

EXHIBIT “26”

NEWS DESK

SECRECY, SELF-DEALING, AND GREED AT THE N.R.A.

*The organization's leadership is focussed on external threats,
but the real crisis may be internal.*

By Mike Spies

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Illustration by Ben Wiseman

This winter, members of the National Rifle Association—elk hunters in Montana, skeet shooters in upstate New York, concealed-carry enthusiasts in Jacksonville—might have noticed a desperate tone in the organization’s fundraising efforts. In a letter from early March, Wayne LaPierre, the N.R.A.’s top executive, warned that liberal regulators were threatening to destroy the

organization. “We’re facing an attack that’s unprecedented not just in the history of the N.R.A. but in the entire history of our country,” he wrote. “The Second Amendment cannot survive without the N.R.A., and the N.R.A. cannot survive without your help right now.”

LaPierre is right that the N.R.A. is troubled; in recent years, it has run annual deficits of as much as forty million dollars. It is not unusual for nonprofits to ask prospective donors to help forestall disaster. What is unusual is the extent to which such warnings have become the central activity of the N.R.A. Even as the association has reduced spending on its avowed core mission—gun education, safety, and training—to less than ten per cent of its total budget, it has substantially increased its spending on messaging. The N.R.A. is now mainly a media company, promoting a life style built around loving guns and hating anyone who might take them away.

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On NRATV, the organization’s programming network, the popular host Grant Stinchfield might appear in a “Socialist Tears” T-shirt, taking a sledgehammer to a television set cycling through liberal news shows. The platform’s Twitter account circulates videos of the spokesperson Dana Loesch, a former Breitbart News editor who has said that mainstream journalists are “the rat bastards of the earth” and deserve to be “curb-stomped.” Over menacing images of masked rioters, she asserts that the only way to stop the left is to “fight its violence of lies with the

clenched fist of truth.” A lawyer and activist called Colion Noir, whose real name is Collins Idehen, Jr., also has a large following. After the mass shooting at Marjory Stoneman Douglas High School, in Parkland, Florida, Noir appeared in a video chiding “all the kids from Parkland getting ready to use your First Amendment to attack everyone else’s Second Amendment.”

Loesch and Noir have become the primary public faces of the N.R.A.; at events, enormous banners feature their images alongside those of LaPierre and Chris Cox, the organization’s top lobbyist. But Loesch and Noir are not technically employed by the N.R.A. Instead, they are paid by Ackerman McQueen, a public-relations firm based in Oklahoma. In at least one year, Loesch earned close to a million dollars, according to a source who has seen her contract.

For more than three decades, Ackerman has shaped the N.R.A.’s public identity, helping to build it from a niche activist organization into a ubiquitous presence in American popular culture. Ackerman produces the N.R.A. magazine *America’s 1st Freedom* and has devised its most successful ad campaigns, including one called “I’m the N.R.A.,” for which it recruited gun owners, including the actor Tom Selleck and the basketball star Karl Malone, to pose with their weapons. More recently, Ackerman produced a series called “Freedom’s Safest Place,” in which conservative icons inveigh against liberals and terrorists. In a segment from 2016, the country-music star Charlie Daniels warns the “ayatollahs of Iran” that they may be acquainted with “our fresh-faced flower-child President,” but they “haven’t met the heartland—or the people who will defend this nation with their bloody, calloused bare hands.”

This story was published in partnership with The Trace, a nonprofit news organization covering guns in America.

The N.R.A. and Ackerman have become so intertwined that it is difficult to tell where one ends and the other begins. Top officials and staff move freely between the two organizations; Oliver North, the former Iran-Contra operative, who now serves as the N.R.A.'s president, is paid roughly a million dollars a year through Ackerman, according to two N.R.A. sources. But this relationship, which in many ways has built the contemporary N.R.A., seems also to be largely responsible for the N.R.A.'s dire financial state. According to interviews and to documents that I obtained—federal tax forms, charity records, contracts, corporate filings, and internal communications—a small group of N.R.A. executives, contractors, and vendors has extracted hundreds of millions of dollars from the nonprofit's budget, through gratuitous payments, sweetheart deals, and opaque financial arrangements. Memos created by a senior N.R.A. employee describe a workplace distinguished by secrecy, self-dealing, and greed, whose leaders have encouraged disastrous business ventures and questionable partnerships, and have marginalized those who object. "Management has subordinated its judgment to the vendors," the documents allege. "Trust in the top has eroded."

In response to a description of my reporting, Bill Brewer, a lawyer who represents the N.R.A., said that the organization "has serious concerns about the accuracy of this reporting and *The New Yorker's* sources. Of course, we cannot comment on privileged communications or personnel matters."

Marc Owens, who served for ten years as the head of the Internal Revenue Service division that oversees tax-exempt enterprises, recently reviewed these records. "The litany of red flags is just extraordinary," he said. "The materials reflect one of the broadest arrays of likely transgressions that I've ever seen. There is a tremendous range of what appears to be the misuse of assets for the benefit of certain vendors and people in control." Owens added, "Those facts, if confirmed, could lead to the revocation of the N.R.A.'s tax-exempt status"—without which the organization could likely not survive.

In its early days, the N.R.A. was more interested in shooting than in politics. It was founded by two former Union Army officers, who returned from the Civil War dismayed at having been outshot by their Confederate counterparts and hoping to inspire a culture of marksmanship in the North. For more than a century, the N.R.A.'s primary concerns were hunting, firearms education, and gun safety. Then, in 1977, a decade after the Federal Gun Control Act restricted firearms sales, activist board members seized control of the group and transformed it into an advocacy organization for gun owners' rights. Officials knew that this new mission would require a more sophisticated approach to public relations. An N.R.A. executive suggested hiring Ackerman McQueen, which was run by a personal friend.

Later that year, Wayne LaPierre began working for the N.R.A., as a lobbyist. LaPierre, a former Democratic legislative aide with little experience handling guns, was not obviously suited to a role as a firebrand. People who have spent time around him describe him as "mild," "reserved," "awkward," and even "meek." Still, he rose through the organization, and he built a close relationship with Ackerman. In a deposition concerning a federal-election case, the firm's then C.E.O., Angus McQueen, said, "I speak to Wayne almost every day. There are exceptions, because I take vacations and he takes vacations. Although he has no reluctance to interrupt mine."

In 1991, LaPierre became executive vice-president, the N.R.A.'s top position. He is, by many accounts, reticent about public appearances. According to a story that circulates among staffers, he was once dispatched to appear on a Sunday news show after a school shooting. When a producer entered the greenroom to bring him on set, LaPierre, fretting over talking points, was hiding behind a curtain, with only his wingtips visible. Nonetheless, he appears in videos and makes speeches, often choreographed by Ackerman, that present him as a ferocious critic of the political left. At the N.R.A.'s annual meetings, he disparages "élites" who "long to turn America into some European-style socialist state." Last year, he told

the crowd, “We’re standing at the edge of fear, staring into the abyss of the demise of our country and its freedom we care about most.” He added, “This coming election is a guarantee of our worst nightmares if we don’t win.” A former N.R.A. staffer told me, “The agency created the Wayne cult of personality.”

Established in the early seventies, Ackerman McQueen is a family business. It has about two hundred and twenty-five employees, and offices in Oklahoma City, Dallas, Alexandria, and Colorado Springs. In the past, the company has worked with other national clients, such as the Six Flags amusement parks, but now its roster seems to consist mainly of the N.R.A. and a modest set of regional accounts, including some Oklahoma-based casinos and the Chickasaw Nation. “Most of the agency’s efforts go toward servicing the N.R.A.,” a former senior employee at Ackerman told me. Tax filings for 2017, the most recent year for which records are available, show that the N.R.A. paid Ackerman McQueen and its affiliates more than forty million dollars that year. (Bill Powers, Ackerman’s executive vice-president for public relations, broadly disputed the facts of this article, saying, “It’s like an old Soviet disinformation campaign—you take a little bit of truth and wrap it around a bunch of that things aren’t true.” He declined to point to specific inaccuracies.)

Ackerman McQueen provides the N.R.A. with public-relations work, marketing, branding, corporate communications, event planning, Web design, social-media engagement, and digital-content production. It wields great influence over the N.R.A.’s initiatives and is involved with nearly all of the group’s divisions, with the exception of its lobbying arm, the Institute for Legislative Action, where, according to former employees, Ackerman’s messaging sometimes undermines the group’s efforts. In 2012, after a gunman murdered twenty children and six staff members at Sandy Hook Elementary School, in Newtown, Connecticut, LaPierre argued that the best way to prevent such atrocities was to install armed police officers in schools. When President Barack Obama criticized this reasoning, Ackerman responded with an ad noting that Obama’s children received Secret

Service protection. An ominous voice-over asked, “Are the President’s kids more important than yours?” At the time, N.R.A. lobbyists were negotiating with federal lawmakers over potential regulations. The organization maintained friendly relations with several Democratic legislators, including Mary Landrieu, a senator from Louisiana. According to a former staffer, the ad caused Landrieu and others to “freak out,” nearly ending those relationships. “Ackerman never cleared that ad with us,” the former staffer recalled. “We had no oversight over Ackerman McQueen.” (Landrieu could not be reached for comment.)

Many N.R.A. employees have long suspected Ackerman of inflating the cost of the services it provides, but its relationships with executives remain strong. For instance, the company has worked closely with LaPierre’s wife, Susan, who maintains an Ackerman e-mail address and was briefly employed there, in the mid-nineties. She now volunteers as a co-chair of the N.R.A.’s Women’s Leadership Forum. Every year, she hosts a luxurious retreat for women who make sizable donations, at which they go on shooting expeditions and mingle with conservative celebrities such as Carly Fiorina and Dick and Liz Cheney. At the N.R.A.’s annual convention, she hosts a W.L.F. lunch and auction. In 2017, she interviewed Trump’s senior adviser Kellyanne Conway onstage, embracing her and calling her “my friend.” Ackerman arranges speakers for these events and provides marketing materials, including glossy brochures that feature photographs of Susan on nearly every page. A former N.R.A. staffer told me that Ackerman “made Susan the face of the W.L.F. project. It pulled Wayne even closer to the firm.”

In December, 1996, the N.R.A. board’s finance committee gathered at a Hyatt hotel near the Dallas–Fort Worth airport. According to minutes of the meeting, members discussed the fact that “the NRA has been technically insolvent for several years” and “has incurred substantial debt.” The minutes note “improvements in cost containment” but say that the exception was LaPierre, who “directed public relations expenditures, which were significantly over budget (\$2,022,900) through the third quarter.” The committee agreed that “in our

financial condition the NRA could no longer afford to spend large sums of money on Public Relations . . . nor can it afford to continue [to] allow the EVP to fail to follow the simplest of business procedures—having written agreements with vendors.”

LaPierre promised reforms. As a board member named Weldon Clark recalled, in an affidavit filed with the Federal Election Commission, LaPierre said that he would replace Ackerman with the Mercury Group, a communications firm in Washington, D.C. According to the affidavit, though, an inquiry by board members “revealed that Mercury Group, Inc. was a wholly owned subsidiary of Ackerman McQueen.”

Neal Knox, an influential board member, also urged LaPierre to fire Ackerman, and he agreed. But half a year went by with no apparent action, and Knox warned LaPierre that he planned to have him removed from his post. The following spring, Knox stood for election as an officer, a higher tier of board member. According to the affidavit, Tony Makris, the president of Mercury Group, enlisted the actor Charlton Heston to challenge Knox for the position. Heston, the star of “The Ten Commandments” and “Planet of the Apes,” won by four votes; a year later, he became the N.R.A.’s president. (In the N.R.A.’s version of these events, “In a hotly contested battle, Wayne LaPierre emerged victorious over the dissident board members.”)

As the relationship between the N.R.A. and Ackerman strengthened, some employees became disgruntled. “Most staffers think that Ackerman is too expensive,” Aaron Davis, who spent a decade working in the N.R.A.’s fund-raising department, told me. “They think they’re just using the N.R.A. to make a massive profit.” Davis, a former special-education teacher from rural South Carolina, started at the N.R.A. in 2005, drawn by the organization’s mission. The staff was underpaid but devoted, with what Davis described as a “rah-rah” attitude. Fund-raising was difficult. Often, Davis told me, potential donors were put off by

the N.R.A.'s divisive politics and concerned about what their neighbors would think. He and his colleagues tended to do best with small donors; often, their most successful pitch was persuading people to include donations in their wills.

In 2010, Tyler Schropp, a former executive at the Mercury Group, was brought in to lead the N.R.A.'s advancement team, a fund-raising group that targets wealthy members. As Schropp reshaped the department, he steered more business toward Ackerman McQueen; Davis recalled that the relationship "skyrocketed."

Schropp oversaw the production of a magazine, *Ring of Freedom*, which Ackerman had devised to feature wealthy donors. "It was a beautiful magazine," Davis said. "Rather than do your typical N.R.A. language, which is more hard-hitting, this was meant to tell the stories, the life styles of the donor. So if someone had an airplane, or a collection of Ferraris, we would put that in the magazine."

N.R.A. employees found the magazines startlingly expensive to produce. "Typically, you'd print around twenty-five hundred copies," Davis said. "Most of those copies wouldn't even get used." At one point, a fund-raising guru came in to give a daylong seminar. "He holds up one of our marketing materials that Ackerman had produced," Davis said. "He goes, 'This actually will hurt you. Donors don't want to see that you're spending so much money when they give a large gift.' "

The N.R.A.'s tax filings suggest that the advancement team generates only a small portion of revenues, with the "vast majority" of contributions coming instead from "millions of small individual donors." Still, Schropp's department spends lavishly; his annual compensation has grown to more than six hundred and twenty thousand dollars. "I was doing fund-raising dinners where wine was pouring freely, and going to dinners with other N.R.A. executives where the bill would be a thousand dollars—just to go out to dinner!" Davis said. He estimated that "at least eighty per cent" of his colleagues brought in less money than they were paid. "I just thought, If the typical N.R.A. member knew that this is how the

organization really works, then there's no way they would give money." But Davis felt that the culture of the organization discouraged complaints. "If you're in a war and your commanders are doing something you disagree with, you don't just go up and question them," he said.

The advancement team—roughly thirty staff members—increasingly relied on Ackerman employees. Davis was impressed by their work. "They were topnotch," he told me. "They did beautiful graphic design, great writing, and we started to lean on them. Over time, we ended up giving almost all of our P.R. projects to Ackerman McQueen." As the firm's employees visited the office more frequently, the staff began noticing Lexuses in the parking lot, alongside their own beat-up cars. "I mean, they had a lot going on for them, but they weren't your folks who were interested in Second Amendment politics," Davis said. They were "your typical New York or Austin types that are excited about doing really big projects and creative projects. N.R.A. being kind of propaganda gave them the opportunity to do marketing in a way they couldn't do for any other organization." He suggested that Ackerman's approach was impossible to reconcile with the ideals that had drawn him to the N.R.A. "They're a for-profit organization, trying to do things that would bring more money to them," he said. "They have completely different intentions than a nonprofit should have, which is for the common good."

Board members, particularly those who had served for a long time, grew uncomfortable. Once, Davis recalled, he took a board member to lunch to request a donation: "He just looks at me, and he goes, 'You know, I like you, but I hate your department.' I said, 'Why?' He says, 'Because N.R.A. is not fancy Italian shoes with thousand-dollar suits. N.R.A. is the backbone of this country, wearing bluejeans and boots. And your division is taking us to a whole 'nother place.' " In 2014, Angus McQueen's son, Revan, got married, in Colorado Springs, in an opulent affair that brought together the most prominent beneficiaries of Ackerman's work with the N.R.A. Revan had graduated from New York

University only five years earlier, but he was being trained to work as the co-C.E.O. of Ackerman McQueen. During the wedding weekend, Revan and his guests, who included Colion Noir and several college classmates, went to a shooting range to practice tactical movements and fire semi-automatic rifles. The ceremony was held at a resort called the Broadmoor, a cluster of Italian Renaissance buildings set on five thousand acres at the foot of Cheyenne Mountain. McQueen sat at a table alongside Tony Makris, of the Mercury Group, and LaPierre. Bill Brewer, the N.R.A. lawyer, who is also McQueen's son-in-law, sat nearby. The groomsmen, in black tie, toasted one another with twenty-three-year-old Pappy Van Winkle bourbon, which can sell for three thousand dollars a bottle. During the ceremony, the Colorado Springs Philharmonic played on the terrace.

In 2017, visitors to the N.R.A.'s annual meeting, at a convention center in Atlanta, noted a huge banner that ran nearly the full length of the building. It was there to promote a newly launched program called Carry Guard, for members who wanted to protect themselves with firearms. The program offered military-style training, overseen by former Special Forces members, and liability insurance to cover policyholders who had shot people in self-defense. The banner featured an image of Dana Loesch, holding an insurance card and announcing, "I will never carry a gun without carrying this." On the showroom floor was a Carry Guard virtual-reality exhibit, where participants, equipped with electronic handguns and V.R. goggles, were encouraged to fire away at an armed robber.

Ackerman had been deeply involved in developing Carry Guard, and it marketed the insurance aggressively, through e-mail campaigns and an NRATV program called "Carry Guard Daily." The promotional literature included a guide called "Surviving the Aftermath of a Self-Defense Shooting," which advised prospective buyers that it was important to "establish for police that you were in fear for your life and did what you felt was necessary."

According to sources familiar with the N.R.A.'s business decisions, Carry Guard was intended to secure the organization's long-term prosperity. The N.R.A. had spent more than fifty million dollars on the 2016 elections, mostly in support of Donald Trump, and it badly needed revenue. Brian Mittendorf, the chair of the accounting department at Ohio State University's Fisher College of Business, has analyzed eleven years' worth of the organization's public financial statements, starting in 2007. In seven of those years, he told me, "the N.R.A. owed more money to others than it had at its discretion to spend." A financial audit from 2017 revealed that it had nearly reached the limit of a twenty-five-million-dollar line of credit. Additionally, it had been forced to liquidate more than two million dollars from an investment fund, borrow almost four million from its officers' life-insurance policies, and tap another five million from its affiliated charitable foundation.

Carry Guard inspired controversy from the start. Gun-control activists disparaged it as "murder insurance." Staff members questioned the value of the program, but, according to the memos I obtained, there was "intimidation of ppl who disagreed." After the Parkland shooting, in early 2018, the New York State Department of Financial Services advised financial institutions to carefully assess the risks "that may arise from their dealings with the N.R.A. or similar gun promotion organizations." At the time, the D.F.S. was concluding a long investigation into Carry Guard, which found that the program violated regulations that prevent unlicensed entities from marketing insurance and prohibit insuring a criminal act. In May, 2018, the department said Carry Guard could no longer be sold in the state.

On May 11th, the N.R.A. sued the D.F.S. and the governor of New York, Andrew Cuomo, claiming that the department's actions had caused "tens of millions of dollars in damages." The group's lawyers—led by Bill Brewer, McQueen's son-in-law—framed the dispute as a First Amendment issue, arguing that Cuomo and the D.F.S. had conspired "to deprive the N.R.A. and its constituents" of the "right

to speak freely about gun-related issues.” In an amended complaint, the N.R.A. alleged that it had “encountered serious difficulties obtaining corporate insurance coverage, media liability coverage, and basic banking services.” Without such necessities, it said, it would “be unable to exist as a not-for-profit.”

On the morning of July 30th, the N.R.A.’s audit committee gathered in a windowless conference room at the organization’s headquarters, in Fairfax, Virginia. They were there for an emergency meeting, requested by Brewer. A copy of the day’s agenda notes that the committee discussed “whistleblowing reports.” It also addressed the N.R.A.’s 2017 tax filings, which were due in November. According to two people familiar with the meeting, Emily Cummins, who for twelve years had been the N.R.A.’s managing director of tax and risk management, told the board members that the filings would make unprecedented disclosures about Ackerman McQueen, and briefed them on a series of problematic vendor arrangements, each of which had cost the N.R.A. at least a million dollars in the previous year.

Cummins declined to comment for the record, but memos that she wrote in the weeks before the meeting give a sense of the issues. One was addressed to Rick Tedrick, the managing director of finance, and titled “List of Top Concerns for Audit Committee.” The memo, written by hand, lists seven areas of primary concern. “N.R.A. pays overbilled, deceptive, vague invoices to ‘preferred’ vendors and contractors,” one entry says. Another notes that “decisions are made in the best interests of vendors,” especially, the memos make clear, those of Ackerman McQueen. A nonprofit’s board is charged with scrutinizing business arrangements and providing fiscal oversight. Yet, according to the memos, the “board hasn’t been told of what’s embarrassing.”

The 2017 tax filings, prepared at Cummins’s direction, gave the first full accounting of how much the N.R.A. was paying Ackerman McQueen and its affiliates: \$40.9 million, or about twelve per cent of total expenses that year.

Federal regulations require very limited disclosure of how much nonprofit organizations pay their vendors, so in previous years the N.R.A.'s filings had not disclosed payments to Ackerman's affiliates, or any payments that were meant to reimburse expenses. These omissions were probably substantial. The 2017 filing acknowledged a payment of \$5.6 million to the Mercury Group, which, despite years of close association with the N.R.A., hadn't been mentioned in any previous filings.

Cummins explained to the board that Ackerman and other vendors were generating enormous expenses and getting paid through multiple entities, in a way that obscured payments. One such arrangement involved a company called Membership Marketing Partners, which provides direct-mail fund-raising. In 2017, the N.R.A. paid M.M.P. nearly twelve million dollars. At the same time, it directed almost eight hundred thousand dollars to a firm called Allegiance Creative Group, for "fundraising counsel." Allegiance doesn't have a Web site, but, according to state filings, at least ten of its fifteen employees also work at M.M.P. The president and C.E.O. of both companies is Gurney Sloan, who previously worked as a senior vice-president at Ackerman McQueen. This kind of arrangement is not illegal, but, as the former I.R.S. manager Marc Owens told me, "Multiple names for the same entity suggest an effort to disguise the extent of contact. Most organizations have centralized accounting so they can track how much is owed."

After Cummins's presentation ended, Brewer took over to discuss what the agenda from the meeting refers to as "related party transactions"—arrangements that could improperly enrich N.R.A. leaders or their associates. Before he spoke, most of the staff members were asked to leave the room. But the memos suggest some of the concerns. They assert that about a quarter of the organization's staff is "now managed by former employees" of Ackerman who have been hired by the N.R.A., creating "financial conflicts of interest." As an example, the documents note \$2.6 million paid to a corporate entity called Under Wild Skies, whose

annual reports list Tony Makris as president, the same position he holds with the Mercury Group. “Under Wild Skies” is also the name of a TV show, broadcast on the Outdoor Channel, that features Makris and his guests, including Revan McQueen, tracking big game in such far-flung locales as Botswana’s Okavango Delta. (“Under Wild Skies” used to appear on mainstream TV, but NBC Sports ended its run after Makris, on camera, shot an elephant in the face.) According to a recent article in the *Times*, the N.R.A. has paid Under Wild Skies some eighteen million dollars since 2010. Until recently, Tyler Schropp, who runs the N.R.A.’s advancement team, the large-donor program, also served as the treasurer of Under Wild Skies. Brewer, the lawyer, told the *Times* that Schropp had “a minuscule interest” in the company, and that he had relinquished his stake. But N.R.A. officials were evidently concerned; in documents filed soon after the audit committee met in July, Schropp’s name was listed among the officers of Under Wild Skies, but had been crossed out by hand.

One of the memos alleges that “protecting the N.R.A. now means protecting and enriching the officers and Tyler”—a reference to Schropp. His advancement team, despite having dozens of full-time staff members, has paid consultants millions of dollars for “identifying prospective high net worth individuals” and “providing advice and support.”

One of these vendors is Wayne Sheets, who retired from the N.R.A. in 2008 but continued to serve as a fund-raising consultant. According to state filings, Sheets’s contract stipulated a “base monthly consulting fee” of thirty thousand dollars, to be paid “regardless of the number of consulting hours provided by Consultant.” Federal tax records show that, in 2017, the N.R.A. paid Sheets seven hundred and ten thousand dollars. The memos note that he received an additional two hundred and forty thousand dollars in “expense reimbursements.” Cummins wrote that Sheets’s case was “just one illustration” of N.R.A. staff “being told to process payments w/o documentation.” His contract was recently extended through 2023.

The memos frequently note a lack of transparency around questionable payments to individuals. Mike Marcellin worked at the N.R.A. for almost twenty-three years. As a senior employee, he oversaw the organization's relationship with Lockton Affinity, an insurance administrator that worked on Carry Guard and other N.R.A.-branded insurance products. In 2016, Marcellin retired from the N.R.A. and started a private consultancy. Although he had worked only the first few weeks of January, the organization paid him a full year's salary—nearly six hundred and thirty thousand dollars, according to tax filings, mostly in the form of a bonus. During the same year, the memos reveal, Lockton paid him about four hundred and fifty thousand dollars. The memos assert that “no one was aware” that Marcellin was receiving income from both organizations—a situation that should have been disclosed on the N.R.A.'s 2016 tax filings. (The payment from Lockton was mentioned on the following year's filing, with a note that it had been “inadvertently excluded” in 2016.)

State records reveal several arrangements that Marc Owens described as “extraordinary.” One involves LaPierre. The records say that his contract “provides for consulting services and personal appearances upon the end of his employment, at an annual rate that starts at his currently contracted final base salary and is later reduced.” LaPierre earns more than a million dollars a year. “I’ve never seen anything like that before,” Owens said.

Another deal involves Kyle Weaver, the N.R.A.'s former executive director of general operations, who was fired in the fall of 2016. That year, he had been paid seven hundred and twenty thousand dollars. According to state filings, he received a hundred and fifty thousand dollars upon his exit, continued to be paid through 2018, and received “a final lump sum” this past January.

Weaver was replaced by Josh Powell, an outdoorsman in his mid-forties. Powell came to the N.R.A. after running two clothing catalogues that catered to men who enjoy adventure, venison, and fine wine. Businesses that had worked with

Powell sued him on at least twenty occasions, for unpaid bills amounting to more than four hundred thousand dollars.

Powell has a close relationship with Makris, dating back to at least 2011. That year, the two men travelled together to Patagonia, for a photo shoot for one of Powell's catalogues, in which they are pictured smoking cigars and gazing at the sunset. The accompanying text describes an idyllic two-week fishing and hunting trip: "Bags of Cubans, bottles of Scotch, enough red meat to appease any man, and certainly enough fresh air to make you wonder why you settle for the norm to begin with."

A recent article in the *Wall Street Journal* revealed that, in late 2017, Powell's wife, Colleen Gallagher, took a job with one of the N.R.A.'s top fund-raising venders, McKenna & Associates, as a "senior advisor." Powell told the *Journal* that his wife "works on some N.R.A. business," and that he had disclosed her employment to the audit committee. But Cummins's memo to the committee, written half a year after Gallagher was hired, suggests that the board had not been informed. The first item on the page reads, "Josh Powell's financial conflicts of interest: wife paid by top vendor." (In a statement, Andrew Arulanandam, an N.R.A. spokesperson, said, "The NRA has a conflict of interest policy, and arrangements are evaluated to ensure they work in the best interest of the organization.")

Not long after Powell started at the N.R.A., his father began photographing shooting competitions for its publications. In addition, Powell tried to arrange a job at the N.R.A. for a woman with whom he'd had a sexual relationship. Powell admitted to the relationship when he was deposed by a lawyer representing one of his unpaid venders. Ultimately, the woman was not hired.

According to filings, the N.R.A. paid Powell nearly eight hundred thousand dollars in 2017. In December, 2018, he was moved out of the job of executive director of general operations. According to a company-wide e-mail, he was given a "promotion" to the N.R.A.'s legal team, which he assists as a "senior strategist." Powell is not an attorney.

Last August, the N.R.A., in desperate need of funds, raised its dues for the second time in two years. To cut costs, it has eliminated free coffee and water coolers at its headquarters and has frozen its employees' pension plan. Carry Guard, which was meant to save the organization, has proved disastrous. According to the memos, in 2017, the year that Carry Guard was introduced, Ackerman McQueen received some six million dollars for its work on the product, which included the creation of a Web site and media productions featuring celebrity firearms trainers. The lawsuit against New York State has created an additional burden. Sources familiar with the N.R.A.'s financial commitments say that it is paying Brewer's firm an average of a million and a half dollars a month.

An official assessment performed by Cummins last summer dryly describes the N.R.A.'s decision-making during the previous year as "management's shift in risk appetite." The document analyzes the organization's executive-liability exposures and discusses insurance policies that "protect NRA directors and officers from claims by third parties that they have breached their duties, such as by mismanagement of association assets." From 2018 to 2019, it says, insurance costs increased by three hundred and forty-one per cent. "To say this is a major increase would be an understatement," Peter Kochenburger, the deputy director of the Insurance Law Center at the University of Connecticut, told me. "This seems to be pretty direct evidence that the N.R.A.'s problems are not due to New York but rather to how the organization conducts itself."

The memos urged the audit committee to "step up + fulfill its duties!", but it's not clear what the board has done to root out malfeasance. James Fishman, a co-author of "New York Nonprofit Law and Practice: With Tax Analysis," a leading text on nonprofit law, told me, "There is no such thing as a director who doesn't direct. You're responsible to make yourself aware of what's going on. If the board doesn't know, they've breached their duty of care, which is against the law in New York," where the N.R.A. is chartered. According to Owens, the former I.R.S.

official, New York State “could sanction board members, remove board members, disband the board, or close down the organization entirely.”

Since the emergency meeting in July, sources familiar with the board’s decisions say, the audit committee has retroactively signed off on at least some of the N.R.A.’s problematic transactions. “That does legitimize them,” Owens said, “but a regulator would want to know why the process was unfolding this way, especially if it’s part of a larger pattern.” Last fall, the N.R.A. made its 2017 tax filings public, revealing its payments to Ackerman McQueen and its affiliates. I asked the N.R.A., at the time, why it had made these disclosures, and a spokesperson told me that it was “in an effort to offer greater visibility into the dealings of the Association and foundation.” On April 12th, the N.R.A. embarked on another lawsuit—against Ackerman McQueen. The suit alleges that Ackerman has denied the N.R.A. access to basic business records, including the terms of Oliver North’s contract, and blames the firm for throwing it into an existential crisis. Ackerman’s general lack of transparency, the complaint says, “threatens to imminently and irreparably harm” the N.R.A.’s status as a nonprofit organization. (In response, the marketing firm issued a statement saying it “has served the NRA and its members with great pride and dedication for the last 38 years. The NRA’s action is frivolous, inaccurate and intended to cause harm to the reputation of our company and the future of that 38-year relationship.”)

But the N.R.A.’s leaders also remain focussed on threats from outside. On March 2nd, LaPierre delivered his annual speech at the Conservative Political Action Conference. He told the crowd, “In real time right before your very eyes, we, the National Rifle Association, on behalf of all Americans, are fighting perhaps the most important piece of First Amendment constitutional advocacy in the history of our country.” The suit against New York State, he said, “will decide whether or not government can be weaponized against you if your opinion differs from theirs.” The N.R.A. now has a Web page devoted to soliciting donations to

support the suit. “Please give as generously as you can,” the text urges, “and help win this life-or-death legal battle for the survival of the N.R.A. and freedom.”

This piece has been updated to include a response from Ackerman McQueen and to correct a misspelling of the board member Neal Knox’s name.

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More: N.R.A. Wayne LaPierre

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