

EXHIBIT “32”

B R E W E R
ATTORNEYS & COUNSELORS

MEMORANDUM

CONFIDENTIAL AND PRIVILEGED

TO: TCC
FROM: AOB
CC:
DATE: August 6, 2020
RE: NYAG August 6, 2020. Press Conference Transcript (2277-02)

Please see the following transcript of the August 6, 2020, press conference hosted by New York Attorney General Letitia James.

We have downloaded and saved a copy of the press conference to the S drive. It can be found here: S:\PR\NRA\News Articles\NY AG - Tish James\TV Reporting\2020-08-06 NY AG Press Conference.mpeg

Transcript**NYAG Letitia James:**

Good morning. I want to thank you all for joining me. I am joined here this morning by the chief of the Charities Bureau, Jim Sheehan, and the co-chief of the enforcement section, Emily Stern.

Just a few minutes ago, my office filed a lawsuit against the National Rifle Association to dissolve the organization in its entirety for years of self-dealing and illegal conduct that violate New York's charities law and undermine its own mission. The National Rifle Association, or the NRA, is the largest and most influential pro-gun organization in the nation.

Since its founding in 1871, the NRA has been a registered not-for-profit charitable corporation in the state of New York. The Attorney General's office has a wide-range of regulatory and enforcement powers over charitable corporations and their trustees, including the NRA. The NRA's influence has been so powerful that the organization went unchecked for decades, while top executives funneled millions into their own pockets. For years, the NRA diverted millions and millions away from its charitable mission for personal use by senior leadership, to award contracts to the financial gain of close associates and family, and appeared to dole out lucrative no show contracts to former employees in order to buy their silence and continued loyalty.

This lawsuit specifically charges the NRA as a whole, in addition to four individual defendants. One, the first individual, long-time Executive Vice President Wayne LaPierre, who has been the face of the NRA for decades. Two, former Treasurer and Chief Financial Officer Wilson "Woody" Phillips. Three, former Chief of Staff and the Executive Director of Operations Joshua

Powell. And four, Corporate Secretary and General Counsel John Frazer. These individuals in the NRA are charged with failing to manage the NRA's funds and failing to follow numerous state and federal laws, which contributed to the loss of more than \$64 million in just three years.

Since its founding in 1871, the NRA has been a registered not-for-profit charitable corporation in the state of New York. And these organizations are required by law to register and file annual financial reports with the office of the New York State Attorney General and the assets of such an organization are legally required to be used in a way that serves the interest of NRA membership and that advance the organization's charitable mission.

However, as today's complaint... as today's complaints lays out, we've found that the NRA instead fostered a culture of noncompliance and disregard for internal controls that led to the waste and loss of millions in assets and contributed to the NRA's current deteriorated financial state. Not only were the NRA's internal policies repeatedly not followed, but they were blatantly ignored by senior leaders. The NRA's board's audit committee was negligent in its duty to ensure appropriate, competent, and judicious stewardship of assets by NRA leadership. Specifically, the audit committee failed to ensure standard fiscal controls. They failed to respond adequately to whistleblowers, affirmatively took steps to conceal the nature and scope of whistleblower concerns from external auditors, and they failed to review potential conflicts of interest for employees. In our lawsuit, we outlined dozens of examples of these failures. Many of which were led and perpetuated by the four individual defendants named in this lawsuit who failed to fulfill their fiduciary duty to the NRA.

They used millions upon millions of dollars from the NRA for personal use, including for lavish trips for themselves and their families, private jets, expensive meals, and other private travel. Wayne LaPierre, Woody Phillips, Joshua Powell, and John Frazer instituted a culture of self-dealing, mismanagement and negligent oversight at the NRA that was illegal, oppressive and fraudulent. They overrode and they evaded internal controls to allow themselves, their families, and favored board members, employees, and vendors to benefit through reimbursed expenses, related party transactions, excess compensation, side deals, and waste of charitable assets without regard to the NRA's best interest.

The central figure behind this scheme was none other than Mr. Wayne LaPierre, the national face of the NRA who was entrusted with running its day to day operations. Mr. LaPierre exploited the organization for his and his family's financial benefit and the benefit of a close circle of NRA staff, board members and vendors. Specifically, Mr. LaPierre spent hundreds of thousands of dollars of the NRA's charitable assets for personal private plane trips for himself and his family, including extended family when he was not present. He visited the Bahamas by private air charter at least eight times in an approximate three year period with his family at a cost of more than \$500,000 to the NRA. He traveled on multiple luxury hunting safaris in Africa at the expense of an NRA vendor. He spent millions of dollars on unwanted travel consultants for decades, including for the booking of luxury black car service.

In the past two years alone, Mr. LaPierre spent more than \$3.6 million on these travel agent services. He secured a post-employment contract for himself with the NRA without board approval, currently valued at more than \$17 million. He allotted several million dollars annually

in NRA funds for private security costs for himself and his family without sufficient oversight on their use. He received more than \$1.2 million in reimbursement in just a four year period for expenditures that include gifts for favored friends and vendors, travel expenses for himself and his family, and membership fees at golf clubs, hotels, and other member clubs. He even secured lucrative consulting contracts for ex-employees and board members worth millions of dollars. Yet often it resulted in little, if any actual work.

In addition to grossly misusing these funds for personal use, Mr. LaPierre created an illegal pass through arrangement to conceal the very nature of these expenditures. For decades, Mr. LaPierre, and the founder of Ackerman McQueen, the NRA's long time advertising firm, had a practice whereby Ackerman McQueen would pay for these non-contractual out-of-pocket expenses for Mr. LaPierre and other NRA executives and pass those expenses through to the NRA. These expenses would then be paid for by the NRA without written approval, without receipts, without any supporting business purpose documentation. Ackerman McQueen would aggregate the expenses into a lump sum amount and then bill them to the NRA without any details on the nature or purpose of the expense, completely in violation of state law. These expenses did not comply with IRS requirements and as a result, all such expenses should have been included by the NRA and taxable personal income for Mr. LaPierre and other recipients.

In 2017 and 2018 alone, just two years, Ackerman McQueen was paid more than \$70 million. A significant amount of these funds included payments through this side agreement. And when board members challenged Mr. LaPierre and the three other defendants over this lavish spending, their financial governance, or their leadership of the NRA, Mr. LaPierre retaliated and turned the board against those who attempted to challenge his illegal behavior.

The complaint lays out numerous other instances in which Mr. LaPierre, Phillips, Mr. Phillips, Mr. Powell, and Mr. Frazer and other executives and board members at the NRA abused their power and illegally diverted or facilitated the diversion of tens of millions of dollars from the NRA. These funds were in addition to millions of dollars the four individual defendants were already receiving in grossly excessive salaries and bonuses that were baseless and did not adhere to prudent standards for evaluating and determining compensation, as is required by law.

Altogether, there are 18 causes of action, and these actions violated multiple laws, including the laws governing the NRA's charitable status, false reporting on annual filings with my office and the IRS, improper expense documentation, improper wage reporting, improper income tax withholding, failure to make required excise tax reporting and payments, payments in excess of reasonable compensation to disqualified persons, and waste of NRA assets amongst other offenses.

For these years of fraud and misconduct, we are seeking an order to dissolve the NRA in its entirety, to require Mr. LaPierre, Mr. Phillips, Mr. Powell, and Mr. Frazer to make full restitution for funds they unlawfully profited in salaries they earned while employees, while they earned while employees and pay penalties, to remove Mr. LaPierre and Mr. Frazer from the NRA's leadership, and to ensure none of the four individual defendants can ever again serve on the board of a charity in New York State. It's important to note that Mr. Phillips and Mr. Powell have left the NRA.

It's clear that the NRA has been failing to carry out its stated mission for many, many years, and instead has operated as a breeding ground for greed, abuse, and brazen illegality. In this state, we have a set of laws that every individual and entity must be held accountable to, regardless of who you are, regardless of your power, size, influence, wealth, or station in life, one set of laws. And today, we send a strong and loud message that no one is above the law, not even the NRA, one of the most powerful organizations in this country.

Again, I'd like to thank Chief of the Charities Bureau, Jim Sheehan, and the Co-Chief of the Enforcement Section, Emily Stern, and they led with a dedicated, experienced and professional team of attorneys, who I'm very proud to be associated with. Also a team of accountants and legal assistants, and they include Assistant Attorney General and Special Counsel of the Litigation Bureau Monica Connell, Assistant Attorney General William Wang, Assistant Attorney General Sharon Sash, Assistant Attorney General Jonathan Conley, Assistant Attorney General Stephen Thompson, and Assistant Attorney General Erica James, all of the Charities Bureau. With additional assistance from Chief Accountant Judith Welsh-Liebross, Associate Accountant Darren Duchamp and Associate Accountant Charles Aganu, in addition to numerous other individuals at the office of attorney general.

The Charities Bureau is part of the Division for Social Justice, which is supervised by Chief Deputy Attorney General Megan Fox, First Deputy Attorney General Jennifer Levy, who were integral and instrumental in overseeing this entire process. And now, my friends, I'm happy to take questions.

Speaker 1:

[inaudible]...with CNN. So I can see this already developing from the President and certainly the Republicans who are going to say that you're only going after the NRA because of their support of him and because of their support of the Republicans. How would you respond to that?

Letitia James:

By no means. This was an investigation that started in 2019 until this day. It's based on the facts. We follow the facts and the law, and we come to conclusions of law. And as a result of that, we've come to the conclusion that the NRA, unfortunately, was serving as a personal piggy bank to four individual defendants.

Speaker 1:

And if I can just follow up. Why call... This is, as you said, a very powerful organization. It's been around for so many years. This could not have been an easy decision in some ways to come to. Why call for it to dissolve, instead of just the removal of these people and try to keep this organization intact? Why is it that this organization now needs to basically go away?

Letitia James:

Because the corruption was so broad, and because of the level of waste, and because they have basically destroyed all of the assets of the corporation, it was critically important that one of the causes of actions and one of the remedies that we are seeking is the dissolution of the NRA.

Speaker 2:

[inaudible].. the Associated Press. Courts always look for prior precedents to do something like this. What's the prior precedents that you would cite for dissolving an organization over fraud?

Unidentified Man on Stage:

So there are two prior cases in the last couple of years. One is called the... I'm not... Multicultural... Federation of Multicultural Programs out of Brooklyn, and the second is the Trump Foundation.

Speaker 3:

In term of criminal charges here, why are there are no criminal charges and why have you chosen to go the civil realm?

Letitia James:

The Office of Attorney General, particularly in regards to the not-for-profit law, is tasked with having jurisdiction over not-for-profits in the civil realm and not the criminal realm. And that's why this is a civil enforcement action.

Meghan:

If the NRA was to... Meghan [inaudible] from The U.S. Sun. If the NRA was to be dissolved, what sort of effect or what would that mean for the wider gun violence in this country? I know you've been supportive and outspoken of gun control before.

Letitia James:

So, this has nothing to do with my personal opinion with regards to gun violence. This has to do with the fact that four individual defendants, and the NRA as a corporation, unfortunately, did not follow, not for profit law in the state of New York. And as a result of that, they should be held accountable. And that's why we seek their dissolution. We seek the banning of these four individual defendants. We seek restitution. It's primarily because these individuals unfortunately, did not follow the mission of the NRA.

Speaker 4:

Is going after individuals a strategy to bring the organization down? Is this the moment that you've been waiting for?

Letitia James:

It's it's not a question of a moment that I've been waiting for. This is a question, again, of following the facts and applying the law. And when you apply the law and you come to a conclusion, the only conclusion that you can come to is that these four individual defendants, as well as the NRA and all of its directors and officers, violated the law. And they did it over a period of a year and it went on unchecked for a period of a year. And we came to the conclusion based upon our thorough investigation that enough was enough. And we needed to step in and dissolve this corporation, just as we did with the Trump foundation.

Speaker 5:

One more question in the room, and then we've got to go to the [inaudible].

Speaker 6:

Do you have any concerns for your own safety considering the NRA is such a powerful organization and does have so much support, now that you're doing this? Do you have any concerns?

Letitia James:

None whatsoever.

Speaker 5:

Okay. We're going to go to virtual calls. My colleague Kelly will introduce the callers on the phone.

Kelly:

Good afternoon. For the reporters who have joined us virtually for today's press conference, please use the raise hand function at the bottom of your screen [inaudible] question. Our first question today will come from Danny Hakim from The New York Times.

Danny:

Yeah. Hello, Attorney General.

Letitia James:

Hi, Danny.

Danny:

Do you anticipate seeking or making a criminal referral on this matter? And would you rule out doing so in the future if you're not planning to do so now?

Letitia James:

This is an ongoing... First of all, thank you for the question. It's an ongoing investigation, and if we uncover any criminal activity, we will refer it to the Manhattan District Attorney. But at this point in time, we're moving forward, again, in civil enforcement.

Kelly:

Our next question will come from Carol Leonnig of the Washington Post.

Carol:

Attorney General James. This is Carol Leonnig. Thanks for your news conference. I have a question about your findings regarding LaPierre's ability to avoid reporting expenses as personal income on his personal income taxes. Have you, or will you, refer that to IRS? And do you believe he evaded personal income taxes in a pattern over several years?

Letitia James:

So I will not, again, come to a conclusion on whether or not he violated the Internal Revenue Code. We are in the midst of submitting our complaint to the IRS and we will contact the IRS accordingly.

Kelly:

Thank you. Our next question will come from Stephen Gandel from CBS.

Stephen:

[inaudible]. So, many people today were speculating that the conference was going to be related to President Donald Trump. Can you give us an update and any investigations you had with President Trump or the Trump Organization. The Manhattan DA had reportedly received [inaudible] from Deutsche Bank. You've also subpoenaed Deutsche Bank. Have they complied with your subpoena? And if so, can you give us a sense of what they've given you?

Letitia James:

Thank you for that question, which is not the subject of today's press conference and will not comment on any other investigation. Thank you.

Kelly:

Next question will come from John Campbell from Gannett News.

John:

Hi, Attorney General. The Trump Foundation lawsuit, which predated you here, it resulted in a settlement. Are you open to any sort of settlement talks with the NRA that would result in anything less than dissolution of the organization?

Letitia James:

Thank you for the question. And it is not my habit to negotiate any resolution in public. We filed our complaint today. There are 18 calls of action. They include, but are not limited to, the dissolution of the NRA in its entirety.

Kelly:

Our next question will come from Mark Maremont from the Wall Street Journal.

Mark:

Sorry, I was muted. Attorney General, thanks you so much for your time. I was wondering since you're seeking to dissolve this organization, is it possible some kind of a tit for tat, in other words, conservative attorney generals in other states might take some kind of an action like this? Or is it possible, the NRA could say, "Okay, if you want to dissolve us. Then we'll just move to Texas or Oklahoma. We're done with New York." So you no longer would have power over this organization.

Letitia James:

I'm not going to speculate as to the future plans of the NRA. The NRA again was formed under the not for profit laws in the state of New York. And as a result, the Office of Attorney General has supervisory role [inaudible] not for profits, including, but not limited to the NRA.

Kelly:

Next [inaudible] of Bloomberg.

Speaker 7:

The allegations that you've laid out here suggest that the NRA donors and members here were really essentially victimized by these actions. Is it not further victimizing them by forcing the organization to close. The organization's pretty popular across the whole country. Is that necessarily fair to these victims here?

Letitia James:

The issue is the following. A number of donors have contributed to the NRA because they believe in their mission. At this point in time, the NRA right now is financially in deficit. And as a result of four individual defendants who have basically looted its assets. And so one would think that the donors would like for an organization to have some governance, some standards, some standards of behavior, and that they would recognize their fiduciary duty, [inaudible] not for profit and or its mission, as opposed to looting assets and using it for their own personal benefit and their family.

Kelly:

Thank you, our next question will be Jesus Garcia from [inaudible].

Jesus:

Thank you, General Attorney. Do you find that part of that money was used in political campaigns? If yes. Which one?

Letitia James:

So that is not a subject of this press conference today, but I do want you to know that our investigation is ongoing.

Kelly:

[inaudible].

Speaker 8:

Hello, Attorney General. Thank you for taking my question. I was just wondering if you could address the next immediate steps, with the understanding that this type of legal action can take years, what will we see in the coming weeks and months?

Letitia James:

So I'm confident that there will be a response that will be filed at the end of the day. We'll go over a series of motions, there will be discovery, a course of action in all of our cases. So we will continue to keep you abreast of this.

Speaker 9:

Our next question will be from Victoria [inaudible] New York City [inaudible].

Victoria:

Hi, Attorney General James, thanks for taking my question. Many have criticized the settlement your office broke with the Weinstein Company, maintaining that the sum would have been greater if Weinstein personally had to pay into it. At any point during the settlement process, did you consider or advocate for Harvey Weinstein paying into the settlement and if not, why not?

Letitia James:

So that's not the subject of the press conference here today. We will be providing, giving you an update in regards to the Weinstein negotiations. And thank you for the question.

Kelly:

We have time for two more questions. Our next question will be from Paul [inaudible].

Paul:

Okay. Thank you very much for your [inaudible] call, Attorney General. My question is, will you attempt to freeze assets on the targets of this investigation or of the NRA? [inaudible].

Letitia James:

That is one of the remedies that we are speaking under [inaudible]. And so we look forward to again, doing investigation to determine whether if there are any hidden assets and whether or not they can be frozen. Again, the purpose of benefiting those donors who have given to the NRA over the years for its intended mission.

Kelly:

Last question today will be from [inaudible] CNN.

Speaker 10:

Hi, Attorney General, thanks so much for taking my question. It's actually a two parter, one [inaudible] allegations of potential tax fraud. Has this been reported to the IRS? And two, why take [inaudible] entire organization [inaudible] why that was necessary in this case?

Letitia James:

We thank you for those questions that were previously asked and answered. We will be forwarding the complaint to the IRS, and we'll be in touch with the IRS in regards to any violations of the internal revenue. Two, because of the numerous complaints and based upon the facts and the application of law, we concluded [inaudible] resolution before the New York State Supreme Court judge. And that is what we are seeking again, given the breadth and the depth of the corruption, illegality and the brazen attempts to evade the law. I thank you all for coming.

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