

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

PEOPLE OF THE STATE OF NEW YORK, BY
LETITIA JAMES, ATTORNEY GENERAL OF
THE STATE OF NEW YORK,

Plaintiff,

v.

THE NATIONAL RIFLE ASSOCIATION OF
AMERICA, WAYNE LAPIERRE, WILSON
PHILLIPS, JOHN FRAZER, and JOSHUA
POWELL

Defendants.

Index No. 451625/2020
Motion Seq. No. 43

**AFFIRMATION IN SUPPORT OF PLAINTIFF'S PARTIAL OPPOSITION
TO THE NRA'S MOTION FOR A SEALING ORDER**

Stephen C. Thompson, an attorney duly admitted to the Bar of this State, affirms
under penalties of perjury pursuant to Civil Practice Law and Rules 2016 as follows:

1. I am an Assistant Attorney General in the Office of Letitia James, Attorney General
of the State of New York ("OAG"), who appears on behalf of the People of the State of New York
in this action.

2. I submit this Affirmation in support of Plaintiff's partial opposition to the National
Rifle Association of America's ("NRA") motion for a sealing order, Mot. Seq. No. 43.

3. I am familiar with the facts and circumstances set forth in this Affirmation, which
are based upon my personal knowledge and information contained in the files of the OAG.

4. Attached as Exhibit A to this affirmation is a true and correct copy of an excerpt of
the transcript from the April 8, 2021 afternoon session of the hearing in the NRA's bankruptcy

proceeding, *In re National Rifle Association of America and Sea Girt LLC*, No. 21-30085 (Bankr. N.D. Tex.).

5. Attached as Exhibit B to this affirmation is a true and correct copy of an excerpt of the transcript from the April 13, 2021 morning session of the hearing in the NRA's bankruptcy proceeding, *In re National Rifle Association of America and Sea Girt LLC*, No. 21-30085 (Bankr. N.D. Tex.).

Dated: New York, New York
February 9, 2023

/s/ Stephen Thompson
Stephen C. Thompson

Attorney Certification Pursuant to Commercial Division Rule 17

I, Stephen Thompson, an attorney duly admitted to practice law before the courts of the State of New York, certify that the Affirmation of Stephen Thompson in Support of Plaintiff's Partial Opposition to the NRA's Motion for a Sealing Order complies with the word count limit set forth in Rule 17 of the Commercial Division of the Supreme Court (22 NYCRR 202.70(g)) because the affirmation contains 226 words, excluding the parts exempted by Rule 17. In preparing this certification, I have relied on the word count of the word-processing system used to prepare this affirmation.

Dated: February 9, 2023
New York, New York

/s/ Stephen Thompson

Stephen C. Thompson

EXHIBIT A

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
.
Debtors. . Dallas, TX 75242-1496
.
April 8, 2021
1:15 p.m.
P.M. Session
.

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

TELEPHONIC APPEARANCES:

For the Debtors: Neligan LLP
By: PATRICK J. NELIGAN, JR., ESQ.
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Dallas, TX 75201

Garman Turner Gordon LLP
By: GREGORY E. GARMAN, ESQ.
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7251 Amigo Street, Suite 210
Las Vegas, NV 89119

Audio Operator: Shanette Green

Proceedings recorded by electronic sound recording, transcript
produced by transcription service.

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Rowling - Direct/Thompson

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1 A No.

2 Q So when Mr. Spray joined the NRA in 2018, you and several
3 of your colleagues in the Financial Services Division and
4 elsewhere in the office, under the auspices of the Office of
5 the Treasurer, brought forward a number of concerns to Mr.
6 Spray about the internal compliance issues at the NRA, is that
7 correct?

8 A Yes.

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

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

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

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

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

24 A Yes.

25 Q Okay. And Mr. Tedrick is a managing director in Financial

Rowling - Direct/Thompson

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1 Services, is that correct?

2 A Yes.

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

5 A Yes.

6 Q And Ms. Rowling, you did not bring -- let me step back.
7 These concerns that we've been discussing, or rather these
8 issues that we have been discussing that took place prior to
9 Mr. Spray joining the NRA in 2018, did you raise any of these
10 concerns with Mr. Philips?

11 A Mr. Phillips?

12 Q Yes.

13 A Not that I recall.

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

17 A Yes.

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

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

21 A I have it up.

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

Rowling - Direct/Thompson

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1 A Yes.

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

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

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

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

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

14 A Yes, that is correct.

15 Q And then that is the reason why -- let me strike that. So
16 the meeting with the Audit Committee occurred on July 30th
17 2018, is that correct?

18 A Yes.

19 Q And that meeting lasted for more than an hour, is that
20 correct?

21 A As far as I can recall, yes.

22 Q Okay. However two members of the Audit Committee,
23 specifically Ms. Carolyn Meadows and Mr. Charles Cotton, left
24 the Audit Committee meeting within the first five to ten
25 minutes of that meeting, is that correct?

Rowling - Direct/Thompson

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

5 Q Right, so the Audit Committee had been meeting earlier
6 that day and then you were a submeeting of that meeting, is
7 that correct?

8 A Yes.

9 Q Okay. And for your portion of the presentation -- I'm
10 sorry your portion of the meeting with the Audit Committee, Ms.
11 Meadows and Mr. Cotton left within the first five to ten
12 minutes of your presentation to the Audit Committee, is that
13 correct?

14 A Yes.

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

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

22 Q Okay, but within each category you and your colleagues
23 provided a sample of the problems that you were seeing, is that
24 correct?

25 A Yes.

Rowling - Direct/Thompson

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

4 A Yes.

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

8 A Yes.

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

12 A Yes.

13 Q And in fact one of your colleagues made a formal
14 whistleblower complaint about Mr. Powell being placed over you
15 and your colleagues, is that correct?

16 A That is what I was told.

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

20 A Yeah, I don't know.

21 Q Okay. So Ms. Rowling, if you could look at Exhibit 72,
22 the top concerns memorandum, the first item is financial
23 conflict of interest at the senior management and Board of
24 Directors level, it is fair to say that this issue was
25 something that concerned you and your colleagues at the time

Rowling - Direct/Thompson

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1 that this was presented to the Audit Committee in the summer of
2 2018, is that correct?

3 A Yes.

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

6 A Yes.

7 Q And the same is true with respect to management
8 subordinating its judgment to vendors?

9 A Yes.

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

12 A Yes.

13 Q And the same is true with respect to the Carry Guard
14 Program that was created by Mr. Powell, is that correct?

15 A Yes.

16 Q And the same is true with respect to reimbursement of
17 expenses relating to living expenses beyond the NRA's Human
18 Resources policy?

19 A Yes.

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

22 A Yes.

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

25 A Yes.

Rowling - Direct/Thompson

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

7 A Yes.

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

10 A I believe so.

11 Q And if you look at item 2 on the top concerns memo -- oh,
12 I'm sorry, no, if we could actually turn to item 4-D. So
13 starting with the heading, vague and deceptive billing by
14 preferred vendors, contractors, some of whom have no current
15 contract or no contract, and then sub D as in David, is MMP
16 bills by contract stipulations, do you see that?

17 A Yes.

18 Q And MMP there refers to Membership Marketing Partners, is
19 that correct?

20 A Yes.

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

23 A I believe so.

24 Q The NRA has a policy that governs the procurement of
25 contracts that exceed \$100,000 in value in a given year, is

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C E R T I F I C A T I O N

We, DANA J. KELLY, TRACY GRIBBEN, and KAREN K. WATSON, court approved transcribers, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter, and to the best of my ability.

/s/ Dana J. Kelly

DANA J. KELLY

/s/ Tracy Gribben

TRACY GRIBBEN

/s/ Karen K. Watson

KAREN K. WATSON

J&J COURT TRANSCRIBERS, INC.

DATE: April 9, 2021

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

IN RE: . Case No. 21-30085-HDH-11
.
NATIONAL RIFLE . Earle Cabell Federal Building
ASSOCIATION OF AMERICA . 1100 Commerce Street
and SEA GIRT, LLC, . Dallas, TX 75242
.
.
Debtors. . April 13, 2021
.
8:02 a.m.
. A.M. SESSION

TRANSCRIPT OF TRIAL
BEFORE HONORABLE HARLIN DeWAYNE HALE
UNITED STATES BANKRUPTCY COURT CHIEF JUDGE

TELEPHONIC APPEARANCES:

For the Debtors: Neligan LLP
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For the Trustee: Office of The United States Trustee
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Rowling - Cross/Drake

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1 the record? I think it's on page 1 in your email.

2 A July 13th, 2018.

3 Q And then, Ms. Rowling, if you need to refer to your
4 personal statement, that's Exhibit 67?

5 A Yes.

6 Q And that's dated July 30, 2018; is that right?

7 A Let me open that. Yes, it is.

8 Q So that would have been close in time, just a couple of
9 weeks from when the list of top concerns for the Audit
10 Committee was prepared?

11 A That's correct.

12 Q And, Ms. Rowling, why did you prepare your personal
13 statement pursuant to the whistleblower policy?

14 A I prepared it, but I actually never presented this to the
15 Audit Committee. I felt the Audit Committee actually listened
16 to what we had to say, and I didn't feel it was necessary. But
17 I -- I compiled it just as a precaution.

18 Q Was it important to you back in 2018 that the NRA
19 addressed and examined what you believed were concerning
20 conflicts and violations of procedures?

21 A Yes, it was.

22 Q Ms. Rowling, if you'll now pull up Exhibit 33, AMc Exhibit
23 33.

24 A Okay.

25 Q Let me know when you have that.

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We, DIPTI PATEL and KAREN WATSON, court approved transcribers, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter, and to the best of our ability.

DIPTI PATEL

KAREN WATSON

DATE: April 14, 2021