lawyer who
16 informed you this person had a box of Mr. LaPierre's expense
17 reimbursement requests in their office and they weren't sure
18 what to do with it? Am I, is that correct?

19 A That's, yes, that's correct.

20 Q Okay. And then you took or you told the person to bring
21 the box to Financial Services, is that correct?

22 A I said to ship them to Financial Services.

23 Q Okay. Do you remember approximately when that was, Ms.
24 Rowling?

25 A It was sometime in January.

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1 Q Of --

2 A Of 2021.

3 Q Of 2021?

4 A Uh hum.

5 Q Okay.

6 THE COURT: Mr. Thompson, the witness has been
7 testifying for about an hour and a half. Why don't we take a
8 five minute break. And it will be the last break of the day,
9 and we'll come back and finish up about 6.

10 MR. THOMPSON: Thank you, Your Honor.

11 THE COURT: Ms. Rowling, I'm not sure you've heard, I
12 know you haven't heard me say this, during the break don't
13 speak with anyone about your testimony. Do you understand
14 that?

15 THE WITNESS: Yes.

16 THE COURT: All right, we'll be in recess for about
17 five minutes.

18 (Recess from 4:57 to 5:03)

19 THE COURT: Ms. Rowling, are you ready

20 THE WITNESS: Yes.

21 THE COURT: Thank you, and --

22 THE WITNESS: I'm ready.

23 THE COURT: -- debtors' counsel, you all ready?

24 MS. PILATOWICZ: Yes, Your Honor.

25 THE COURT: All right.

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1 Mr. Thompson?

2 MR. THOMPSON: Thank you, Your Honor.

3 CONTINUED DIRECT EXAMINATION

4 BY MR. THOMPSON:

5 Q So Ms. Rowling, I'd like to circle back to a few more
6 questions about the 2019 990 and if you'd like to pull it up,
7 it's Exhibit 8.

8 So we were talking about Part 5 of Schedule L.

9 A Hold on. I don't know if I still have it up. It's
10 exhibit what?

11 Q NYAG Exhibit 8.

12 A Okay.

13 Q And let me know when you have that.

14 A I have it.

15 Q And you can go back to, this is PDF Page 49.

16 So, Ms. Rowling, with respect to the 2019 990, do you have
17 any personal knowledge as to how, other than the board member
18 line item at the end that you said you were involved with, do
19 you have any personal knowledge as to how any of the other
20 people listed in Schedule L were selected?

21 A What do you mean by selected?

22 Q Do you have any personal knowledge as to -- let me strike
23 that and see if I can step back.

24 To the best of your knowledge, did the NRA review every
25 disqualified person as that term is used by the IRS for review

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1 and potential inclusion on Schedule L of the 2019 990?

2 A Yes, I believe they did.

3 Q And what is the basis for your knowledge?

4 A Identifying a disqualified person and then doing a review
5 over expenses.

6 Q So my question, Ms. Rowling, is who identified the
7 disqualified persons for review at the NRA?

8 A With -- we utilized the help of tax experts.

9 Q When you say "we," can you tell me who you mean?

10 A Mr. Spray requested the use of a tax expert for this
11 review.

12 Q When you say "a tax expert," are you referring to Aronson?

13 A No.

14 Q Who are you referring to?

15 A Don Lan of Lan Smith -- there's a long lawyer name.

16 Q Thank you.

17 And so it was Mr. Spray who requested the use of Lan
18 Sosolik, if I have that name correctly?

19 A Yes.

20 Q Okay. And do you know when Mr. Spray made that request?

21 A I do not.

22 Q And how do you know that Mr. Spray made that request?

23 A Mr. Spray mentioned it and we started actively working
24 with them.

25 Q So I just want to, because I believe your earlier

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1 testimony -- well, let me step back.

2 So are you deeming the financial services division worked
3 actively with outside tax counsel?

4 A On the 990 as a whole, yes.

5 Q On the 990 as a whole. So with respect to the excess
6 benefits calculation in Part 5 of Schedule L of the 2019 990,
7 did you or any of your colleagues or anyone else at the NRA
8 work with outside tax counsel in the preparation of this
9 schedule?

10 A Other than what we've discussed previously.

11 Q And with respect to what we've discussed previously, that
12 was limited to the board member travel line item at the end on
13 Page 87 --

14 A And some of the Josh Powell activity.

15 Q And some of the Josh Powell activity.

16 And so other than with respect to some of the Josh Powell
17 activity and with respect to the board member travel line item,
18 you personally did not have any involvement and you are not
19 aware of anyone else at the NRA who had involvement in
20 calculating the excess benefit that is listed in this
21 Schedule L. Is that correct?

22 A That's correct.

23 Q Okay. And we were speaking previously about
24 Mr. LaPierre's expenses. I believe you said Mr. LaPierre has
25 not been reimbursed for expenses for 2018 forward. Is that

1 correct?

2 A I'm unsure of the exact dates, but it's -- yes.

3 Q Okay.

4 A Approximately.

5 Q Did the NRA, to the best of your knowledge, undertake any
6 review of the expense reimbursements paid to Mr. LaPierre for
7 2015, 2016, or 2017, for possible excess benefits to be
8 included on NRA's 2019 990?

9 A I am not privy. I don't know. I don't know those answers
10 to those questions. I'm not aware.

11 Q And you mentioned that for the preparation of the 2020 990
12 that you are personally involved in the -- I'll use the word
13 investigation and see if you agree with me -- into the
14 investigation as to whether or not there are any excess
15 benefits that need to be included on the 2020 990. Is that
16 correct?

17 A Yes.

18 Q Okay. And does that investigation include any expense
19 reimbursements that were paid to Mr. LaPierre for years 2015,
20 2016, or 2017?

21 A No, we are focusing on 2020 for the 2020 990.

22 Q Okay. So to the best of your knowledge, the NRA is not
23 conducting a look-back -- strike that and let me start again.

24 The NRA is not conducting a look-back of excess benefits
25 prior to year 2020 for inclusion in the 2020 990. Is that

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1 correct?

2 A The NRA already did that for the 2019 990. It says from
3 2015 through 2019.

4 MR. THOMPSON: Move to strike as non-responsive, Your
5 Honor.

6 THE COURT: Overruled.

7 BY MR. THOMPSON:

8 Q Ms. Rowling, you personally, other than the two items that
9 we've mentioned with respect to Mr. Powell and various board
10 members, have no personal knowledge of what the look-back for
11 determining excess benefits to disqualified persons, what that
12 investigation was in preparing the 2019 990. Is that correct?

13 A I do not know.

14 Q Okay. And so you have no personal knowledge of whether or
15 not Mr. Lapierre's expenses that were paid -- expense
16 reimbursements that were paid to him in 2015, 2016, or 2017
17 were examined as possible excess benefits. Is that correct?

18 A I am unaware.

19 Q Okay. Are you personally involved in reviewing
20 Mr. LaPierre's expenses -- let me strike that.

21 Is there currently a procedure in place for reviewing
22 Mr. LaPierre's expenses as part of the -- make that one more
23 time.

24 Are you personally involved in a review of Mr. LaPierre's
25 expenses that he has submitted for 2020?

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1 A I have looked at them with respect to the accruals we made
2 for 2020. At the time I looked at them, I was not in this
3 position, so I was not looking at them with the same eye that
4 an approver would look at them.

5 Q Right. So in your current role as acting CFO, do you have
6 any role in the review of Mr. LaPierre's expenses that have
7 been submitted for 2020?

8 A Currently, because I am only the CFO, I would -- I report
9 to him, so I would not want to be the approver of his.

10 Q Okay. And that was actually -- is it fair to say that
11 that is a policy that Mr. Spray championed, that a junior
12 personnel should not review the expenses of their seniors in
13 the organization?

14 A Again, not policy, but a procedure that he preferred.

15 Q Okay. So that is a procedure that Mr. Spray championed in
16 the NRA. Is that correct?

17 A Yes.

18 Q Okay. And you testified earlier that Mr. Spray delegated
19 the review of certain board officers to Mr. Tedrick. Is that
20 correct?

21 A That's correct.

22 Q Okay. And Mr. Tedrick is junior to those board officers.
23 Is that correct?

24 A Yes.

25 Q Okay. To the best of your knowledge, Ms. Rowling, in the

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1 past two months since Mr. Spray left the NRA, has the executive
2 committee of the NRA met to address your appointment to the
3 position of interim treasurer?

4 A I don't know.

5 Q Okay. So in your role as acting CFO, Ms. Rowling, do you
6 have charge of the books of account and financial operations of
7 the National Rifle Association?

8 A I'm currently in charge of the financial services division
9 along with the ILA division of which all of that reports, but I
10 believe the charge is directly with the treasurer according to
11 the by-laws.

12 Q So Ms. Rowling, Mr. Spray is still technically the
13 treasurer of the NRA. Is that correct?

14 A That is my understanding.

15 Q Okay. But as we discussed earlier, you have not had any
16 contact with Mr. Spray since you assumed the role of acting
17 CFO. Is that correct?

18 A That's correct.

19 Q Okay. Ms. Rowling, you can open these, but hopefully we
20 will not need to go through them unless foundation is
21 necessary.

22 MR. THOMPSON: But Your Honor and Counsel, I would
23 move to admit NRA Exhibits 38, 39, and 40.

24 BY MR. THOMPSON:

25 Q And actually, Ms. Rowling, if you could go ahead and open

1 up NRA 38.

2 A I am not seeing -- no wait. There's two, one is a PDF,
3 one is an Excel.

4 Q That's right. If you could please open up the Excel.

5 A Okay.

6 MS. PILATOWICZ: Your Honor, we have no objection to
7 the admission of these documents but there are over 7000 pages
8 in total and so to the extent that there is any confidential
9 information in there, we would reserve the right and ask
10 counsel to agree that any such identified information will be
11 redacted.

12 MR. THOMPSON: No objection, Your Honor.

13 THE COURT: And just so that I understand, it's 38,
14 39, and 40?

15 MR. THOMPSON: NRA 38, 39, and 40. That's correct,
16 Your Honor.

17 THE COURT: Okay.

18 BY MR. THOMPSON:

19 Q So Ms. Rowling, you have 38 opened. Is that correct?

20 A Yes.

21 THE COURT: Just a second, Mr. Thompson.

22 MR. THOMPSON: Oh, I'm sorry.

23 THE COURT: That's okay.

24 I need to make a note to myself.

25 NRA 38, 39, and 40 are admitted.

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1 (NRA Exhibits 38, 39, and 40 admitted to evidence)

2 MR. THOMPSON: Thank you, Your Honor.

3 BY MR. THOMPSON:

4 Q Ms. Rowling, would you please -- well, first, do you
5 recognize this document?

6 A Yes.

7 Q Okay. Is this the general ledger of the NRA?

8 A It is a download of general ledger detail of the NRA.

9 Q And so I'll represent to you, Ms. Rowling, that it's my
10 understanding that this is an extract of the general ledger for
11 2018. But if you could please just walk me through the columns
12 of this document and explain what information is provided in
13 them and we can start with if you could tell me what is in
14 Column A?

15 A Column A is the posting date of the transaction.

16 Q Okay. And so -- okay. And then, what is Column B?

17 A Column B is an asterisk of which there would be something
18 at the bottom that would explain something else.

19 Q Okay. And I'll wait to scroll to the bottom of this very,
20 very long Excel.

21 Can you tell me what is Column C?

22 A Hold on.

23 Column C indicates the ledger for which the transaction
24 came from.

25 Q And can you tell me, so looking at the -- there are some

1 acronyms in there. What does GJ stand for?

2 A General journal.

3 Q And AP?

4 A Accounts payable.

5 Q And AR is accounts receivable?

6 A Correct.

7 Q Are there -- without trying to scroll through this, are
8 there any other acronyms that would generally appear in this
9 column?

10 A CM probably, cash manager.

11 Q Any others that you can remember as you sit here?

12 A Not off the top of my head. I'd have to scroll.

13 Q And then, company. I think that is self-explanatory.

14 Will I see anything other than the NRA in this document?

15 A No.

16 Q Okay. And then, account. Can you describe what that
17 means to me, or for me?

18 A The account is your description of where the activity
19 would hit, whether it's cash, whether it's a cash account, an
20 expense account, which would entail travel or -- so it
21 describes the activity by a particular number.

22 Q Are there particular accounts that are tied to particular
23 divisions of the NRA?

24 A The accounts aren't tied to a division, the sub-account is
25 tied to a division.

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1 Q Okay. And so that is what the next column is. Am I
2 correct?

3 A That's correct.

4 Q Okay. And sitting here, off the top of your head, do you
5 know what the sub-account number for the NRA office of
6 advancement is?

7 A Office of advancement has a lot of sub-accounts depending
8 on the activity.

9 Q Do you know if they're all in the 6000 range?

10 A They're in the 60,000 range.

11 Q 60,000 range, okay.

12 But am I correct that the sub-accounts in the 60,000 range
13 refer to the office of advancement?

14 A Yes.

15 Q Okay.

16 Sorry, returning just to Column E for the account, you
17 said that -- I'm going to be paraphrasing, so I apologize. But
18 depending on the activity, the number would change. Is that
19 correct?

20 A Well, travel would go in travel, consulting would go in
21 consulting, postage, printing --

22 Q Okay.

23 A They all have separate accounts.

24 Q Where does the NRA keep, I'll say a dictionary for the
25 different account numbers that are used?

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1 A We have a chart of accounts.

2 Q Okay. Is that what the title of the document would be, a
3 chart of accounts?

4 A Yes.

5 Q Okay. Going to Column G, can you tell me what the type
6 is?

7 A That's just -- it's another -- again, it's the general
8 ledger or voucher. It's kind of a more detailed description of
9 where the transaction came from.

10 Q Okay. So for example, for this Line 2, the type in
11 Column C is general journal and then the type in Column G is
12 general ledger. Is that correct?

13 A Yes.

14 Q Can you tell what P as in Paul, A as in apple, means?

15 A It relates to the -- I'm not exactly sure what that one
16 relates to. I know this is through the AR system, so it's
17 going to be -- I think it's payment application, if I'm not
18 mistaken.

19 Q Okay. And then AP and AR, are those also accounts payable
20 and accounts receivable in this column?

21 A Yes.

22 Q What about VO, Victor, Oscar?

23 A That's a voucher.

24 Q And CK?

25 A Check.

1 Q And ZZ, Zed, Zed?

2 A I'm not 100 percent sure. It's more of a default
3 application code. I'm not -- I don't recall exactly.

4 Q Okay. And then Column H?

5 What is Column H?

6 A H is going to be an identifier relating to the
7 transaction.

8 Q Can you --

9 A It's a next level of identifier.

10 Q Can you tell me what that means?

11 A It is going to -- I believe this is the column that the
12 actual system assigns to a transaction. So the accounting
13 system assigns that.

14 Q Okay.

15 And then, Column I is the entry date of the transaction.
16 Is that correct?

17 A Yes.

18 Q And what is Column J?

19 A It is more description. It's going to have the invoice
20 number if it's coming from a voucher, a journal entry number if
21 it's a general ledger transaction, other numbers assigned by
22 either the transaction itself off of an invoice or a check
23 number if it's a check. It's entered by the accounting staff
24 for further identification.

25 Q And can you tell me what is the date in Column K?

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1 A That's the transaction date.

2 Q And then the description column?

3 A Depending on the transaction, if it's a general ledger
4 journal entry transaction, it is a description that is keyed in
5 as part of the journal entry to describe the transaction
6 further. If it's a voucher or a -- it will have the first
7 number represented in that column on a voucher would be the
8 vendor number itself and what the vendor name is.

9 Q And can you -- just to round this out, can you please
10 describe for me what the difference is in the amounts in
11 Column M and Column N, M as in Mary, N as in Nancy?

12 A The first column is a debit column and the second column
13 is a credit column.

14 Q So the debit is money coming into the NRA. Is that
15 correct?

16 A Not necessarily. It depends on the account.

17 Q Okay. Understood. Okay.

18 Aronson is the NRA's outside auditor for the 2020 990. Is
19 that correct?

20 A They don't audit the 990.

21 Q Yes, that's right. I apologize.

22 So, stepping back. Aronson is the outside auditor for the
23 2020 financial statements, the audited financial statements.
24 Is that correct?

25 A Yes, that's correct.

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1 Q Okay. Has the NRA engaged Aronson to be a prepared -- I'm
2 sorry, a professional preparer for the 2020 990?

3 A No.

4 Q Okay. Has Aronson issued a management letter yet for the
5 2020 audit?

6 A No.

7 Q Has the audit for the 2020 financials been completed as of
8 today?

9 A No.

10 Q Have you had any communications with Aronson about a
11 management letter or the 2020 audit?

12 A About a management letter, no.

13 Q Have you had any communications with Aronson about any
14 deficiencies in the NRA's internal controls?

15 A Ever? Or relating to the 2020 audit?

16 Q Let's start with the 2020 audit.

17 A Well, we are not to that step in the process. The audit
18 really kind of stopped when the bankruptcy started because of
19 them needing to be an ordinary course professional, so they
20 kind of stopped their work.

21 Q Okay. Prior to the petition date, had you or anyone else
22 at the NRA had any conversations, to the best of your
23 knowledge, with Aronson about deficiencies with the NRA's
24 internal controls?

25 A I'm sorry. Prior to -- relating to the 2020 audit? Or

1 prior audits?

2 Q Well, let's say ever.

3 A We have had -- we had a management letter relating to
4 2019. It's a standard procedure for audits.

5 Q Right. And did you have -- have you had any
6 conversations -- prior to the petition date, have you or anyone
7 else at the NRA had conversations about any deficiencies
8 related to the 2020 audit?

9 A Deficiencies. We've had discussions about some things
10 they might have seen in initial reviews, but it's not to the
11 level of what they were going -- I don't -- they haven't
12 decided what would be in a management letter. So we have
13 communications throughout the entire audit process.

14 Q Can you tell me what those communications you have had
15 about things they have seen in connection with the 2020 audit?

16 A They were -- we had a discussion regarding their testing
17 relating to source documentation on membership receivables and
18 it was -- they were listening to an audio of a phone call
19 relating to receivables, whether it should -- whether that one
20 in particular phone call they listened to should have been
21 included as a receivable or not.

22 Q Any other communications related to things they have seen
23 as part of their audit for 2020?

24 A We have communications all the time. You know, it's going
25 to be hard for me to pinpoint any communication in particular.

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1 Q Let's say with respect to the NRA's expense reimbursement
2 process in particular. Have you had any communications with
3 Aronson in connection with the 2020 audit about that subject?

4 A They are doing their testing and they are focusing on
5 those areas. They have not specifically said anything about
6 the results of their testing.

7 MR. THOMPSON: Your Honor, I move to strike the first
8 part of that answer as non-responsive.

9 THE COURT: Sustained.

10 MR. THOMPSON: Your Honor -- never mind. Thank you,
11 Your Honor.

12 BY MR. THOMPSON:

13 Q Ms. Rowling, you have never been the CFO of an
14 organization until your current position. Is that correct?

15 A That's correct.

16 Q And how -- so you were a director of the NRA since 2006,
17 but when did you first join the NRA?

18 A November of 1999.

19 Q And prior to joining the NRA, have you ever had experience
20 handling the finances of an organization that is undergoing a
21 bankruptcy?

22 A No.

23 Q And the NRA has never been in bankruptcy before. Is that
24 correct?

25 A That's correct.

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1 Q Okay. And you have never been the treasurer or CFO of an
2 organization until your current position. Is that correct?

3 A Correct.

4 Q Have you been regularly reporting to the Board since
5 becoming active CFO on January 29th?

6 A Yes.

7 Q What form have those communications been in?

8 A Monthly financial reporting to the finance committee,
9 discussions with audit committee members. I attended a board
10 meeting a couple of weeks ago, or two weeks ago, whenever that
11 one was.

12 Q Did you attend the March 28 board meeting? Is that the
13 meeting that you're referring to?

14 A Yes.

15 Q Were you present during the executive session of that
16 meeting?

17 A No.

18 Q You mentioned sending monthly reporting to financial
19 services. Is that the same reporting that Mr. Spray was
20 sending to the finance committee on a monthly basis?

21 A Yes.

22 Q You mentioned having conversations with members of the
23 audit committee. Do you recall --

24 A Correct.

25 Q -- how many conversations you've had with members of the

1 audit committee?

2 A We are discussing when to -- when we need to hold the
3 audit committee. I don't recall the number of times I've
4 talked to them.

5 Q The audit committee has not formally met this year. Is
6 that correct?

7 A That's correct.

8 Q And they have not formally met since early October of last
9 year. Is that correct?

10 A Not to my knowledge.

11 Q Have you had any conversations with the audit committee
12 about any related party transactions since becoming acting CFO?

13 A No.

14 Q Have you had any conversations with the audit committee
15 about conflicts of interest since becoming acting CFO?

16 A No.

17 Q Do you have any personal knowledge as to whether or not
18 the NRA board of directors is considering appointing you as
19 treasurer of the NRA permanently?

20 A I have not spoken with board members about that. I don't
21 know.

22 Q Okay.

23 MR. THOMPSON: Your Honor, I believe that may be the
24 end of my questioning. But may I just take two minutes to
25 briefly consult with my colleagues?

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1 THE COURT: You may, yes.

2 MR. THOMPSON: Thank you, Your Honor.

3 (Pause)

4 MR. THOMPSON: Thank you very much, Your Honor. I
5 just have about three to five minutes and then I will be
6 passing the witness.

7 THE COURT: Okay.

8 MS. PILATOWICZ: Your Honor, before we move on, in
9 further review of Exhibits 38 through 40, again they're the
10 NRA's general ledger, they include vendor names. They include
11 member information. We would ask that Exhibits 38 through 40
12 be marked confidential and not available for public
13 consumption. I assume that's -- I would hope that's not
14 objectionable given the information that's contained in those.

15 MR. THOMPSON: Your Honor, just briefly in response.
16 These were documents that were on the NRA's exhibit list, and
17 we would propose that the NRA propose redactions for the
18 documents so that they can otherwise be publicly available.

19 MS. PILATOWICZ: Your Honor, we can certainly redact,
20 but -- I'm being (indiscernible).

21 MR. CICILIANO: Your Honor, of course it's your
22 courtroom, so I'll follow your lead. But there are hundreds of
23 thousands of lines. I mean, it would be hundreds of hours to
24 go through of attorney time. I don't think it is an efficient
25 use of debtors' funds. Likewise, I mean, I don't think that

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1 there is -- you saw the questioning. I don't think that
2 there's much need for that to be public or it's necessary,
3 especially given what's at stake and the possible things that
4 could happen to the vendors and other donors and there's First
5 Amendment concerns as well.

6 THE COURT: I think the request to keep confidential
7 is a reasonable request.

8 MR. THOMPSON: Okay. Thank you, Your Honor.

9 THE COURT: 38, 39, and 40 will be kept confidential.

10 BY MR. THOMPSON:

11 Q So Ms. Rowling, returning --

12 MR. THOMPSON: I'm sorry. May I continue, Your
13 Honor.

14 THE COURT: You may.

15 BY MR. THOMPSON:

16 Q So Ms. Rowling, finishing up on the 2019 990, do you have
17 any personal knowledge of who identified the disqualified
18 persons for potential inclusion on Schedule L of the 2019 for
19 receipt of excess benefits?

20 A No.

21 Q And do you have any personal knowledge as to whether or
22 not the same analysis was applied to every person on Schedule L
23 of the 2019 990?

24 A No.

25 Q Okay.

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1 MR. THOMPSON: And if I could please turn your
2 attention to NYAG Exhibit 303, which I will move to be
3 admitted.

4 THE WITNESS: I have it up.

5 MR. THOMPSON: Just giving your counsel a moment.

6 MS. PILATOWICZ: No objection.

7 THE COURT: NYAG 303 is in.

8 (NYAG Exhibit 303 admitted to evidence)

9 MR. THOMPSON: Thank you, Your Honor.

10 BY MR. THOMPSON:

11 Q So Ms. Rowling, am I correct? This is an email chain
12 between you and two employees at the Aronson firm related to
13 the audit of the 2019 financials?

14 A That's correct.

15 Q And looking at the top-most email in this chain, if you --
16 I will just read out the entire paragraph.

17 "Attached is the contract for GS2. The company is
18 contract to coordinate travel for certain executives, whether
19 it be air or land. The contract covers their service fee for
20 such service and all expenses incurred related to the actual
21 travel, air or land, is passed through for payment by us. This
22 invoice is for such passed through services. As the details on
23 the specifics, back up to the invoice are maintained outside
24 for financial services. We have asked for it to be provided
25 and as soon as it is received, I will pass it along."

1 Did I read that correctly?

2 A Yes.

3 Q With respect to that second to last sentence, "as to the
4 details on the specifics," can you tell me what you meant in
5 this email about the backup being maintained outside of
6 financial services?

7 A The backup relates to who was specifically on a flight and
8 what the exact travel was. That was kept for outside of
9 financial services for privacy reasons.

10 Q Where outside of financial services was it kept?

11 A I believe I would have reached out to Lisa Supernaugh for
12 that information.

13 Q So we discussed earlier how Mr. Spray had implemented a
14 procedure for allowing financial services to have access to
15 documents in spite of privacy concerns in particular contracts.
16 Do you recall that conversation?

17 A Yes.

18 Q Did that not apply to invoices that came from GS2?

19 A This was one that was being continuously worked on and I
20 know it was one of Craig's discussions as far as us getting the
21 backup. And we received it in 2020, which is how we're doing
22 our analysis.

23 MR. THOMPSON: Move to strike, Your Honor.

24 MS. PILATOWICZ: Your Honor, the question was, did
25 that not apply to invoices that came from GS2. I believe

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1 Ms. Rowling's response is in fact responsive to that inquiry.

2 THE COURT: Overruled.

3 BY MR. THOMPSON:

4 Q So Ms. Rowling, you said that Mr. Spray was having
5 conversations related to these invoices. Is that correct?

6 A I said he was working on receiving the -- us getting the
7 backup on these invoices.

8 Q Okay. Did you have a conversation with Mr. Spray about
9 that personally?

10 A We did. And with respect to going out for bid on GS2's
11 type services, as well, which was also happening at that same
12 time period in 2019.

13 Q Okay. Was Mr. Spray the catalyst for the RFP process with
14 respect to travel services for Mr. LaPierre?

15 A I believe so, but I wasn't privy to those conversations.

16 Q Okay. And you said that Mr. Spray was working on getting
17 the backup for these invoices. Is that correct?

18 A Correct.

19 Q Who was he working with to get the backup from?

20 A They were discussions with, again, Lisa Supernaugh and
21 letting them know that we needed them, which is why we started
22 getting them in January of 2020.

23 Q In January of 2020?

24 A Correct.

25 Q Prior to January of 2020, financial services did not have

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1 access to the backup for invoices from GS2. Is that correct?

2 A That's correct.

3 Q Do you have an understanding, Ms. Rowling, of why it took
4 until January of 2020 for financial services to have access to
5 the backup for these invoices?

6 A No.

7 Q Okay.

8 MR. THOMPSON: No further questions, Your Honor. I
9 pass the witness --

10 THE COURT: Thank you.

11 MR. THOMPSON: -- subject to rebuttal, Your Honor.

12 THE COURT: Let me just see how long the other
13 questioners have of this witness.

14 Ackerman?

15 MR. ACOSTA: Good morning, Your Honor. I mean, good
16 afternoon, Your Honor. Joe Acosta on behalf of Ackerman
17 McQueen.

18 THE COURT: How long do you think --

19 MR. ACOSTA: I would suspect it will be about an hour
20 and a half, maybe an hour.

21 THE COURT: All right.

22 Mr. Watson or Mr. Taylor?

23 MR. TAYLOR: Yes, Your Honor. Ten minutes.

24 THE COURT: All right.

25 Get ready to take yours if you would.

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1 Drake?

2 MR. DRAKE: Your Honor, depending on what Mr. Acosta
3 covers, right now I would expect to be brief, 10 minutes, maybe
4 less.

5 THE COURT: All right.

6 Do you want to follow Acosta? We're not going to do
7 it tonight, but do you --

8 MR. DRAKE: I would prefer to.

9 THE COURT: Right. Let's let Mr. Taylor examine the
10 witness and then it will be almost 6:00 and we'll stop for the
11 night and we'll start back next time then with Mr. Acosta.

12 All right. Mr. Taylor, you're skipping over a little
13 bit out of order, but go ahead.

14 CROSS-EXAMINATION

15 BY MR. TAYLOR:

16 Q Good afternoon, Ms. Rowling. My name is Clay Taylor. I'm
17 here representing Journey and some other board members, both
18 present and former.

19 You've been 20 years at the NRA, correct?

20 A That's correct.

21 Q Are you familiar with the compliance seminar program that
22 has recently been instituted at the NRA?

23 A I am.

24 Q Did you attend one of those compliance seminars?

25 A I've attended more than one.

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1 Q Do you think it's important that the employees at the NRA
2 attend that compliance seminars?

3 A I do.

4 Q Does that hold true for executive leadership also?

5 A Yes. I believe everyone should attend.

6 Q How about members of the audit committee? Do you think
7 it's important that they attend a compliance seminar?

8 A I have not considered that, but it's definitely something
9 to consider.

10 Q Okay. Would it strike you as odd that the CEO and head of
11 an organization does not attend the compliance seminar?

12 A It would depend on his time and when it was presented.
13 It's not something -- I wasn't privy to who was determined to
14 attend those at the time, and something in my position now, it
15 would be something I would consider.

16 Q Okay. Are you aware of the fact that Mr. LaPierre has
17 never attended a compliance seminar?

18 A I was not aware.

19 Q Are you aware that last night, the NRA filed a motion for
20 approval to retain a chief restructuring officer?

21 A Yes.

22 Q Are you aware of what roles he would fill?

23 A I'm not sure I understand the question.

24 Q Okay. Are you aware of what duties he would be assigned?

25 A Yes, I'm aware that I would report to him as well as

1 general counsel. The reporting structure would change with
2 respect to them.

3 Q Have you considered whether the CRO would report directly
4 to the board of directors?

5 A I have not made any consideration regarding that.

6 Q Okay. The list of concerns that you brought to the
7 board's attention, I believe it was in New York Attorney
8 General Exhibit 72, contained a list of approximately seven
9 different areas of concern that you had about compliance
10 procedures. Is that correct?

11 A I thought there were eight, but it could be seven.

12 Q Are you of the opinion as you sit here today that each of
13 those concerns has been adequately addressed over the past two
14 years?

15 A I believe that the specific concerns there have been
16 addressed, but I also believe that compliance is an ongoing
17 process. You're never to a point where you stop and it always
18 needs to be considered and made better throughout the entire
19 life of the organization.

20 Q Are you aware if anyone has ever conducted an
21 investigation of the financial controls and the appropriateness
22 of the NRA's interactions with the Brewer law firm?

23 A I am not aware of those, if there were any.

24 Q So as you sit here today, you have no knowledge that
25 anyone has ever investigated that on behalf of the NRA?

1 A I believe those -- I had some discussions regarding a look
2 at the Brewer firm, but those were privileged discussions with
3 counsel.

4 Q Okay.

5 MR. TAYLOR: All right. Your Honor, I have no
6 further questions.

7 THE COURT: Thank you.

8 Ms. Rowling, we'll be done with you today. You're
9 going to be the first witness then on Tuesday. Between now and
10 Tuesday, don't discuss your testimony with anyone. Do you
11 understand that?

12 THE WITNESS: Yes.

13 THE COURT: All right.

14 This is the last time for this week for the trial.
15 We'll recommence the trial at nine o'clock on Tuesday. We also
16 have an omnibus hearing on Monday where we have a couple of
17 things.

18 Is there anything that we need to talk about?

19 MR. TAYLOR: Yes, Your Honor, some timing concerns.

20 Judge Journey was supposed to be called on Tuesday.
21 As this trial has played out I believe probably slower than
22 most people probably anticipated, it appears to me at least
23 that it is not likely that we're going to reach Judge Journey,
24 and I know that we have asked for this Court's indulgence to
25 make sure that he was called no matter what because of juggling

1 his docket.

2 However, it is very important to Judge Journey that
3 the evidence come into this Court in a logical coherent manner,
4 including our witnesses in our case. And as such, he has
5 graciously agreed to rearrange his schedule and be pushed back
6 if indeed we don't reach him on Tuesday. He just needs some
7 advance planning. And quite frankly, and I know we are not in
8 the driver's seat, so I'm not complaining about this at all,
9 but need to be somewhat clued in a little bit better with
10 Mr. Garman, the New York AG, and Ackerman as to when we are
11 actually going to reach that portion of the case going to be
12 called so that we can get him here. He is going to participate
13 from our offices. We just kind of need to know when because it
14 just doesn't look like it's going to happen on Tuesday.

15 THE COURT: I've asked that you lawyers talk among
16 yourselves and figure out -- I'd like to not have him change
17 his docket too many times. I know that that gets sort of
18 frustrating from my own standpoint. Do you see any problem
19 being able to talk target Mr. Garman with Mr. Pronske and when
20 we can put Judge Journey on the stand?

21 MR. GARMAN: Your Honor, from the debtors'
22 perspective, I'm generally only told one witness in advance,
23 where the New York Attorney General and Ackerman are going. So
24 I'm not sure I have much control over this.

25 MR. PRONSKE: Your Honor, we will talk amongst

1 ourselves and get back with all the counsel and let them know.

2 THE COURT: And I know that part of the ruling in the
3 Ackerman deposition issue might drive some of the way testimony
4 is handled next week, but I did like the efficiency that was
5 described by Mr. Pronske yesterday, but it seems that we're
6 going to use up both days next week and still not be finished
7 with one side of the case, which that's not what my expectation
8 was when I gave you all six trial days. So let me just leave
9 it like that.

10 So if there are ways that you all can talk about, you
11 know, streamlining more because here's the problem and you can
12 only say it so many ways. I can squeeze out those next four
13 days I just told you, but then the following week, no time is
14 available, none. And so then the next week is May, so we've
15 taken a hearing that was supposed to take six days and it's
16 taking most of a month then. So does everybody understand what
17 the problem is?

18 (No audible response)

19 THE COURT: Okay. All right.

20 If you all could visit, and it sounds like I'm overly
21 frustrated. I'm not. I just really want everybody to get
22 their case made, but we do have to figure out a way to do it
23 efficiently, I think.

24 All right. I'll see some of you on Monday and I'll
25 see the rest of you on Tuesday.

1 You all have a nice weekend.

2 * * * * *

3 C E R T I F I C A T I O N

4 We, DANA J. KELLY, TRACY GRIBBEN, and KAREN K.
5 WATSON, court approved transcribers, certify that the foregoing
6 is a correct transcript from the official electronic sound
7 recording of the proceedings in the above-entitled matter, and
8 to the best of my ability.

9
10 /s/ Dana J. Kelly

11 DANA J. KELLY

12
13 /s/ Tracy Gribben

14 TRACY GRIBBEN

15
16 /s/ Karen K. Watson

17 KAREN K. WATSON

18 J&J COURT TRANSCRIBERS, INC.

DATE: April 21, 2021

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