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Sent: Monday, March 15, 2021 11:21 AM

To: rockym@frontier-gear.com

Subject: NRA Letter to BOD

My Fellow NRA Board Members:

By way of introduction, my name is Rocky Marshall and I am honored to have an opportunity to serve with you providing oversight and guidance to an organization that we all cherish - The NRA. I was selected to replace a Board of Director (BOD) member who recently resigned. I am sending this letter to hopefully provide information that you should be aware and offer suggestions for a possible way forward as we work through a multitude of challenges. We are in a perilous position and the NRA potentially could be dissolved unless we initiate proactive actions necessary to prevent this worse case outcome.

I have attached my biographical summary to provide information regarding my professional experiences and to bring context to my analysis and recommendations. My total professional experience spans four decades which includes multiple positions as a senior executive of a large multi-national publicly traded company and for the last twenty years as CEO of a successful award winning company that I founded. The following analysis is based on reviewing historical NRA BOD meeting minutes, IRS 990 filings, conversations with BOD members, and also interviewing NRA staff and legal personnel.

Bankruptcy Update:

The NRA EVP and Officers filed Chapter 11 bankruptcy in a Dallas Court on January 15, 2021. The stated objective of this filing is: "To escape a corrupt political and regulatory environment in New York" in reference to the New York Attorney General (NYAG) filing to dissolve the NRA filed August 6, 2020. The NRA legal team recently filed answers and counter claims to the NYAG on February 23, 2021. Both of these filings are voluminous and I have included a summary of these filings attached to this letter. This summary is intended to provide an overview of the many claims, admissions, and counter claims. In addition, attached is a detailed list of NRA admissions to complaints by the NYAG related to mismanagement and/or misuse of funds.

Possible Decisions by the Bankruptcy Judge/Court:

The obvious question is "What will happen now that we (NRA) are in bankruptcy?" I have spoken to bankruptcy attorneys and compiled a list of potential outcomes which are:

1. Bankruptcy Case Dismissed – If this occurs, the NYAG complaint will move forward and litigated in New York. Currently the NY Judge has ordered this case to continue in spite of the bankruptcy.
2. Court Appointment of Trustee – If this occurs, a Trustee assumes management of the NRA and can unilaterally choose many options one of which would be to change the filing to Chapter 7 liquidation.
3. Court Approval of NRA Reorganization Plan – If this occurs, the NRA is allowed to implement a reorganization plan. As of this date, we (NRA) have not filed a reorganization plan.
4. Court Approves Independent Examiner motion – If this occurs, the Court will appoint an Independent Examiner with special authority to audit the NRA and provide detailed evaluation and assessment to the court. In addition, the examiner may provide recommendations to the court regarding future actions and changes to the NRA management, structure, and internal controls.

NRA Board Members' Potential Liability:

PX-3572

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As an individual board member of the NRA, we are all personally and individually liable for failure to perform our fiduciary duty. This inherent liability is not unique to the NRA, but is common with most boards of directors. In other words, each of us individually could be subject to law suits in an attempt to recover monies for creditors or other claimants. I have listened to the recent bankruptcy court hearings and creditor meetings and it is obvious that the Department of Justice Trustee, the NYAG, and the lawyers for Ackerman are focused on the lack of NRA BOD oversight.

An Example of potential BOD negligence as cited by the NYAG on page 4 of the complaint:

11. As a result of these failures, the NRA, at the direction of the Individual Defendants and with a series of failures of required oversight by its Board, has persistently engaged in illegal and unauthorized activities in the conduct and transaction of its business. Individual Defendants in their roles as officers and directors-routinely circumvented internal controls; condoned or partook in expenditures that were an inappropriate and wasteful use of charitable assets; and concealed or misrepresented relevant information, rendering the NRA's annual reports filed with the Attorney General materially false and misleading. Defendants abdicated all responsibility for ensuring that the NRA's assets were managed prudently and in good faith.

There are several instances in the NYAG complaint that lists the NRA Board of Directors as potentially negligent. I have compiled a listing of complaints directed to the NRA BOD and attached to this letter.

Failure of Internal Controls:

The root cause of the attacks through litigation and loss of support from our members is mismanagement of the NRA. We chastise the groups that are attacking the NRA; however, through our mismanagement of the organization and our finances we have created a scenario that allows scrutiny and litigation. We created the initial problem(s) and our internal controls and oversight duties failed to identify and correct these problems. There is enough blame to go around for everyone including senior management, officers, oversight committees, and the BOD. In discussions with NRA staff, my understanding is that prior to fiscal year 2018, we experienced occurrences of mismanagement and malfeasance. I have been informed that we have identified, corrected, terminated at least two senior executives, and installed robust internal controls. This sounds reasonable, but unfortunately I cannot find supporting documentation in the BOD meeting minutes that would demonstrate to outsiders or BOD members that we have drastically improved internal controls. Based on my four decades of experience with a variety of multi-national business interests, I believe we have not met the minimum threshold to satisfy a court review of "self correction" that should have been approved by the BOD. As a minimum we should have completed the following:

1. Management Performance Review - Document the failures of management and identify corrections to mismanagement of the operations and finances. Also, a complete management evaluation of senior executives is warranted and required.
2. External Review of Internal Controls, Systems, Processes – Have an external review by an audit firm regarding internal controls and present new systems, policies and guidelines to correct the internal failures. We need much more than minor policy enhancements.
3. Change the structure of Oversight Committees- The oversight committees failed to identify mismanagement and in several instances ratified delinquent transactions after the fact. Key members of the oversight committees were members during the years in question and remain members and chairs of these committees. This does not provide confidence that oversight has been corrected.
4. BOD Officer Evaluation – Some BOD officers held key management roles during the years of mismanagement. These individuals should have been replaced in order to provide better oversight of management activities and to demonstrate self correction.
5. BOD Oversight – The BOD should have developed new board procedures and approvals to ensure that mismanagement or misuse of funds does not reoccur in the future. Several of the

mismangement activities were completely ignored by the oversight committees and not presented to the BOD.

I have reviewed all of the BOD minutes from the years in question and cannot find adequate explanations that would satisfy a minimum standard of self correction. I have requested supporting documents from NRA staff, but have not received confirmation or evidence of improvements to internal controls.

BOD Actions-What we can do now!:

Based on my experiences as a business executive and also as a former chairman of a non-profit board, I recommend the following:

1. BOD should provide input, review and approve all changes to internal controls.
2. BOD should call a special BOD meeting with agenda items defined by the BOD.
3. BOD should consider supporting and joining the examiner motion so that an independent review of internal activities can be objectively reported.

In summary, I hope to encourage each of you to be fully engaged. As I mentioned previously there is plenty of blame to share with everyone; however, we can change course and help shape the future success of the NRA. The other option is "Do Nothing". Failing to act will guarantee our demise and is not an option for me. Also hoping that lawyers can solve all of our challenges is completely misguided and I believe is leading the NRA to financial ruin. The NRA has lost its voice and message that we have proudly carried since 1871. We must find our voice again and reestablish our credibility with all NRA members! We are at a critical point in history for the NRA and our support of the second amendment! Our actions now can save the NRA for future generations and for those that come after us.

I look forward to meeting each of you. I welcome any and all questions, suggestions, or input.

Sincerely,

R.B. (Rocky) Marshall, Jr.

[REDACTED]

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Attachments:

- R.B. Rocky Marshall Biographical Summary
- NYAG Complaint Excerpt Summary related to BOD
- NYAG Complaint NRA Defense Counter Claim Summary
- Excerpts of NRA Admissions and Counter Claims filed 02.23.2021