

**Appendix A to the NRA's opposition dated June 13, 2022,**  
**to the NYAG's motion for a protective order dated June 3, 2022**

| Verified Second Amended Complaint Paragraph(s) | Allegations: General/conclusory assertions in gray/Language making clear that these are merely examples in yellow  |
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| Paragraph 9                                    | <p>With the assistance of Phillips, Powell and Frazer, LaPierre abused his position as a fiduciary to the NRA to obtain millions of dollars in personal benefits in the form of undisclosed, excessive compensation, which includes in-kind benefits and reimbursements from the NRA and its vendors. For example,</p> <ul style="list-style-type: none"><li>i. LaPierre has spent millions of dollars of the NRA’s charitable assets for private plane trips for himself and his family, including trips for his family when he was not present.</li><li>ii. In the last five years, LaPierre and his family have visited the Bahamas by private air charter on at least eight occasions, at a cost of more than \$500,000 to the NRA. On many of those trips, LaPierre and his family were gifted the use of a 107-foot yacht owned by an NRA vendor.</li><li>iii. LaPierre received hundreds of thousands of dollars in gifts from another NRA vendor in the form of complimentary safaris in Africa and other world-wide locations for himself and his spouse.</li></ul> |
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| Paragraph 10                                   | <p>LaPierre, with the aid of Phillips, Powell and Frazer, procured personal financial benefits for board members, vendors and even former employees. In doing so, they violated NRA policy on contracting and business ethics, as well as legal mandates on conflicts of interest, related party transactions, and prohibitions on ex gratia payments. For instance, LaPierre and Phillips entered into post-employment agreements with departing officers and employees that provided excessive payments in exchange for little, if any, services and non-disclosure/non-disparagement agreements. Powell secured contracts that benefited his family members without disclosure of his familial relationship. And Frazer permitted the NRA to secretly pay millions of dollars to several board members through consulting arrangements that were neither disclosed to, nor approved by, the NRA Board.</p>  |
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| Paragraph 11                                   | Efforts to question or challenge LaPierre’s leadership are quashed or ignored. For example, LaPierre retaliated against the NRA President after personally lobbying him to take on the position. LaPierre withdrew his critical support after the President began to independently assess the governance of the NRA upon learning of complaints by whistleblowers, senior staff and donors. Senior members of the NRA’s financial staff jointly made a formal whistleblower complaint to the Audit Committee of the NRA Board in 2018 itemizing numerous practices that abused NRA assets. Employees also complained about Powell’s practices and behavior, which LaPierre, himself, described as “abusive.” But these complaints were never properly investigated or meaningfully addressed. Defendants failed to comply with, maintain, and ensure compliance with whistleblower policies consistent with New York law and permitted or personally retaliated against those who questioned their wrongdoing. |
| Paragraph 122                                  | <p>The policy is missing provisions required by N-PCL § 715-a regarding conflict of interest policies, such as:</p> <p>i. The policy does not require that the person with a conflict of interest not be present at or participate in Board or committee deliberations or vote on the matter giving rise to the conflict of interest;</p> <p>ii. The policy does not contain a prohibition against any attempt by the person with the conflict of interest from improperly influencing the deliberation or voting on the matter giving rise to the conflict of interest.</p>   |
| Paragraph 155                                  | LaPierre has also repeatedly directed private aircraft to make additional stops in Nebraska to pick up or drop off family members. Upon information and belief, additional stops and additional passengers on a private flight usually increase the cost of the flight. For example, in November 2018, LaPierre and his wife took a private roundtrip flight from Washington D.C. to Dallas, TX, and stopped in North Platte, NE, on each leg of the trip to pick up and drop off LaPierre’s niece and grandniece. These flights cost \$59,790.  |
| Paragraph 156                                  | In March 2019, LaPierre and his wife took a private flight from Washington D.C. to Orlando, FL, and stopped in North Platte, NE, on the way back to drop off his niece and grandniece. These flights cost \$78,900. In April 2019, LaPierre and his wife took a private flight from Washington D.C. to Tulsa, OK, making additional stops in Omaha and North Platte, NE. These flights cost \$49,535.  |
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| Paragraph 158                                  | LaPierre has also authorized private flights for NRA employees when he was not a passenger. For example, in February 2018, LaPierre authorized a private flight for an NRA spokesperson, her husband, and an employee of a vendor from Dallas, TX to Fort Lauderdale, FL and Washington D.C. These flights cost \$107,775.  |
| Paragraph 159                                  | From May 2015 to April 2019, the NRA incurred over one million dollars in expenses for private flights when LaPierre was not a passenger. Upon information and belief, these expenditures were neither authorized by nor consented to by the NRA Board.   |
| Paragraph 200                                  | From 2013 to 2017, LaPierre was reimbursed over \$65,000 for Christmas gifts for his staff, various donors, and friends. Most of his direct reports and executive staff would receive an ice cream gift basket each year from a retailer called Graeters. But those in his inner circle received gifts from retailers like Neiman Marcus and Bergdorf Goodman. For example, at the NRA’s expense, in December 2015, LaPierre sent gifts from Neiman Marcus to his travel consultant (\$648.55), his senior assistant (\$349.80), and his prior Chief of Staff (\$413.40). In December 2016, LaPierre sent Christmas gifts to the co-founder of Ackerman (\$1,590), his travel consultant (\$350), his senior assistant (\$350), and Phillips (\$377.79). In November 2017, LaPierre expensed gifts to his travel consultant (\$443.48), his prior Chief of Staff (\$310.65), Phillips (\$282.53), and his senior assistant (\$238.50), among others. Each of these gifts was substantially in excess of the \$25 limit permitted by the IRS for business gifts, and reimbursement for such gifts should have been reported as W-2 income to LaPierre. |
| Paragraph 201                                  | Gifts were especially common for those affiliated with the Women’s Leadership Forum. In December 2014, for example, the executive assistant to LaPierre’s spouse received a \$381 birthday gift expensed to the NRA. In September 2016, LaPierre expensed \$1,500 in birthday, wedding anniversary, and baby shower gifts for five Women’s Leadership Forum volunteers. In May 2017, LaPierre expensed a \$418.70 gift for the wife of the MMP Principal for her support of the Women’s Leadership Forum.   |
| Paragraph 203                                  | LaPierre has routinely submitted expense reports seeking reimbursements for his niece’s lodging and airfare for events that are allegedly related to NRA business. As an NRA employee, LaPierre’s niece was required to follow NRA policies and procedures for seeking approval and reimbursement for her work-related expenses. Instead, LaPierre submitted reimbursement requests for his niece’s travel expenses on numerous occasions. For example, in early 2017, LaPierre expensed \$12,332.75 for his niece’s 8-night stay at the Four Seasons Hotel in Dallas, TX. The nightly rate for the room was \$1,350. In 2016 and 2017, LaPierre was reimbursed over \$38,000 in expenses for his niece’s airfare and lodging. These reimbursements violated NRA’s Travel Expense Reimbursement policy, which requires that all NRA employees and volunteers “incur the lowest practical and reasonable expense” when travelling on NRA- related business.  |
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| Paragraph 204                                  | LaPierre has also been reimbursed for expenses incurred travelling to and from film shoots for Under Wild Skies—a television program discussed in detail in Part V, Section II(A) below—in Europe and Africa. LaPierre had a decades-long friendship with the principal of Under Wild Skies, Inc. (“UWS”), the corporate entity that produces the program. For example, in 2013, LaPierre was reimbursed by the NRA \$37,084.66 for airfare, lodging, and related expenses that he and his wife incurred travelling to Botswana and Mozambique for an Under Wild Skies film shoot on safari.  |
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| Paragraph 213                                  | Upon information in belief, the invoices for several consultants included in the EVP Consulting Budget were processed and paid for several years without written contracts in place or access to contracts if they existed. EVP Office consultants who were regularly paid without written contracts included the consulting firm, McKenna & Associates, Inc. (“McKenna”), several board members, consultants who worked with LaPierre’s wife on Women’s Leadership Forum-related events, and LaPierre’s Travel Consultant. LaPierre disclaimed knowledge of several of the consulting arrangements in the EVP Consulting Budget during his examination by the Attorney General, testifying that the budget and negotiations for those agreements were handled by Phillips. |
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| Paragraph 214                                  | The EVP Consulting Budget includes several Women’s Leadership Forum staff members who worked closely with LaPierre’s wife. For example, from 2014 to 2018, a Women’s Leadership Forum staff member serving as the executive assistant to LaPierre’s wife was paid \$594,711.53 for consulting services. From 2016 to 2018, a Women’s Leadership Forum staff member with the title of “Communications Consultant/NRA Special Projects” was paid approximately \$250,000 for consulting work.   |
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| Paragraph 215                                  | The EVP Consulting Budget also includes consulting arrangements with several former NRA presidents and board members, which are discussed in detail in Part Five, Section II(C) below. In several instances, the board members were paid for consulting services without a written contract in place. These arrangements were not reviewed and approved by the Audit Committee in advance of their execution, as required by New York law governing related party transactions and NRA policy.  |
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| Paragraph 271                                  | Upon information and belief, most of the services that McKenna performed for the NRA (and the fees that it charged) were based on oral agreements entered into by LaPierre, Phillips, and Powell. For example, no written contract regarding Project Ben-Hur was ever executed—instead, Powell and Phillips entered into an oral contract to pay McKenna between \$160,000 and \$250,000 per month in 2018, in violation of the NRA’s contract approval and conflict of interest policies. This monthly fee did not include an additional, approximately \$375,000 in legal fees and \$200,000 in food, travel, and other out of pocket expenses that McKenna requested reimbursement for from the NRA in 2018.   |
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| Paragraph 302                                  | LaPierre’s Senior Assistant abused this privilege and violated the NRA’s travel policy. She routinely hired black cars to ferry her to and from airports and NRA events at substantial expense, and often extended this courtesy to her family as well.  |
| Paragraph 303                                  | As one example, on a single day, LaPierre’s Senior Assistant incurred over \$1,100 in black car bills for her husband’s trips to and from airports.  |
| Paragraph 304                                  | On another occasion, the employee incurred almost \$1,300 in black car bills on a single day for her son, to transport him from New York to Washington D.C.  |
| Paragraph 305                                  | In August 2018, over the course of a two-week fundraising excursion in France, LaPierre’s Senior Assistant authorized approximately \$100,000 in black car expenses for two chauffeured vehicles.  |
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| Paragraph 311                                  | Upon information and belief, after several board members questioned his conduct in the late 1990s, LaPierre took steps to promote his favored candidates in future board elections. For example, upon information and belief, at LaPierre’s direction, the NRA hired employees to organize and oversee a grassroots network of volunteers to promote LaPierre’s favored candidates. Upon information and belief, the NRA paid the travel expenses of these volunteers to, among other things, hand out promotional materials for LaPierre’s favored candidates at NRA annual meetings. Upon information and belief, at LaPierre’s direction, the NRA also indirectly paid for the creation and placement of advertisements promoting his favored candidates in various publications. |
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| Paragraph 315                                  | In addition, the NRA paid Ackerman \$11,739,668 in 2017, and \$6,337,508 in 2018 for “out of pocket expenditures” on behalf of the NRA for “media, outside vendor costs, and reimbursement of travel and business expenses.” These expenses were incurred in violation of NRA policy, without proper oversight, and in many instances for the personal benefit of NRA insiders.  |
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| Paragraph 335                                  | In relation to the NRA annual meetings, LaPierre asked the president of Mercury Group to pay for LaPierre and others—including LaPierre’s family—to stay at a luxury private hotel, apart from the host hotel at which NRA employees and board members were staying. These costs were paid for by Ackerman and billed to the NRA as pass-through expenses. For example, in 2016, the president of Mercury Group—at LaPierre’s direction—paid \$37,337 for “Guest Lodging confidential per WLP” at a boutique hotel in Louisville, KY for LaPierre’s family, guests, and his security guards.   |

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| Paragraph 336                                  | LaPierre also used the pass-through arrangement to conceal private travel and trips that were primarily personal in nature. Upon information and belief, LaPierre directed Ackerman to pay for expenses related to NASCAR events, country music events, and even medical visits, and bill those through to the NRA. <b>For example</b> , in 2018, LaPierre asked the president of Mercury Group to accompany him on a visit to a medical clinic. In connection with this visit, the president of Mercury Group and LaPierre flew on a private charter and stayed at the Four Seasons for several days. The cost of this hotel for both the president of Mercury Group and LaPierre was paid for by Ackerman, but ultimately borne by the NRA. The lodging alone cost the NRA \$9,550. The NRA also directly paid for the private travel associated with this visit to the medical clinic. |
| Paragraph 338                                  | Among other charges, the credit-card statements for the Executive Director of Advancement frequently included stays at luxury hotels <b>like the Four Seasons, the St. Regis, the Ritz Carlton, and the Beverly Hills Hotel</b> . He routinely stayed in suites costing over \$1,500 a night. Upon information and belief, LaPierre was aware of and endorsed these expenses being billed through Ackerman.   |
| Paragraph 339                                  | In connection with NRA annual meetings and Women’s Leadership Forum meetings, LaPierre’s wife would incur thousands of dollars of expenses per event for hair and makeup services, which were billed through Ackerman as out of pocket expenses. <b>For example</b> , between May 2016 and May 2017, the NRA paid one artist \$16,359 for three events for LaPierre’s wife. Upon information and belief, both LaPierre and his wife were aware of the cost of these makeup services.  |
| Paragraph 354                                  | In the last 15 years, LaPierre has directed the NRA to pay officers, directors, and former employees millions of dollars in “consulting” agreements without Board approval and in violation of the bylaw prohibition on salary or other private benefits to directors without Board authorization. In some instances, officers executed such agreements without Board authorization. Such agreements were frequently entered into in violation of NRA policy concerning contract approvals, independent contractors, and procurement and without proper documentation and sign-off. In some cases, former employees were paid far in excess of reasonable compensation and did not actually provide the NRA with corresponding consulting services. In other cases, the NRA failed to properly disclose the compensation in its regulatory filings.                                       |
| Paragraph 370                                  | Under the consulting agreement, “actual reasonable and necessary expenditures, which are directly related to the consulting services” were to be reimbursed. <b>As an example</b> , in 2016, according to H.W.S.’s records, \$148,314 worth of expenses were submitted and reimbursed by the NRA. The NRA reimbursed H.W.S for expenses including monthly truck leases, internet service at the Foundation Executive’s home, the costs of membership in fraternal organizations including the International Order of St. Hubertus and the Camp Fire Club, and the costs and expenses of attending various hunting trips both domestically and internationally.  |



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| Paragraph 381                                  | The NRA routinely entered into agreements with board members without adhering to applicable requirements under NRA policy and New York law requiring a Board determination in advance that the transaction was fair, reasonable and in the NRA’s best interest. Some examples of the many related party transactions that the NRA executed with board members are discussed below. Additional transactions with board members are discussed in Part Five, Section V below, addressing the Audit Committee’s failures to comply with required procedures.  |
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| Paragraph 416                                  | In its official filings, the NRA made misleading representations regarding its practices for setting executive compensation. For example, in its IRS Form 990 for each year from 2015 to 2019, the NRA represented that “compensation of the NRA’s top management officials is established by methods including independent compensation consultants, compensation surveys and studies, and comparability data.” The NRA further represented in its filings that compensation of its top management officials “must be approved by the Board of Directors, based on recommendations by the compensation committee. All decisions are properly documented.”  |
| Paragraph 417                                  | Upon information and belief, contrary to the NRA’s representations, the NRA Board set the compensation for LaPierre and Frazer during the period 2015 to 2019, and for Phillips during the period 2015 to 2018, without relying upon or properly consulting a compensation consultant, considering reliable compensation surveys or obtaining appropriate comparability data. The Board also did not maintain adequate documentation of the process of determining officer compensation. For example, in or about late August 2017, the OCC hired an executive compensation consultant to prepare a report which would, among other things, compile competitive market compensation levels for NRA executives based on comparable positions in comparable organizations. The report was to be completed for consideration by the OCC at its September 7, 2017 meeting in preparation for making 2018 officer compensation recommendations to the Board as provided in the NRA bylaws. The OCC, however, made a recommendation on salary and bonus awards for LaPierre, Phillips and Frazer without awaiting a report or even comparability data from the consultant prior to making a recommendation. |
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| Paragraph 432                                  | The NRA also failed to enforce a reasonable time period for LaPierre to submit other expense reimbursement requests. LaPierre was permitted to submit his expense reimbursement requests months or years after the fact. For example, in June 2019, the employee responsible for handling LaPierre’s expenses was still waiting to receive receipts from April of 2018. These late reimbursements failed to meet the requirements of an Accountable Plan, and should have been considered taxable income to LaPierre.   |
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| Paragraph 457                                  | <p>The NRA’s filings included false or misleading statements relating to compensation and benefits conveyed to top employees and officers. For example, the IRS requires that certain employment benefits provided to persons listed on the IRS Form 990 Part VI as officers or highly compensated employees be reported on Schedule J. The benefits include “first class or charter travel”, “travel for companions,” and health or social club dues. On Schedule J to the 2018 IRS Form 990, the NRA represented that it provided “first class travel,” “travel for companions,” and “health or social club dues.” For each such benefit the NRA represented that the “organization follow(ed) a written policy regarding payment or reimbursement or provision of all the expenses” listed. This representation, certified by defendant Frazer, was false.</p>  |
| Paragraph 458                                  | <p>In another example of a false or misleading representation in the NRA’s employee benefit disclosures, in the NRA 2017 IRS Form 990, the NRA acknowledged providing “first class or charter travel” and “health or social club dues.”“Travel for companions” was not acknowledged as an employee benefit even though the NRA provided “travel for companions” during 2017. For each such benefit, the NRA represented on the 2017 IRS Form 990 that the “organization 112 follow(ed) a written policy regarding payment or reimbursement or provision of all the expenses” listed. This representation, certified by defendant Frazer, was false.</p> <p>The IRS requires that any “diversion of assets” in excess of \$250,000 be reported on IRS Form 990, Section VI. A “diversion of assets” under IRS rules includes “any unauthorized conversion or use of the organization’s assets other than for the organization’s authorized purposes.” The IRS further notes that “[a] diversion of assets can in some cases be inurement of the organization’s net earnings. ... [I]t can also be an excess benefit transaction under section 4958 and reportable on Schedule L” of the IRS Form 990. During the period 2015 to 2018, the NRA has not reported on its IRS Form 990 a diversion of assets in the form of an excess benefit transactions despite having paid unreasonable compensation to some or all of the Individual Defendants, as alleged in Part Five, Section I above.</p> |
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| Paragraph 494                                  | The culture of noncompliance and disregard for the internal controls was evident within the NRA Audit Committee, which similarly failed to fulfill its obligation to oversee internal controls. This lack of oversight resulted in waste and loss of the NRA’s charitable assets and contributed to the NRA reaching its currently deteriorated financial state.   |
| Paragraph 522                                  | For years, the Audit Committee failed to adequately address related party transactions or conflicts of interest, in violation of both the N-PCL and the NRA’s internal policy governing conflicts of interest. Upon information and belief, the Audit Committee also failed to put in place procedures to ensure that the NRA would comply with New York Law governing related party transactions in the future. N-PCL § 715(j).   |
| Paragraph 523                                  | <p>In 2016, for example, according to records of the Audit Committee and the Secretary of the Board, the Audit Committee apparently had notice of at least eight related party transactions amounting to approximately \$668,000 to be paid to NRA board members. Among the transactions the Audit Committee had notice of were:</p> <ul style="list-style-type: none"><li>i. Payments totaling \$150,000 to Board Member No. 1;</li><li>ii. Payments totaling \$45,180 to Board Member No. 4’s law firm; and</li><li>iii. Payments totaling \$256,000 to Board Member No. 5.</li></ul>  |
| Paragraph 524                                  | Upon information and belief, the Audit Committee maintained no records in 2016 establishing whether the Committee considered market value information, alternative transactions or other information in its deliberations concerning the conflicts of interest and related party transactions. There is no resolution by the Audit Committee approving the transactions on a finding that the transactions were fair, reasonable and in the best interests of the NRA.   |
| Paragraph 525                                  | <p>According to the NRA’s internal documents, in 2017, the Audit Committee had notice of multiple substantive related party transactions amounting to at least \$730,000 to be paid to NRA board members and employees in 2017. Among the transactions the Audit Committee had notice of were:</p> <ul style="list-style-type: none"><li>i. Payments totaling \$150,000 to Board Member No. 1;</li><li>ii. Payments totaling \$123,248.43 to RCR Enterprises, which is owned by a former NRA Vice President;</li><li>iii. Payments totaling \$40,000 to Board Member No. 3;</li><li>iv. Payments totaling \$45,180 to Board Member No. 4’s law firm; and</li><li>v. Payments totaling \$134,000 to Board Member No. 5.</li></ul> |

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| Paragraph 539                                  | While, pursuant to its Charter, the Audit Committee is supposed to “provide open means of communication between the Directors, the independent auditors, and the financial and senior management of the Association,” the Audit Committee itself failed to communicate essential information to RSM that may have materially impacted the quality of the audit.  |
| Paragraph 540                                  | For example, as detailed above, the Audit Committee never informed RSM about the existence of whistleblower allegations in July 2018.RSM was not invited to participate in the July 30, 2018 emergency Audit Committee meeting. Following the meeting, the Audit Committee failed to inform RSM of the concerns raised by the NRA Whistleblowers and failed to provide RSM with a copy of the Top Concerns Memo. The only information that the Committee conveyed to RSM about the meeting was the fact that various related party transactions had been raised and would be addressed further at the September 2018 meeting. The Audit Committee failed to provide information to RSM relevant to its audit. As the RSM audit partner who was in charge of the 133 engagement acknowledged, had his team been aware of the Top Concerns Memo while the 2018 Audit was ongoing, it likely would have performed additional audit testing around certain transactions. |
| Paragraph 541                                  | 3. Additionally, upon information and belief, the Audit Committee never communicated to RSM anything about the NRA’s practice of passing expenses incurred by NRA executives through Ackerman. RSM was not aware that Ackerman was covering substantial expenses for NRA executives, including travel-related costs incurred by NRA executives and charges on credit cards billed to Ackerman, which the NRA was then reimbursing Ackerman for as “out of pocket expenses.”  |
| Paragraph 542                                  | 4. Both the Chair and the Vice Chair of the Audit Committee testified that they were not aware—even as of the dates of their testimony before the Attorney General in June 2020—that RSM never interviewed LaPierre during the course of their external audits. Both expected that a standard audit would include an interview of the CEO. The Audit Committee Chair testified that, as a former auditor, he “[couldn’t] imagine that [RSM] would not interview the CEO.” The Vice Chair testified that, as a CPA who has conducted audits, he “can’t see ... not meeting with the chief executive officer. To me, that would not be appropriate.”   |
| Paragraph 543                                  | 5. Similarly, both the Chair and the Vice Chair claimed to be unfamiliar with the NRA’s practice of not having its CEO sign the management representation letter. They also were unaware that the basis for RSM not insisting that LaPierre sign the letter was because of a standing memo in RSM’s work papers, which stated that LaPierre functions only as the NRA’s “leading lobbyist”, and “is not involved in the daily operations or finances” of the NRA.  |
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| Paragraph 544 | The Audit Committee further failed to ensure that RSM was undertaking appropriate audit testing, particularly with respect to oversight of senior management, related party transactions, employee expenses and reimbursements, and major vendors.   |
| Paragraph 545 | <b>For example</b> , the Vice Chair of the Audit Committee testified that he did not feel the need to ask RSM for external oversight of LaPierre’s expenses because he “personally [had] a great deal of trust in Wayne LaPierre” and he didn’t believe that LaPierre “expends money unnecessarily.” The Chair of the Audit Committee claimed to have no knowledge of whether RSM ever tested LaPierre’s expenses, although he also insisted that he “couldn’t imagine” that RSM would not have selected LaPierre’s expenses for testing. He also had no recollection of whether the Audit Committee ever asked the external auditors to test LaPierre’s expenses, nor did he have a recollection of whether the external auditors ever reported to the Audit Committee on LaPierre’s expenses. In fact, RSM failed to conduct any comprehensive expense testing related to LaPierre.  |
| Paragraph 546 | The Chair of the Audit Committee did not know whether the NRA’s external auditors ever tested Ackerman invoices, even though he testified that he would have expected them to be tested in the ordinary course of an audit. He also did not recall ever telling the external auditors to conduct testing on Ackerman.  |
| Paragraph 547 | RSM’s annual audit planning presentations informed the Audit Committee that “[a]n audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of NRA’s internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.”  |
| Paragraph 548 | Despite the fact that RSM affirmatively did not test the effectiveness of the NRA’s internal controls as part of its annual audits, the Audit Committee Chair and Vice Chair relied on them to do so; the Audit Committee itself did little or nothing else to oversee internal controls themselves. In the testimony that he provided in connection with the Attorney General’s investigation, the Vice Chair of the Committee testified, “It is the role of the audit committee to insist that proper controls be followed over any expenditure.” When asked what the Committee did to fulfill that role, he explained, “We have an external audit that verifies based on their study and analysis of internal controls that procedures are, in fact, followed.” When pressed as to whether the Audit Committee did anything to verify whether policy is followed, he reiterated, “Engage external auditors to do the testing of our transactions.” He testified that the Committee did not do anything other than engage the external auditors because it “did not feel the need.” As a result, the Audit Committee failed to take adequate action. |
| Paragraph 549 | The Audit Committee failed to perform its statutory, bylaw, and charter responsibilities as set forth in the preceding paragraphs. As a result, the Board was unable to exercise its responsibilities to maintain a system that was reasonably effective in identifying violations of law. In turn, the Board displayed a sustained and systematic failure to exercise their oversight function and stood by as various laws were violated by the NRA, including violations of the NRA’s tax exempt status, false reporting on annual filings  |

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| Paragraph 557 | <p>with the IRS and the Attorney General’s Charities Bureau, improper expense documentation, improper wage reporting, improper income tax withholding, failure to make required excise tax reporting and payment, payments in excess of reasonable compensation to disqualified persons, and waste of NRA assets.</p> <p>In fact, as detailed in Part V, Section V(B), the NRA Audit Committee failed in its basic duty to put in place policies and procedures to ensure (1) that conflicts of interest and related party transactions would be reported to the Audit Committee in the first instance before transactions occurred, and (2) that failures to report any such conflicts of interest or related party transactions to the Audit Committee would not be repeated in the future.</p>   |
| Paragraph 558 | <p>For example, for years, Defendant Frazer failed to comply with his obligation under the NRA bylaws and internal policy to collect and submit to the NRA Audit Committee the annual Financial Disclosure Questionnaires that NRA board members and officers are required to fill out. As the Audit Committee Chair testified, “there were some [related party transactions] that should have been given to us, should have been captured into the [disclosure of financial interest] forms, should have been presented to us by Frazer and they weren’t. That’s the reason we [had] to [ratify] them after the fact.”</p>   |
| Paragraph 559 | <p>Relatedly, as detailed in Part Five, Sections I and II, Defendant LaPierre failed in his obligation to “independently report to the Audit Committee any financial interest of an officer or director (or immediate family member) that comes to his knowledge or the knowledge of his office as well as any financial transactions between the NRA ... and other individuals and/or organizations that present or might present the possibility of a conflict of interest.”</p>  |
| Paragraph 560 | <p>As detailed in Part Four, Section II(C), until 2020, the NRA did not have a whistleblower policy that complied with New York law. For example, the Audit Committee was designated to address whistleblower complaints, but the Chair of the Committee testified that he did not know whether there was a procedure through which whistleblowers could submit their complaints anonymously to the Audit Committee.</p>  |
| Paragraph 561 | <p>And even with respect to the deficient whistleblower policy that was not modified until the NRA was under investigation by the Attorney General, as detailed in Part Four, Section II(C), the NRA Audit Committee failed to adequately supervise the implementation of that policy. For example, two of the five Audit Committee members—the Chair and the interim President of the NRA—left the July 30, 2018 Audit Committee meeting before the whistleblowers gave their presentation. Also, the minutes for that meeting fail to record the fact and substance of the complaints from whistleblowers. The Committee Chair was not even provided a copy of the Top Concerns Memo by the Vice Chair after the meeting. The Audit Committee has not maintained any record of steps taken to investigate and address the whistleblower complaints, other than to state that the Brewer firm was conducting an investigation.</p> |

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| Paragraph 562                                  | As a New York not-for-profit corporation holding charitable assets and operating in New York, the NRA must register and file accurate and complete annual reports with the Charities Bureau. In addition to these registration requirements, charitable organizations soliciting 139 contributions in New York must also register and file accurate and complete annual reports under Article 7-A of the Executive Law.   |
| Paragraph 566                                  | Defendant NRA made materially false and misleading statements and omissions in its 2015, 2016, 2017, 2018, and 2019 CHAR500 filings with the Attorney General. These statements included, but were not limited to, false statements about compensation and benefits for officers and directors, false statements about diversion of corporate assets, false statements about enforcement of its conflict of interest policy, false statements about its processes for determining compensation of officers, false statements about compensation and benefits to directors, false 140 statements about compensation policies and reviews, and false statements about transactions with interested persons.   |
| Paragraph 567                                  | <p>The false and misleading statements or omissions included, without limitation:</p> <p>The false and misleading statements or omissions included, without limitation:</p> <p>a. False statements and omissions about transactions with interested persons. For example:</p> <ul style="list-style-type: none"> <li>i. Defendant NRA never disclosed any of the numerous payments to officers and directors in the “Related Party Transactions” note to its audited financial statements.</li> <li>ii. In its Forms 990 for 2015, 2016, 2017, and 2018, the NRA falsely reported that it was not a party to business transactions with current or former officers, directors, relatives thereof or entities affiliated therewith and failed to disclose those transactions on Schedules L and/or R of its IRS Forms 990. As set forth above, the NRA has been a party to multiple business transactions with current or former officers, directors, relatives thereof or entities affiliated therewith that the NRA failed to report.</li> <li>iii. In its Forms 990 before 2017, the NRA overstated the number of independent board members because it did not properly omit all board members engaged in a business transaction with the organization for which payments of over \$100,000 were received, or board members who were paid more than \$10,000 as independent contractors, or board members engaged in a single transaction with the organization over \$10,000.</li> </ul> |

| Verified Second Amended Complaint Paragraph(s) | Allegations: General/conclusory assertions in gray/Language making clear that these are merely examples in yellow   |
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|  | <p>b. False statements and omissions regarding compensation and to Officers and Directors. For example:</p> <p>i. In its Forms 990 for the relevant time period, Defendant NRA failed to disclose the complete amounts paid to LaPierre in the form of gifts from vendors, “out of pocket” expenses originally paid for by Ackerman and then paid for by the NRA, and other forms of compensation.</p> <p>ii. In its Forms 990 for at least 2014 to 2018, the NRA failed to disclose taxable personal income for LaPierre, Phillips, and Powell. For example, as set forth above, LaPierre and Phillips permitted NRA executives and personnel to use vendor credit cards, alter ego accounts, and vendor charges to disguise payments to LaPierre, on LaPierre’s behalf, for LaPierre’s personal benefit, and as reimbursements of LaPierre’s personal and family expenses, inconsistent with the reporting requirements of Section 527 of the Internal Revenue Code.</p> <p>iii. In its Forms 990 for the relevant time period, the NRA failed to disclose in response to question 25a in Part IV of the IRS 990 for each relevant year that it engaged in an excess benefit transaction with a disqualified person during the year, and failed to file Form 4720 reporting such transactions pursuant to Section 4958 of the Internal Revenue Code, which governs excise taxes for excess benefit transactions.</p> <p>iv. Until 2017, Defendant NRA failed to disclose payments made to a former NRA president in the form of payments to Crow Shooting, an entity owned by the former president. While these payments were disclosed in the NRA Foundation’s Form 990 for 2017, the NRA failed to properly disclose these payments in its 2017 Form 990.</p> <p>v. In its Form 990 for 2016, Defendant NRA failed to disclose a \$455,753 payment by Lockton Affinity to the NRA’s Managing Director of Licensing and Marketing.</p> <p>vi. In its Forms 990 for 2015, 2016, 2017, and 2018, Defendant NRA answered “No” to the question “Did the organization engage in an excess benefit transaction with a disqualified person during the year?” In fact, Defendant NRA engaged in multiple excess benefit transactions, including without limitation the compensation paid to Defendants LaPierre and Powell, and a former President.</p> <p>vii. In its Forms 990 for 2015, 2016, 2017, and 2018, Defendant NRA made false statements in Part VI, line 16 about its process for determining the compensation of officers and directors.</p> |



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|  | <p>c. False statements and omissions regarding payments to vendors. For example:</p> <p>i. In its Forms 990 prior to 2017, Defendant NRA failed to disclose the amount paid to Ackerman McQueen for “out of pocket” expenditures. In in Form 990 for 2017, the NRA disclosed that this amount was over \$11 million. At that time, the NRA also disclosed that it had paid over \$5 million to Mercury Group, a company wholly owned by Ackerman McQueen. Previous filings therefore significantly underrepresented the total amount that the NRA paid to Ackerman McQueen on an annual basis.</p> <p>ii. Until 2017, the NRA failed to disclose in its Form 990 the amount it paid to Under Wild Skies, Inc., even though Defendant LaPierre and his spouse were receiving free services in the form of hunting trips from the company. In its Form 990 for 2017, the NRA disclosed on Schedule O that it had paid \$2,635,000 to Under Wild Skies.</p>  |
|  | <p>d. Additional false statements in Part VI of the Form 990 regarding governance, management and disclosure. For example:</p> <p>i. In its Form 990 for 2018, Defendant NRA answered “No” to the question “Did the organization become aware of a significant diversion of the organization’s assets.” This statement was false, since the organization did become aware of significant diversions through whistleblower reports and its own inquiries into billing by Ackerman and McKenna.</p> <p>ii. In its Forms 990 for the relevant time period, Defendant NRA answered “Yes” to the question “Did the organization regularly and consistently monitor enforcement with [its conflict of interest policy].” Based on the evidence gathered in the Attorney General’s investigation, as set forth above, this statement was false, as Defendant NRA repeatedly permitted violations of its conflict of interest policy, including, without limitation, by Defendant LaPierre.</p> <p>iii. In its Forms 990 for the relevant time period, the NRA filed false and/or materially incomplete responses on Schedule J, which reports information on compensation for officers, directors, key employees, and highly compensated employees, including without limitation:</p> <p>1. Failing to report that the NRA paid for travel for companions until its 2018 Form 990, when in fact the NRA repeatedly paid for travel for LaPierre’s wife and other family members;</p> <p>2. Failing to report that it provided a housing allowance until its 2017 Form 990, when in fact it paid for housing for certain officers; and</p> <p>3. Reporting that it in fact had a policy regarding tax indemnification and gross-up payments, when, upon information and belief, the NRA had no such written policy.</p> |

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|  | <p>e. Failure to disclose all fundraising expenses, fundraisers and amounts paid thereto. For example:</p> <p>i. Upon information and belief, in its Forms 990 for the relevant time period, the NRA underreported its spending on fundraising in its allocation of functional expenses, since it failed to fully report fundraising expenses that were routed through third party vendors.</p> <p>ii. In its 2016 Form 990, the NRA failed to disclose MMP as a fundraiser. MMP is not registered with the OAG as a fundraiser to solicit in New York State. In its 2016 Form 990, the NRA reported that it had paid MMP \$10 million in 2016 for fundraising, printing, and mailing, but failed to report MMP or any amounts raised by it in the section dedicated to the NRA’s top ten fundraisers. Instead, the NRA listed MMP, which also shares a physical address at NRA Headquarters, as an independent contractor.</p> |
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| Paragraph 568                                  | <p>The Attorney General commenced this action on August 6, 2020. Since that time, the NRA—under the direction of LaPierre and Board leadership—purports to have undertaken a compliance review and remediation process, but the NRA, LaPierre, and Frazer have continued the same course of misconduct in violation of New York law, IRS requirements for exempt organizations, NRA bylaws, and internal policies and procedures without objection from the NRA Board. Intentional disregard for proper corporate governance, waste of charitable assets, concealment and false reporting of improper or unauthorized transactions, actions to advance insiders’ personal interests to the detriment of the NRA, and evasion of accountability have continued unabated</p>  |
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| Paragraph 592 | Upon information and belief, the NRA’s purported disclosures in its 2019 Form 990 are incomplete, inaccurate, untimely, and the result of an uneven and opaque process that raises serious questions about the scope and method relied upon to calculate the disclosed transactions. Upon information and belief, the NRA did not conduct a complete or methodologically sound inquiry into the excess benefits conferred upon LaPierre and other NRA officials, board members, and Key Persons but focused with increased scrutiny upon officers who had disputes with LaPierre or had been critical of him. For instance, the 2019 Form 990 on its face reported that the calculated excess benefits for the former Executive Director of NRA-ILA included expenses for hotels, meals, tickets to sporting events, and personal expenses charged on corporate credit cards. This calculation and its methodology are vigorously contested by the former Executive Director of NRA-ILA and is the subject of a pending arbitration proceeding. Conversely, the calculation of LaPierre’s excess benefit transactions included only portions of payments for certain flights; the methodology for the calculations has never been disclosed, and upon information and belief, there has been no review of whole categories of LaPierre’s expenses and benefits, including club memberships, hotels, lavish meals, tickets to sporting events and luxury boxes, and other personal expenses paid for by the NRA or its vendors. |
| Paragraph 593 | Since the commencement of this action, the NRA has continued to violate its internal policies and procedures.  |
| Paragraph 594 | For example, the NRA has, for years, been paying MMP, Allegiance, and Concord in excess of stipulated contractual amounts, and outside of the NRA’s policy governing contract procurement, with the full knowledge and approval of LaPierre.   |
| Paragraph 595 | As described supra in Part Five, Section I.A.ii, in 2011, the NRA entered into contracts with Allegiance, Concord, and MMP (collectively, the “MMP Entities”). The Concord agreement called for a monthly payment of \$135,000. The MMP agreement called for a monthly payment of \$400,000. The Allegiance agreement called for a monthly payment of \$40,000.  |
| Paragraph 596 | By at least early 2018, the NRA was paying \$961,850 per month to MMP; \$373,000 per month to Concord; and \$90,000 per month to Allegiance, with no written agreement memorializing the increases in the invoiced amounts.  |
| Paragraph 597 | The increases in MMP’s billing was one of the concerns raised by the whistleblowers to the NRA Audit Committee in July of 2018. In late 2018, the NRA sent letters to the MMP Entities asking for the justification for the increased billing from the three entities. It later came to light that both LaPierre and Phillips had verbally approved the increased invoice payments to the MMP Entities without requiring written addenda to the contracts.   |
| Paragraph 598 | The NRA continued to pay the increased amounts to the MMP Entities up to the date of the filing of the NRA’s bankruptcy petition, as reflected in the NRA’s schedule of payments made to creditors within 90 days of the bankruptcy. Between 2018 and January 2021, the NRA paid MMP and Concord approximately   |

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| Paragraph 600                                  | \$28.7 million more than was called for under the written terms of the NRA’s agreements with MMP and Concord.<br><br>Only the Allegiance relationship is subject to an updated contract that reflects the amount actually being paid to Allegiance. That amendment was negotiated and signed by LaPierre in early 2019. Upon information and belief, no business case analysis was prepared for that amendment, nor did the President or either Vice President provide written acknowledgement of the amendment, as required by NRA policy. |
| Paragraph 601                                  | The most recent written agreement with MMP does not alter the original \$400,000 per month price term in the 2011 contract. Upon information and belief, no business case analysis was prepared for that agreement, nor was written acknowledgment received from the NRA’s president or either Vice President, in violation of NRA policy.  |
| Paragraph 602                                  | At the time NRA staff reviewed MMP’s increases in its invoicing, the staff were not aware that LaPierre was violating the NRA’s conflicts of interest policies by making use of a yacht owned by the MMP Principal, and receiving other undisclosed personal benefits from the MMP Principal.   |
| Paragraph 646                                  | LaPierre’s breaches of fiduciary duty have damaged the NRA by, among other things, causing its assets to be diverted for non-NRA purposes and be wasted and by exposing the NRA to liability for failure to report taxable income, failure to withhold payroll taxes, failure to report and pay excise taxes due pursuant to Section 4958 of the Internal Revenue Code, and jeopardizing the NRA’s tax exempt status and authority to conduct business for failure to comply with regulatory reporting obligations.                         |
| Paragraph 652                                  | Frazer’s breaches of fiduciary duty have damaged the NRA by, among other things, causing its assets to be diverted for non-NRA purposes and be wasted; exposing the NRA to liability for failure to report taxable income, failure to withhold payroll taxes, and failure to report and pay excise taxes due pursuant to Section 4958 of the Internal Revenue Code; and jeopardizing the NRA’s tax exempt status and authority to conduct business for failure to comply with regulatory reporting obligations.                             |
| Paragraph 656                                  | Phillips’s breaches of fiduciary duty have damaged the NRA by, among other things, causing its assets to be diverted for non-NRA purposes and be wasted; exposing the NRA to liability for failure to report taxable income, failure to withhold payroll taxes, and failure to<br>164<br>report and pay excise taxes due pursuant to Section 4958 of the Internal Revenue Code; and jeopardizing the NRA’s tax exempt status and authority to conduct business for failure to comply with regulatory reporting obligations.                 |

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| Paragraph 660                                  | Powell’s breaches of fiduciary duty have damaged the NRA by, among other things, causing its assets to be diverted for the benefit of Powell and other individuals and be wasted. |