

# Exhibit D

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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,  
INC., WAYNE LAPIERRE, WILSON PHILLIPS, JOHN  
FRAZER AND JOSHUA POWELL,

**Defendants.**

**Index No. 451625/2020**

**REBUTTAL EXPERT REPORT OF**

**MATTHEW LERNER,**

**Certified Internal Auditor (CIA)**

**October 7, 2022**

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**Exhibit 1    Curriculum Vitae of Matthew Lerner, CIA**

**Exhibit 2    Documents Considered and Relied Upon**

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## I. Introduction

1. Grant Thornton LLP ("Grant Thornton") was engaged by Brewer, Attorneys & Counselors ("Brewer") on behalf of The National Rifle Association of America, Inc. ("the NRA," "the Association," or "the Organization"), to assist in the civil litigation between NRA, defendant, and PEOPLE OF THE STATE OF NEW YORK, BY LETITIA JAMES, ATTORNEY GENERAL OF THE STATE OF NEW YORK ("NY-AG"), plaintiff, in regard to Second Amended Verified Complaint. Index No. 451625/2020 ("the Complaint").
2. I was asked to gain an understanding of the allegations, claims and issues relevant to my assignment and to analyze the facts, data and information produced in order to reach opinions with reasonable certainty in my professional field of expertise. Specifically, I was engaged to perform an assessment of the systems of internal controls present at the NRA which serve to mitigate the risks of non-compliance with applicable laws and regulations, or policies of the NRA related to certain allegations contained within the Complaint. My assessment was based primarily upon the evidence available on the record from court proceedings, including trial and deposition testimony and associated exhibits and other evidence as described herein.
3. Additionally, I was asked to review and analyze the reports and opinions of Jeffrey S. Tenenbaum ("Tenenbaum" and "Mr. Tenenbaum") who provided opinions on behalf of the NY-AG regarding NRA internal controls, compliance and governance and Eric A. Hines ("Hines" and "Mr. Hines") who provided opinions on behalf of the NY-AG regarding NRA compliance and internal controls and forensic analysis of certain transactions, including "fraud risk indicators," and relationships with vendors. This report, together with my Expert Report of September 16, 2022 when referenced herein, represents my analysis of these NY-AG reports.
4. I expect to testify as an expert witness at trial. To assist with my testimony, I may use exhibits or demonstratives. I also understand that I may be asked to update this disclosure, issue a supplemental report, or formulate additional opinions as my analyses and findings reported herein are subject to change as they may be affected by the future discovery and production of relevant documentary and testimonial evidence and the performance of additional procedures.

## II. Professional Qualifications

5. I am a Principal at Grant Thornton and lead the firm's Risk Advisory Services practice for the Not-for-Profit industry. Grant Thornton LLP is the U.S. member of Grant Thornton International Ltd., a global firm providing audit, tax and advisory services to its clients. Grant Thornton International Ltd. member firms operate in more than 100 countries and have over 3,600 partners and 50,000 employees.
6. I am a Certified Internal Auditor ("CIA") and serve as the engagement leader for many internal audit and internal control assessment engagements. I have over eighteen years of experience in governance, risk, and compliance ("GRC"), including twelve years of experience in providing services to clients related to:
  - the assessment of the design of internal controls;
  - assessment of the operating effectiveness of systems of internal controls; and
  - assessments of other organizational risk management and governance matters
7. I have performed numerous internal control assessments and internal audits of governance, operational, financial, human resources, fundraising, and information technology, among others, utilizing the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control – Integrated Framework. I have led engagements providing a variety of advisory services, including internal controls assessments, internal audit, and enterprise and operational risk assessment services, for approximately 75 not-for-profit clients, including numerous New York-based organizations, as well as associations and large national and international not-for-profit organizations. My curriculum vitae is attached as **Exhibit 1** to this report.

## III. Compensation

8. Grant Thornton is being compensated at hourly rates for the work that I, and other individuals under my direction, perform in this matter. The hourly rates for personnel assigned to this project range from \$325 to \$775. My billing rate is \$775 per hour (for both study and testimony). Grant Thornton's compensation is not contingent upon either my opinions or the outcome of this matter.

## IV. Relevant Background

Following is a description of the relevant parties, and allegations asserted by New York Attorney General:

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9. The NRA is a not-for-profit membership corporation organized under the laws of the State of New York. The NRA operates as a tax-exempt Social Welfare Organization under section 501(c)(4) of the Internal Revenue Service Code.
10. On August 6, 2020, New York Attorney General, Letitia James, filed a civil lawsuit against the NRA,<sup>1</sup> alleging *“Directors or members in control of the NRA have looted or wasted the corporate assets, have perpetuated the corporation solely for their personal benefit, or have otherwise acted in an illegal, oppressive or fraudulent manner.”* The lawsuit names four current and former NRA executives as defendants including its CEO and EVP Wayne LaPierre (“LaPierre”), (former) CFO/Treasurer Wilson Phillips (“Phillips”), (former) Chief of Staff and Director of General Operations Joshua Powell (“Powell”), and General Counsel and Secretary John Frazer (“Frazer”). Collectively, these officers and former officers are referred to as “Individual Defendants” herein. The lawsuit called for the dissolution of the NRA.
11. On January 15, 2021, the NRA announced that it and one of its subsidiaries had filed a petition under Chapter 11 of Title 11 of the United States Code in the U.S. Bankruptcy Court for the Northern District of Texas in Dallas (“the Chapter 11 Proceeding”).<sup>2</sup> The NRA also announced that it hoped to reincorporate in Texas, subject to court approval.
12. On May 11, 2021, Judge Harlin Hale of the U.S. Bankruptcy Court of the Northern District of Texas, dismissed the Chapter 11 petition without prejudice.<sup>3</sup>
13. On August 16, 2021, the NY-AG filed an Amended and Supplemental Verified Complaint (“Amended Complaint”), amending the August 6, 2020 pleading. The Amended Complaint asserted additional allegations in support of the relief the NY-AG seeks.
14. On March 2, 2022, New York state court in Manhattan ruled against the NY-AG’s effort to dissolve the NRA while allowing a portion of the legal actions to continue. The judge noted the NY-AG did not allege a basis for dissolving the NRA and, separately, that permitting the dissolution cause of action would have a negative impact on the free speech and assembly rights of the Association’s members.<sup>4</sup>
15. Responding to the New York state court’s March 2, 2022 ruling, the New York Attorney General’s office filed the Second Amended Verified Complaint, dated May 2, 2022, in the matter of: The People of the State of New York, by their attorney, Letitia James, Attorney General of the State of New York. The Complaint omits the request for dissolution but retains the original allegations against the NRA and the individual defendants. The revised complaint also adds an additional cause of action seeking the appointment of an independent compliance monitor with responsibility to report to the NY-AG and the Court.<sup>5</sup>
16. The Complaint alleges that certain actions of the NRA and the Individual Defendants violated the New York Not-for-Profit Law (“N-PCL”), the New York Estates Powers & Trusts Law (“EPTL”) and New York Executive Law (“Exec. Law”).<sup>6</sup>

## V. Documents and References Considered and Relied Upon

17. I have been given access to certain documents produced in the NY-AG litigation, the Chapter 11 Proceeding, documents (transcripts) related to certain sworn depositions and/or sworn court testimony of key witnesses, together with court exhibits associated with such testimony or depositions, as well as other Exhibits produced. Additionally, I have relied on the results of my telephonic interview of Sonya Rowling, Chief Financial Officer/Treasurer, John Frazer, General Counsel/Secretary, and Arif Rahman, Finance Manager, on August 30, 2022 regarding procedures and internal controls associated with the NRA’s preparation of government filings.
18. In addition to the above, I have reviewed the above-described reports of Tenenbaum and Hines. To the extent that Hines and Tenenbaum have identified documents or other materials on which they relied in reaching their opinions which I am analyzing, I have reviewed, or intend to review, such documents or materials. I have also read the expert reports prepared by experts retained by Brewer regarding matters of corporate governance, corporate security and executive protection and executive compensation as follows:

<sup>1</sup> NY-AG Summons & Complaint, (para 578), August 6, 2020. Link: [https://ag.ny.gov/sites/default/files/final\\_nra\\_summons\\_complaint\\_08.06.20.pdf](https://ag.ny.gov/sites/default/files/final_nra_summons_complaint_08.06.20.pdf)

<sup>2</sup> Wayne LaPierre letter to NRA board members (January 15, 2021) [NRA-NYAGCOMMIDIV-014054548-014054551]

<sup>3</sup> Ruling: U.S. Bankruptcy Court for the Northern District of Texas, Case No 21-30085 (HDH), May 11, 2021, (p. 33)

<sup>4</sup> Court Ruling on Motions to Dismiss NY-AG’s Claims, March 2, 2022, (p. 2) Link: [https://ag.ny.gov/sites/default/files/451625\\_2020\\_people\\_of\\_the\\_state\\_of\\_v\\_people\\_of\\_the\\_state\\_of\\_decision\\_order\\_on\\_609.pdf](https://ag.ny.gov/sites/default/files/451625_2020_people_of_the_state_of_v_people_of_the_state_of_decision_order_on_609.pdf)

<sup>5</sup> Second Amended and Supplemental Verified Complaint, May 2, 2022, (par.643)

<sup>6</sup> IBID., (pp. 1-7, par 2-15)

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- Expert report of Ryan Sullivan, Ph.D. and Bruce L. Blacker regarding economic, accounting and general business considerations in the operations, control environment and business practices of the NRA;
  - Expert report of J. Lawrence Cunningham regarding NRA security and executive protection considerations, including threat assessments of the NRA Executive Vice President and security concerns regarding use of commercial air service;
  - Expert report of Alan A. Nadel regarding reasonableness of certain NRA expenditures and levels of executive compensation; and
  - Expert report of Amish Mehta, CPA, regarding NRA internal controls
19. See **Exhibit 2** for a list of the documents and information that I, and those working under my direct supervision, have considered and relied upon in connection with the preparation of this report. I may supplement my opinions or conclusions should additional, relevant information be produced to me.

## VI. Overview of My Analysis

20. This report represents my analysis of the reports of Jeffrey S. Tenenbaum and Eric A. Hines, who provided opinions on behalf of the NY-AG regarding internal controls, compliance and governance at the NRA. Additionally, Hines' report provides observations about purported "red-flags" of fraud.
21. I have not provided any analysis of the alleged fraud red flags issues noted by Hines. Such issues generally relate to behaviors and practices of NRA *vendors* and such observations, in each case, are not based on discovery of any actual fraud by the NRA. My area of focus in this analysis is limited to identifying disparities or discrepancies between the opinions expressed by these individuals and evidence in the record in this matter with regard to the NRA's system of internal controls as of December 31, 2020.
22. My expertise was engaged in this matter to assess the NRA's system of internal controls as of December 31, 2020, as well as on-going improvement efforts since 2020. My analysis does not attempt to address the allegations of past compliance discrepancies which preceded the NRA's efforts to remediate such compliance concerns. These efforts and initiatives to improve the NRA's internal controls are referred to commonly in this matter as the NRA's "Course Correction" or "360 Review."
23. Of particular note in my review of the reports of Tenenbaum and Hines is the absence of any substantive assessment or acknowledgement of the NRA's Course Correction efforts, apart from general statements indicating that such efforts have been "insufficient" or "inadequate". For example, Tenenbaum makes these statements:
- "The NRA's purported course corrections do not adequately remediate its failures, leaving too many opportunities for Defendants to continue violating the law."*<sup>7</sup>
- "I have reviewed the evidence and consider the NRA's purported course correction to be inadequate."*<sup>8</sup>
24. I was unable to identify evidence in the reports of Tenenbaum or Hines that includes an assessment of the *present* internal control environment at the NRA. As such, I do not believe they have given appropriate weight to such efforts and have instead focused primarily on past (i.e., "pre-Course Correction") events, transactions and contracts.
25. My Expert Report dated September 16, 2022 provides a detailed assessment, through application of the COSO<sup>9</sup> Internal Control – Integrated Framework, of the system of internal controls at the NRA as it relates to the issues noted within the First, Thirteenth, Fourteenth, and Fifteenth Causes of Action in this matter, including:
- Controls associated with identifying and approving potential (i) related party transactions, and/or (ii) conflicts of interest;
  - Controls associated with approvals of contracts;

<sup>7</sup> Expert Report of Jeffrey Tenenbaum, 9/16/22 (p.5)

<sup>8</sup> *IBID.* (p 57)

<sup>9</sup> In conducting my assessment of the NRA's internal controls, I applied the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") model framework for evaluating internal controls.<sup>9</sup> This model has been adopted as the generally accepted framework for internal control across both commercial and not-for-profit organizations and is widely recognized as one of the definitive standards against which organizations measure the design and operating effectiveness of their systems of internal control.

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- Controls associated with expense reimbursement, including travel expenses;
  - Controls associated with approvals of executive compensation; and
  - Controls associated with whistleblower reports and management's response to such reports
26. To establish a full context of my rebuttal opinions as expressed herein, the reader should consider my full Expert Report and referenced evidence regarding the adequacy of the design and operating effectiveness of key internal controls, as of December 31, 2020, of the NRA which address the risk areas referenced above.
27. My Expert Report concludes that the present system of internal controls at the NRA related to the above-referenced areas is sufficient to provide *reasonable assurance*<sup>10</sup> that they would serve to prevent or detect violations of NRA policy or applicable laws and regulations. Reasonable assurance is the accepted standard of performance in assessing the design and effective operation of internal controls.

## VII. Summary of Opinions

28. **Rebuttal Opinion 1** – I disagree with the opinions of both Hines and Tenenbaum with regard to the adequacy of the NRA's internal control environment and the effective operation of such controls to promote compliance with applicable New York laws and NRA policies. Hines and Tenenbaum do not take into consideration the current state of such controls. In fact, as noted above, their opinions suggesting that such controls are not adequate refer only to transactions that occurred prior to the Course Correction efforts which began in late 2017 and launched in earnest following the arrival of CFO, Craig Spray ("Spray"), in early 2018.
29. In particular, as discussed below and as described in detail in my Expert Report dated September 16, 2022, Hines and Tenenbaum fail to describe and consider the internal control improvements implemented by the NRA with regard to the areas listed in paragraph 25 above.
30. **Rebuttal Opinion 2** – I disagree with the assertions expressed in the Hines report regarding a poor Tone at the Top ("TATT") at the NRA, and believe the record reflects that the NRA has established an appropriate and effective tone at the top through its broad Course Correction efforts. The report of Hines, in paragraph 14, discusses the NRA's TATT. Hines asserts that NRA's control environment has been ineffective due to the NRA's failure to establish an appropriate TATT. Hines references only examples of transactions and contracts occurring prior to the NRA's Course Correction efforts and does not consider internal control improvements that were implemented by the NRA in connection with Course Correction initiatives. Additionally, Hines' discussion regarding TATT entirely omits all references from the record, including sworn testimony of several NRA staff and Directors, that reflect that LaPierre and Frazer were significant contributors to the Course Correction efforts and that their support was essential to the demonstrated success of these efforts, along with the contribution of others, including Craig Spray and Sonya Rowling.
31. **Rebuttal Opinion 3** – I disagree with the assertions expressed by Hines suggesting that LaPierre had an obligation to obtain approval of the "full Board" prior to the January 2021 filing of the Petition under Chapter 11 of Title 11 of the United States Code in the U.S. Bankruptcy Court for the Northern District of Texas. In fact, LaPierre, according to the Bylaws of the NRA, was authorized to "*direct all the affairs of the Association.*" In addition, the Special Litigation Committee of the Board did approve the filing.
32. **Rebuttal Opinion 4** – I disagree with the opinion of Mr. Tenenbaum, as stated on page 56 of his report, that the use of private charter aircraft by LaPierre due to security concerns was "*not defensible.*" Tenenbaum does not reference the substantial evidence in the record of experts in security and executive protection, including sworn testimony of the NRA Executive Director of Security, and reports of independent professional security consultants, that the use of private aircraft was in fact necessary to protect LaPierre.
33. These opinions of security experts are based upon a well-documented history of a persistent high level of threats of violence or death against LaPierre (which the experts opine had existed as far back as 2012). Such expert

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<sup>10</sup> "The term 'reasonable assurance' rather than 'absolute assurance' acknowledges that limitations exist in all systems of internal control, and that uncertainties and risks may exist, which no one can confidently predict with precision. Absolute assurance is not possible. Reasonable assurance does not imply that an entity will always achieve its objectives. Effective internal control increases the likelihood of an entity achieving its objectives. However, the likelihood of achievement is affected by limitations inherent in all systems of internal control, such as human error, the uncertainty inherent in judgment, and the potential impact of external events outside management's control. Additionally, a system of internal control can be circumvented if people collude. Further, if management is able to override controls, the entire system may fail. Even though an entity's system of internal control should be designed to prevent and detect collusion, human error, and management override, an effective system of internal control can experience a failure." Source: Committee of Sponsoring Organizations of the Treadway Commission, Internal Control Integrated Framework, Full Report, (American Institute of Certified Public Accountants, May 2013) p.4

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opinions validate the treatment of private charter aircraft for LaPierre's business travel as a legitimate business expense in accordance with the NRA's travel expense policy.

34. **Rebuttal Opinion 5** – I disagree with the conclusion in the Tenenbaum report on page 52 which states: “*The NRA did not adequately measure or oversee the compensation it paid to LaPierre and for years paid LaPierre excessive levels of compensation.*” The record provides detailed evidence that the NRA's Officer Compensation Committee of the Board actively exercised its duty to oversee and approve the compensation of key NRA executives, including LaPierre, and that independent data (e.g., IRS Form 990 for other Washington, D.C. based associations), as well as the reports of professional executive compensation consultants, supports that the compensation levels of LaPierre and other executives were reasonable and comparable to other similarly sized not-for-profit organizations. As a result, based upon evidence available in the record, I believe that the NRA has an effective system of internal controls in place to monitor and oversee the reasonableness of executive compensation.
35. **Rebuttal Opinion 6** – I disagree with the statement in the Tenenbaum report wherein he states that the NRA's auditors, RSM US LLP, and Aronson LLP were not informed of the contents of the “Top Concerns” memorandum. Tenenbaum states, on page 60, paragraph 2 of his report:
- “there is no evidence that RSM US LLP, the NRA independent auditor at the time, or its successor, Aronson LLP, were provided a copy of the memorandum. Nor is there evidence that they were otherwise given complete information about the issues they raised.”*
36. Sworn testimony evidence in the record states that the RSM audit engagement partner was fully informed by Sonya Rowling of the contents of the Top Concerns memorandum. In sworn testimony by Greg Plotts, engagement partner for Aronson, he states that he had seen the memo and that he was informed by Sonya Rowling of the issues raised in the Top Concerns memo and that Rowling told him all of the issues on the memo had been addressed by the NRA.
37. **Rebuttal Opinion 7** – I disagree with Tenenbaum's suggestion that the NRA should “*Overhaul the Conflict of Interest Review Process.*”
- In making his recommendation, Tenenbaum refers only to the past practices of the NRA, including historical or legacy exceptions related to compliance with the NRA's Conflict of Interest and Related Party Transaction Policy, stating: “*it was clearly neither regularly followed nor enforced by the NRA.*” (Emphasis added)
38. He provides no reference to the impact of the Course Correction efforts and evidence in the record of the effective operation of internal controls related to the current conflict of interest review process, including controls that promote compliance of Directors and NRA executives with the self-disclosure requirements and controls that include coordination by the Office of the Secretary/General Counsel with the NRA Financial Services Division to detect payments to potential related parties that may have not been previously disclosed.
39. **Rebuttal Opinion 8** – I disagree with the suggestion in the Tenenbaum report that: “*The NRA's board of directors should require all board members, officers, and staff – including all executives – to participate in annual ethics and compliance training.*” Based upon the evidence in the record, the annual ethics and compliance training suggested by Tenenbaum has already been implemented by the NRA.
40. Tenenbaum fails to reference evidence in the record that, as part of its Course Correction efforts, the NRA has been conducting regular compliance training since July 2018, with multiple sessions annually (except in 2020)<sup>11</sup>, on topics addressing procurement, contract approvals, required disclosures of related party or potential conflict of interest relationships and the whistleblower policy. This training includes specific training for the Board, which most recently participated in a compliance training session at its meeting on September 17, 2022.<sup>12,13</sup> The NRA Board receives regular training or reminders on compliance obligations at each Board meeting and orientation training on compliance obligations is held for new Board members.<sup>14</sup> Additionally, the compliance training materials are published on the NRA's intranet website so that it is available for self-directed study when staff is not able to attend scheduled training sessions.
41. **Rebuttal Opinion 9** – I disagree with the assertions made on page 62 of Tenenbaum's report wherein he states:

<sup>11</sup> Due to the COVID-19 Pandemic and remote working throughout the year, no Compliance Training sessions were held by NRA in 2020

<sup>12</sup> Board of Director Meeting minutes, 9/17/22 [NRA-NYAGCOMMDIV-01540126]

<sup>13</sup> Board Compliance training presentation, 9/17/22 [NRA-NYAGCOMMDIV-01540023 -]

<sup>14</sup> Sworn NY-AG deposition testimony of John Frazer as Corporate Representative 8/9/22, (p. 665: 16 – 668: 24)

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*“Given the severity of the whistleblower complaints, their dismissal without any investigation, and the subsequent allegations of retaliation, the NRA should have responded by overhauling the system through which whistleblower complaints and tips are received, as well as what happens after such complaints are received.”*

42. Tenenbaum’s statement that whistleblower reports were dismissed is without merit or supporting evidence. To the contrary, the record reflects that the NRA’s Audit Committee has reviewed and responded to the good faith reports of whistleblowers. Additionally, as noted in my detailed Expert Report in paragraphs 54-55 and 101-113, I believe the NRA’s whistleblower policy within the Statement of Corporate Ethics, as of January 2020, is fully compliant with applicable New York law. Further, the NRA’s internal controls related to reporting, investigating, and appropriately resolving whistleblower reports appear to have been designed adequately to provide reasonable assurance of ongoing compliance with applicable laws and regulations, as well as the policies of the NRA, and that such controls appear to be operating effectively as of December 31, 2020.
43. **Rebuttal Opinion 10** – I disagree with the assertions made on page 31 and 34 of Tenenbaum’s report wherein he states the following:
- “Based on his divided loyalties, LaPierre should have disclosed his conflicts of interest and recused himself from any decision-making related to the agreement.”* (page 31)
- “LaPierre, Rowling, and Frazer all testified that LaPierre recused himself from participating in any negotiations regarding this new contract. But a memorandum of understanding between the NRA and Allegiance that was signed prior to the finalized contract **bears LaPierre’s signature**, and LaPierre is named as the “responsible executive” on the signature review sheet for the new contract. (page 34) (Emphasis added)*
44. In these statements, Tenenbaum challenges LaPierre’s assertion and sworn testimony that he was recused from the MMP/Allegiance contract negotiations, despite the affirming sworn testimony of other NRA executives who also stated that LaPierre was recused from these negotiations.
45. I further disagree with Tenenbaum’s assertions that the NRA Audit Committee has not investigated LaPierre’s relationship with the McKenzies (owners of MMP) and that the Committee did not review and approve the Memorandum of Understanding (MOU) with MMP/Allegiance.
46. Sworn testimony of John Frazer shows that the Audit Committee initiated an investigation of LaPierre’s relationship with the McKenzies when it was first disclosed in 2021. The Audit Committee meeting minutes on July 30, 2022 document the Committee’s resolution in its approval of the MMP/Allegiance MOU, which occurred prior to execution of the contract.

The work performed and basis for these expert opinions are discussed in the balance of this expert report.

### VIII. Work Performed and Basis for Rebuttal Opinions

47. To complete my assignment, I performed the following work:
- I obtained an initial understanding of the disputed issues, allegations and claims and by reading the Complaint, in this case;
  - I read and/or reviewed selected materials produced in this matter, including trial and deposition transcripts and other supporting documents, NRA Policy documents and applicable workpapers of the NRA’s auditors which were produced in this matter.
  - I read the reports which I have referenced above; and
  - I read the lawsuit complaints filed by the NRA against Ackerman McQueen (“AMc”) in both Virginia and Texas

A detailed list of the documents considered is attached to this report as Exhibit 2. The details of the work performed to reach my opinions, and the basis for such opinions, are organized and reported under the major captions and sub-captions below.

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**Work Performed and Basis for Rebuttal - Opinion 1**

48. I disagree with the opinions of both Hines and Tenenbaum with regard to the adequacy of the NRA's internal controls environment and the effective operation of such controls to ensure compliance with applicable New York laws and NRA policies.
49. Mr. Tenenbaum states, on page 57 of his report, a conclusion that "*Purported Course Corrections Do Not Adequately Remediate its Failures.*" I disagree with this conclusion. Tenenbaum omits reference to the many actions taken by management to address internal control concerns, as well as evidence in the record of the efficacy of these actions. His omissions include the significant process and internal control improvements, (referred to frequently in the record as the NRA's Course Correction or "360 Review") undertaken during the period of 2017 through present day to promote compliance with applicable policies, laws and regulations in the following areas:
- Controls associated with identifying and approving potential (i) related party transactions, and/or (ii) conflicts of interest;
  - Controls associated with approvals of contracts;
  - Controls associated with expense reimbursement, including travel expenses;
  - Controls associated with approvals of executive compensation; and
  - Controls associated with whistleblower reports and management's response to such reports
50. My Expert Report incorporated herein discusses my detailed findings regarding the design of the internal control environment in effect at the NRA as of December 31, 2020 with regard to the above control areas, together with detailed references to evidence in the record of the operating effectiveness of these controls. A synopsis of some of the key supporting evidence I have noted which contradicts the reports of Hines and Tenenbaum include the following:
- 1) In August of 2018, as the organization was undertaking its Course Correction efforts regarding vendor compliance, under the leadership of new CFO, Craig Spray, and with the support of Wayne LaPierre, the NRA sent letters to over 220 of its vendors informing them that "*the NRA strengthened its procedures for documentation and verification of compliance with accounting controls. Accordingly, please ensure that all invoices hereafter submitted to the NRA satisfy the following criteria...*"<sup>15,16</sup>
- The letter to vendors describes requirements for all invoices submitted to the NRA including (i) description of services, (ii) inclusion of receipts of other documentation for any expense reimbursements, and (iii) description of business purpose and appropriate receipts for any entertainment expenses.
- 2) Later in 2018, the Financial Services Division ("FSD") of the NRA began an internal review of all active vendor contracts<sup>17</sup> for the purpose of identifying any agreements that are inconsistent with the Association's Purchasing Policy. This process led to the identification of numerous agreements that lacked proper supporting documentation or approvals required under policy. FSD then began an effort to remedy the noted exceptions by contacting vendors, negotiating new agreements, canceling "a significant number" of agreements and began actively monitoring those agreements that represented an enforceable contract despite technical non-compliance with internal contracting policy which could not be renegotiated.<sup>18</sup> The record of sworn testimony in connection with the Chapter 11 Proceeding and the NY-AG Complaint provides substantial evidence of these measures, which neither Hines, nor Tenenbaum have referenced in their reports.
- Mr. Hines' report Exhibit "GL1" provides evidence from the accounting records of the NRA that expenditures to certain related parties were substantially reduced between 2016 and 2020. His analysis provides evidence of the substantial reductions in such relationships, which followed the vendor review process described above and the reductions in such contracts described by Craig Spray in his testimony.<sup>19</sup>
- Exhibit "GL1" from Hines' report, shown below, shows that expenditures to certain vendors and related parties decreased from \$66.9 million in 2016 to \$17.3 million in 2021:

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<sup>15</sup> Vendor letter template and listing of over 220 vendors to whom it was sent: [NRA-NYAGCOMMDIV-00601784 - ]

<sup>16</sup> Sworn NY-AG deposition testimony of David Coy regarding letters sent to vendors in 2018, 6/15/22, (p. 392:3-11; p 395:8 – p.398:17)

<sup>17</sup> IBID. Regarding reviews of vendors conducted under Craig Spray, (p. 393:17- p. 395:7)

<sup>18</sup> Sworn NY-AG deposition testimony of Craig Spray 1/14/2022 (pp.58-62)

<sup>19</sup> IBID.

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NY OAG v. NRA

Exhibit GL.1: Summary of NRA Payments per General Ledger Details (January 2015 - December 2021) Expert Report of Eric Hines, CPA, CFF, CHC

Party	2015	2016	2017	2018	2019	2020	2021	Grand Total
Membership Marketing Partners	\$ 7,685,117	\$ 10,340,054	\$ 11,626,908	\$ 11,579,419	\$ 11,559,025	\$ 11,563,119	\$ 11,551,143	\$ 75,904,785
Alliance Creative Group	821,944	559,503	833,125	1,075,000	1,078,030	1,080,000	1,035,000	\$ 6,482,602
Concord Social & Public	2,970,000	3,460,088	3,820,000	4,443,000	4,485,859	4,662,336	4,476,000	\$ 28,317,282
Associated Television	1,959,675	3,000,214	2,960,345	3,672,500	64,585	-	-	\$ 11,657,319
Ackerman McQueen	19,429,277	35,683,164	30,043,547	36,511,725	10,733,715	2,500	-	\$ 132,403,928
Mercury Group	4,630,584	5,101,828	5,562,015	2,794,067	989,255	-	-	\$ 19,077,749
Under Wild Skies	2,235,000	2,435,000	2,635,000	2,870,000	2,200,000	-	-	\$ 12,375,000
Gavie Stanford	18,325	14,885	38,572	21,707	-	-	-	\$ 93,489
GS2 Enterprises	-	122,035	(5,885)	-	-	-	-	\$ 116,150
II & IS	2,621,606	2,984,164	2,877,342	2,677,858	1,450,565	177,403	-	\$ 12,788,938
Robert K. Weaver	2,480	(2,424)	(2,350)	2,020	-	-	-	\$ (274)
RKW Consulting	-	-	-	-	-	-	-	\$ -
HWS Consulting	781,421	795,055	1,008,465	479,653	(1,591)	-	-	\$ 3,063,003
Lockton Affinity LLC	(51,314)	-	-	-	-	-	-	\$ (51,314)
Michel Marcellin	10,380	-	-	535,045	344,000	374,100	-	\$ 1,263,525
WHIP LLC	-	-	-	-	169,704	-	-	\$ 169,704
Dave Butz	156,028	156,291	153,820	100,000	71,000	-	-	\$ 637,139
Lance Olson	166,042	121,324	203,058	106,732	48,023	1,409	-	\$ 646,589
David Keene	8,442	14,543	41,164	49,094	48,000	16,000	4,000	\$ 181,242
Sandra Froman	43,476	50,871	42,621	13,060	1,029	-	3,197	\$ 154,255
Marion Hammer	122,000	206,000	134,000	220,000	223,386	209,000	220,000	\$ 1,334,386
McKenna & Associates	1,382,087	1,857,748	1,003,293	4,035,765	(20,858)	500,000	-	\$ 8,758,035
Total	\$ 44,992,571	\$ 66,900,342	\$ 62,975,039	\$ 71,186,646	\$ 33,443,728	\$ 18,585,867	\$ 17,289,341	\$ 315,373,533

## Sources and Notes:

1. The source data is a limited NRA general ledger data consisting of expenses greater than \$1,000 from January 2015 through December 2021 (NRA-NYAGCOMMDIV-01537374-01537380).
2. A general ledger is the system of record for an organization to record financial accounting transactions.
3. The parties above are relevant parties in the Expert Report of Eric Hines. Not all parties could be located within the GL dataset (i.e., RWK Consulting).
4. This does not represent the totality of the general ledger data provided, in which there are many other parties included in the data.

- 3) While both Hines and Tenenbaum refer to the NRA's relationship with AMc and question certain payments made to AMc, neither Hines nor Tenenbaum fully consider the NRA's extensive efforts (in response to the allegations made in the "Top Concerns" memo and subsequently under its vendor review program) to determine the legitimacy of AMc invoices. In particular, both Hines and Tenenbaum omit reference to the fact that the NRA terminated its relationship with AMc and ultimately filed lawsuits against AMc, first in Alexandria, Virginia in April 2019 and then in Texas in March of 2021.

The Virginia lawsuit was primarily a demand for documents under the "books and records" inspection right within the contract between AMc and the NRA. The First Amended Complaint filed in Virginia states:

*"For the better part of a year, the NRA has negotiated with AMc and appeased its demands in an effort to coax compliance with the parties' contract. However, the NRA's patience has run out. Confronting escalating concerns about AMc's activities and accounting practices, the NRA seeks access to basic business records-including budgets purportedly approved by the NRA, copies of material contracts for which the NRA is purportedly liable, and readily available performance data-all to inform the judgment of its fiduciaries. The NRA has an undisputed performance data-all to inform the judgment of its fiduciaries. The NRA has an undisputed contractual right to examine these documents. Indeed, its contract with AMc entitles the NRA, upon "reasonable notice," to examine any and all "files, books, and records" of both Ackerman and Mercury which pertain to matters covered by the parties' contract. Since July 2018, has provided more-than-reasonable notice of its desire to view key items. In some instances, AMc has affected partial compliance with the NRA's requests-in other cases, it has rebuffed or baldly ignored the NRA's letters. The NRA also believes that Ackerman has withheld material information about a large related-party contract with the NRA's President, Lieutenant Colonel Oliver North (Ret.). This situation cannot continue."*<sup>20</sup>

The following excerpt is from the Virginia complaint:

**"C. In Response to Concerns from NRA Employees and Stakeholders, the NRA Attempts to Exercise Its Contractual Record-Examination Right-But Is Rebuffed.**

*17. In recent years, the State of New York amended its Not-for-Profit Corporation Law (the "NPCL") to clarify requirements for director independence and the ratification of related-party contracts, among other items. After updating its internal policies and controls to comply with the New York amendments, the NRA decided to strengthen its procedures for documentation and verification of compliance with vendor contracts. Beginning in August 2018, the NRA sent letters to hundreds of vendors - including AMc - that set forth updated invoice-support requirements and provided detailed guidance regarding, for example, expense reimbursement procedures.*

<sup>20</sup> First Amended Complaint, NRA v. Ackerman McQueen and Mercury Group, Inc., Circuit Court for the City of Alexandria, VA, Civil Case No: CL19001757 (p.1) [NRA-NYAGCOMMDIV-01430869-]

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18. During the course of this process, the NRA developed concerns that AMc's expenses and activities required closer oversight. Specific concerns that the NRA sought to investigate included:

- 'Out of pocket' expenses that lacked meaningful documentation of NRA approvals, receipts, or other support, despite the requirements set forth in the Services Agreement;
- Lack of transparency regarding AMc's annual budgets under the Services Agreement, as well as its adherence to those budgets;
- Lack of transparency regarding "fair market value" determinations;
- Concerns that AMc was invoicing the NRA for the entire salaries attributable to NRA-Dedicated Personnel, despite certain NRA-Dedicated Personnel allocating substantial time to non-NRA clients;
- Refusal to provide any data "in writing" (such as viewership numbers, clickthrough rates, or related performance metrics) that enable the NRA [to] analyze the return on its investment in NRA TV." <sup>21</sup>

The lawsuit filed by the NRA against AMc in Texas restates the above allegations of AMc's failure to disclose records which the NRA rightfully sought to inspect. Further, the complaint divulges that Oliver North was in fact an employee of AMc, while serving as President of the NRA. North had previously told the NRA that he was an independent contractor of AMc.<sup>22</sup>

The above actions by NRA in seeking to audit the records of AMc, terminating its relationship, and filing of lawsuits reflect the efforts of the Association, under its Course Correction program, to promote and pursue compliance by its vendors.

- 4) As described in my Expert Report in this matter dated September 16, 2022, the NRA's auditors, Aronson LLP ("Aronson"), conducted interviews with NRA executives in conjunction with its Client Acceptance and Continuation due diligence process prior to its audit of the NRA financial statements for the year ended December 31, 2020. Aronson inquired of the following individuals regarding their knowledge of, or concerns regarding, fraudulent activity (apart from specific issues called out in the Complaint), management integrity, or any other compliance-related issues:

- Charles Cotton, Board Member, Audit Committee Chair
- Curtis Jenkins, Board Member, Audit Committee Member
- Sonya Rowling, CFO/Treasurer
- Craig Spray, Former CFO/Treasurer
- Rick Tedrick, Finance Director

Aronson's notes documenting the results of the above-described interviews<sup>23</sup> reflect an agreement amongst the individuals interviewed regarding the positive results of the control enhancements implemented as a result of the Course Correction. The following excerpts are taken from Aronson's notes:

- Aronson's notes related to the Charles Cotton interview state: "as they did the self-correction in 2017 and had increasingly better controls in 2018 and especially in 2019 and forward". Cotton stated that they "are in compliance with NY NFP regulations after self-correction."
- Aronson's notes related to the Curtis Jenkins (Audit Committee member) interview state: "He did not have concerns with the integrity of management that was in place currently at the NRA. He did not have concerns with Wayne LaPierre actions, he was not aware of any willful intentional misconduct by anyone currently in the organization including Wayne."
- Aronson's notes related to the Sonya Rowling interview state: "She does not believe that current management has any integrity issues. She will continue on enhancing and evolving internal controls."
- Aronson's notes related to the Sonya Rowling and Rick Tedrick interview state: "they were not aware of any fraud at the organization, and they also stated that they are not aware of any noncompliance with regulations."
- Aronson's notes related to the Craig Spray interview state: "Good internal controls were in place for 2020 -- not aware of any breakdown of IC in 2020," and "Proud of where they ended up in 2020 both in IC and financially."

<sup>21</sup> IBID. (pp. 7-8)

<sup>22</sup> Second Amended Complaint NRA & Wayne LaPierre v Ackerman McQueen, US District Court for the Northern District of Texas, Civil Action No. 3:19-cv-02074-G [NRA-NYAGCOMMDIV-01430869-]

<sup>23</sup> IBID, (pp. 10-13)

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None of the individuals listed above who were interviewed by Aronson expressed any concerns regarding the integrity of management. None indicated knowledge of any alleged fraud or compliance issues apart from certain specific historic issues noted in the Complaint. In particular, Charles Cotton expressed his belief that the Course Correction efforts have resulted in *“full compliance with IRS and New York Not-for-Profit laws.”*<sup>24</sup>

- 5) In addition to the above examples of Course Correction efforts related to vendor contracts, monitoring of vendor compliance and efforts to pursue non-compliant vendors, other key Course Correction actions pursued by the NRA since 2017 include the following:
- Revisions to the Travel Expense Policy to include a policy for use of private/charter aircraft and enforced scrutiny of travel expense approvals<sup>25</sup>
  - Revisions of the Whistleblower Policy to comply with provisions of New York Law<sup>26</sup>
  - Enhanced procedures to identify related party transactions, potential conflicts of interest and excess benefit payments<sup>27</sup>
- 6) As described in my Expert Report in this matter, the NRA’s auditors, Aronson, performed certain additional procedures in conjunction with their audit of the NRA financial statements for the year ended December 31, 2020. These procedures were designed specifically to test certain controls associated with the allegations charged by the NY-AG including tests of the following areas:<sup>28</sup>
- Testing for proper support for, and approval of, executive expenses
  - Testing for proper support for, and approval of, expense reimbursements to the EVP’s executive assistant
  - Testing for proper support for, and approval of, LaPierre’s expense reports
  - Testing for proper support for, and approval of, travel expenses
  - Testing of gifts in excess of \$250 received from related parties
  - Tests for proper support for, and approval of, payments to travel consultants
  - Tests for proper support for payments made to vendors named in the NY-AG Complaint, including Akerman McQueen, McKenna, Membership Advisors and MMP
  - Testing of vendors paid over \$1MM in 2020, including existence of properly approved contracts
  - Testing for compliance with approval requirements for contracts
  - Testing of consulting contracts with related parties, including current/former Board members or employees
  - Testing for proper support for, and approval of, expense payments to the Women’s Leadership Forum
  - Review of annual Financial Disclosure Questionnaires for completeness and inclusion in government filings
  - Review of the Corporate Ethics policy, including the revised Whistleblower Policy
  - Review for proper support for, and approval of, executive compensation
  - Review of LaPierre’s employment agreement
  - Review for proper support for, and approval of, Brewer invoices
  - Review (via interviews of the Audit Committee) for fulfillment of the Audit Committee’s oversight of governance and internal controls
  - Review of the Audit Committee’s response and resolution of whistleblower reports in 2020

As described in my September 16, 2022 report, Aronson noted no exceptions of a material nature in any of these tests, indicating that underlying internal controls were operating as intended as of December 31, 2020.

Based on the above considerations, and as described in the detailed findings of my Expert Report, I believe the system of internal controls operating at the NRA was sufficient to provide reasonable assurance of compliance with Association policies and applicable laws and regulations. I disagree with the conclusions of Tenenbaum and Hines that the NRA has not implemented an appropriate internal control environment. Both Tenenbaum and Hines refer, in the past tense, to historic events of policy violations that occurred prior to the NRA’s Course Correction efforts, which began in 2017 and were accelerated throughout 2018 under CFO Craig Spray, who joined the NRA in early 2018. Hines and Tenenbaum do not acknowledge the evidence that these compliance improvement efforts have served to successfully support an effective control environment at the NRA.

<sup>24</sup> Aronson interview notes of Charles Cotton, May 17, 2021 (Aronson Acceptance Continuance Form for 2020 Audit) [Aronson NRA0046037]

<sup>25</sup> Referenced in my Expert Report dated September 16, 2022, (p. 21, 23)

<sup>26</sup> IBID. (paragraph 104)

<sup>27</sup> IBID. discussion of processes and controls related to related parties, conflicts of interest and excess benefits (pp. 14, 21, 23, 24, 25, 26, 31, 36)

<sup>28</sup> Refer to details of this testing by Aronson, described in the Expert Report of Matthew Lerner, CIA, 9/16/2022, (pp. 18-20 and pp. 28-29)

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**Work Performed and Basis for Rebuttal - Opinion 2**

51. I disagree with the assertions expressed in the Hines report regarding a poor Tone at the Top at the NRA, and believe the record reflects that the NRA has established an appropriate and effective tone at the top through its broad Course Correction efforts as described above under Opinion 1.
52. On page 7 of his report, Hines refers to a *“poor tone at the top (TATT) at the NRA.”* I believe the record in this matter reflects that the NRA has established an appropriate tone at the top, and in particular that Wayne LaPierre and John Frazer have demonstrated strong tone at the top as a result of their support and leadership of the NRA’s Course Correction efforts as described above under Opinion 1, and discussed further below.
53. Hines’ report omits all reference in the record to the support that the NRA’s Executive Vice President, Wayne LaPierre and the NRA General Counsel/Secretary, John Frazer, lent to the NRA’s Course Correction efforts. These efforts to improve internal controls and compliance measures initially began at the NRA, according to testimony, in late 2017 and accelerated during the tenure of Craig Spray, CFO and Treasurer, in 2018 through the current day. The following important references in sworn testimony and court records provide evidence of the active and effective support of LaPierre and Frazer in support of the Course Correction activity, representing the establishment of an effective and appropriate tone at the top with regard to compliance at the NRA:

1) Sonya Rowling testifies as follows:

Q: *“Can you tell me what role Mr. LaPierre plays in the control environment for the NRA?”*

A: *“I mean, he -- he - at this point, with me, he's setting a tone at the top of this is what we follow, this is how we all -- you know, as a -- and being supportive in that, of all of that. It starts kind of with him with that tone at the top.”*

Q: *“And what about Mr. Frazer, what role does he play in that control environment?”*

A: *“The same. I mean we all have -- he has policies the Board has issued that fall under his purview, so we would all fall in that category.”<sup>29</sup>*

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Q: *“You mentioned Mr. LaPierre setting the tone at the top. Can you provide me with some examples of how Mr. LaPierre set the tone at the top since you became Treasurer?”*

A: *“In all of our discussions [our] phone calls, you know, he has -- and even my discussions directly with him, he has told me, you need to make sure that if you're ever uncomfortable with anything, you need tell me, do not hesitate. It's those kind of conversations that we get -- that I have with him that he has had on our calls. It's that wanting to set the tone that we want to make sure we are doing everything right and its communicated that way.”<sup>30</sup>*

2) Michael Erstling testifies as follows:

Q: *“Do you have an opinion as to whether Mr. LaPierre supported the investigation and correction that started in 2018?.... Mr. Erstling, I'm not asking you for statements made by Mr. LaPierre. I'm asking for whether you have a sense of whether he supported the investigation and correction that started in 2018?”*

A: *“I do, based on the actions that were taking place; based on the reviews that were taking place; based on, you know, contracts being reviewed. You need to have that come from the top. Governance comes from the top. You can't -- it's not a grassroots effort.”<sup>31</sup>*

3) Willes Lee testifies as follows (with regard to the NRA’s progress in compliance efforts and LaPierre’s leadership in those efforts):

A: *“...We are, um, motivated and excited about the aspect of our progress with compliance, with all the not-for-profit statutes, laws, IRS regulations. We are motivated and excited about the direction we have taken, the movement we have made in being able to comply in identifying and rectifying items from the*

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<sup>29</sup> Sworn NY-AG deposition testimony of Sonya Rowling, 7/14/22 (p. 371:4 - 21)

<sup>30</sup> IBID, (p. 372:24 – p. 375:16)

<sup>31</sup> Sworn Chapter 11 Proceeding testimony of Michael Erstling, 4/21/21 (p. 156:16 – p.157:11)

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*past NRA as some of what we have discussed today, perhaps excess benefits, related to party transactions... ”<sup>32</sup>*

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*“...As I have said we have taken such tremendous strides and believe we are compliant, believe we are now achieving a goal that the NRA wants to be able to be fully compliant with New York State not-for-profit laws, the IRS regulations and statutes. And I think we have done a fine job and we could only do that because of Wayne LaPierre's direction and his forcefulness to make us get down this path... ”<sup>33</sup>*

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*“...I don't I don't believe that we would be as compliant or as well off as we are now if not for Wayne LaPierre and Craig Spray. And a multitude of other. ”<sup>34</sup>*

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- 4) Craig Spray testifies as follows (with regard to NRA progress in compliance efforts and LaPierre's support in those efforts):

Q: *“Now, when you started at the NRA, how would you describe its internal controls?”*

A: *“I think they definitely needed improvement. There were processes in some cases defined but not followed, or not followed consistently. And so there were -- there were a lot of areas that we needed to really jump into. And really, I felt like it was a cultural challenge that we needed to address, which can be more difficult and more -- more time intensive than even getting policy written and then disseminated. So there was a lot of work to do on compliance.”*

Q: *“Did Mr. LaPierre support your proposed changes to compliance?”*

A: *“Yes. I don't think very -- we were very successful in implementing change, and I can't see anything of that magnitude happening if Mr. LaPierre wasn't supporting it. Not just in front of me, but publicly and then behind closed doors, if he was, you know, kind of rolling his eyes at the thought of improved compliance or whatever, there's no way I would have been able to accomplish what -- what I -- what the, I felt supported on those areas when he -- when I wasn't in the room.”*

Q: *“And you said that the -- what changes were implemented?”*

A: *“Well, there's -- there's so many. You know, from educating the staff on compliance and process and approval levels, to making sure that suppliers understood for payment, whether it's backup or an approved contract. Making sure our contracts were written appropriately, with appropriately -- appropriate escape clauses and lengths of time. And we had this issue where we were doing these evergreen contracts, which just re-up annually every year with no activity, that was turning a lot of what should have been variable costs into fixed costs, and we had to eliminate those or renegotiate those.”<sup>35</sup>*

- 5) Wayne LaPierre testifies as follows (with regard to improvements in controls regarding contracts):

A: *“And as I said, this type of contract, or the length of it, would no longer occur under the 360 Review that we -- we -- we -- that I initiated going back to 2017 and 2018.”*

Q: *“And how do you know this?”*

A: *“Because NRA has a -- has been completely overhauled in relation to, um, um, complying with the governance and the policies of the Board of Directors, in terms of complying with New York State Not-for-Profit Law. It -- it -- to the -- to best of our ability and, um, NRA has controls in place now to the point where, um, this type of contract, um, that -- that happened in the past would not occur in the present.”<sup>36</sup>*

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<sup>32</sup> Sworn NY-AG deposition testimony of Willes Lee, 6/7/22 (p. 394:25 - p. 395:11)

<sup>33</sup> IBID. (p. 396:15-25)

<sup>34</sup> IBID. (p. 404:14-17)

<sup>35</sup> Sworn Chapter 11 Proceeding testimony of Craig Spray, 4/13/21 (p. 156:6 – p.157:17)

<sup>36</sup> Sworn NY-AG deposition testimony of Wayne LaPierre, 6/27/22 (p. 60:13 – p. 61:6)

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- 6) Judge Harlin Hale of the U.S. Bankruptcy Court of the Northern District of Texas makes the following statement in his order of dismissal of the Chapter 11 Proceeding:

*“Both Ms. Rowling and Mr. Erstling, the NRA’s Director of Budget and Financial Analysis, testified that the concerns they expressed in the 2017 Whistleblower Memo are no longer concerns. Mr. Frazer testified regarding the compliance training program that the NRA now has for employees. Mr. Spray testified credibly that the change that has occurred within the NRA over the past few years **could not have occurred without the active support of Mr. LaPierre.**”* (Emphasis Added)

*It is also an encouraging fact that Ms. Rowling has risen in the ranks of the NRA to become the acting chief financial officer, both because of her former status as a whistleblower and because of the Court’s impression of her from her testimony as a champion of compliance. In short, the testimony of Ms. Rowling and several others suggests that the NRA now understands the importance of compliance. Outside of bankruptcy, the NRA can pay its creditors, continue to fulfill its mission, continue to improve its governance and internal controls, contest dissolution in the NYAG Enforcement Action, and pursue the legal steps necessary to leave New York.”<sup>37</sup>*

54. Based on the above considerations and facts in evidence, I believe the NRA has established an appropriate TATT which serves to support and enforce a culture of compliance at the Association.

### Work Performed and Basis for Rebuttal - Opinion 3

55. I disagree with the Hines report suggestion that LaPierre had an obligation to obtain approval of the “full Board” prior to the January 2021 filing of the Petition under Chapter 11 of Title 11 of the United States Code in the U.S. Bankruptcy Court for the Northern District of Texas.

56. The Hines report states in paragraph 28 on page 12:

*“In January 2021, LaPierre, without first obtaining the approval of the full Board, filed a petition under Chapter 11 of the U.S. Bankruptcy Code in Texas.”*

I disagree with the position of Hines that the EVP of the NRA was under an obligation to notify the “full Board” prior to the filing the Chapter 11 petition. The following evidence in the record supports my conclusion that LaPierre was authorized to engage in restructuring activities on behalf of the Association, including the Chapter 11 petition:

- 1) Under the bylaws of the NRA, Article 5 Section 2(c), the duties of the Executive Vice President include the following:

*“The Executive Vice President shall direct **all** the affairs of the Association in accordance with the programs and policies established by the Board of Directors.”<sup>38</sup>* (Emphasis added)

- 2) A Special Litigation Committee (“SLC”) comprised of three members of the Board of Directors, including Carolyn Meadows, President, Charles Cotton, 1<sup>st</sup> Vice President, and Willes Lee, 2<sup>nd</sup> Vice President, was formed to “oversee the prosecution and defense of certain litigation.” This committee was formally authorized by resolution of the Board at its January 7, 2021 meeting.<sup>39</sup> The members of the SLC were signatories of the Petition filed under Chapter 11 in the US Bankruptcy Court indicating that they were aware of and approved of this restructuring filing.<sup>40</sup>
- 3) While not required under the Bylaws of the NRA, the full Board did vote to ratify a resolution authorizing Chapter 11 reorganization at its special meeting held on March 28, 2021.<sup>41</sup>

57. Based on the above-referenced evidence, it appears the EVP of the NRA was fully authorized to file the Chapter 11 Bankruptcy Petition and, additionally, this measure was approved in advance by the Special Litigation Committee, which was duly authorized by the Board, and was also ultimately approved by the full Board.

<sup>37</sup> Order Granting Motion to Dismiss Chapter 11 Petitions, National Rifle Association and Sea Girt LLC, United States Bankruptcy Court, Northern District of Texas, Dallas Division. Case No 21-30085 (HDH) p. 35

<sup>38</sup> NRA Bylaws 10/24/2020, Article 5, Sec 2(c) (p. 18) [NRA-NYAGCOMDIV-00102911]

<sup>39</sup> NRA Board of Director Meeting Minutes, 01/07/2021, (p. 5-6) [NRA-NYAGCOMDIV-00062581-62582]

<sup>40</sup> NRA Petition for Chapter 11 Bankruptcy, 01/15/2021, (p. 8-10) [US Bankruptcy Court for the Northern District of Texas, Case 21-30085-sgjl1, AMc EX 001]

<sup>41</sup> NRA Board of Director Meeting Minutes, 03/28/2021, (p. 2-4) [NRA-NYAGCOMDIV-01522860-1522862]

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**Work Performed and Basis for Rebuttal - Opinion 4**

58. I disagree with the opinion of Mr. Tenenbaum, as stated on page 56 of his report, that the use of private charter aircraft by LaPierre due to security concerns was “not defensible.”

The Tenenbaum report, on page 56, paragraph 1, states the following:

*“The NRA’s stated position that LaPierre’s private charter travel was justified based on a concern for Wayne LaPierre’s security while flying for NRA-related purposes is not defensible.”*

59. He further suggests that use of such aircraft represented an excess benefit to LaPierre and that the value of such flights “should have been included as taxable income to LaPierre.”<sup>42</sup>
60. The record provides abundant evidence that the NRA was rightfully concerned about the safety and security of Wayne LaPierre and that the use of private/charter aircraft was a reasonable expenditure to ensure the security of the Association’s Chief Executive Officer.
61. There is substantial evidence in the record of experts in security and executive protection, including sworn testimony of the NRA’s Executive Director of Security, and reports of independent professional security consultants, that the use of private aircraft was in fact necessary to protect LaPierre due to the persistent, high volume of threats of violence or death against him (which the experts opine such threats had existed as far back as 2012), thereby making such expenses a legitimate and necessary business expense in accordance with the NRA’s travel expense policy.
62. As evidence of security concerns supporting the NRA’s expenditures for charter private aircraft, the record reflects the testimony of the NRA’s Executive Director of Security, James Staples, who states in his sworn deposition that he consistently advised Mr. LaPierre that he should only fly private aircraft due to persistent threats against LaPierre and the high risks of assault or altercations associated with public airport spaces.<sup>43</sup>
63. Mr. Staples’ testimony includes references to the May 2, 2019 report of security experts, TBK Strategies, wherein TBK Strategies states:

*“1. We concluded risk for a “verbal confrontation” for [LaPierre] in large open areas as the airport to be **Extremely High**.*

*2. We concluded risk of physical harm to be **Medium-High** in this same environment.”*

The report concludes:

*“[LaPierre] is highly recognized as the face and leader of the NRA and had hundreds of threats in the past and will continue to get them in the future. We have concluded, due to some of the publics’ extremely negative views of WLP and the NRA, that he should avoid as many general public appearances (malls, airports, outdoor venues) as can be avoided to protect himself from personal harm and potential harm to the image of the NRA.”<sup>44</sup>*

64. Mr. Staples’ testimony includes an August 26, 2019 memorandum (Exhibit 4 to his deposition) from security expert, MH Coggins, regarding whether LaPierre should travel to Alaska via commercial aircraft, which provides extensive documentation of threats against Mr. LaPierre and concludes:

*“The logistics of commercial air travel would leave Mr. LaPierre vulnerable to personal confrontation, with unarmed security personnel who would be limited in their ability to respond. Therefore, we do not believe it advisable in the current climate that EVP LaPierre travel via commercial airline carrier for his trip to Anchorage, AK.”<sup>45</sup>*

65. Mr. Staples’ testimony includes a May 15, 2019 Threat Assessment (Exhibit 8 to his deposition) from security firm Garda World, which makes the following recommendation regarding air travel by Mr. LaPierre:

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<sup>42</sup> Expert Report of Jeffrey Tenenbaum 9/16/2022, (p. 57, para 1)

<sup>43</sup> Sworn NY-AG deposition testimony of James Staples 01/26/2022, regarding recommendation that La Pierre should always fly private/charter aircraft due to high threat levels including recommendations from outside security firms. (pp. 118-135)

<sup>44</sup> IBID., 01/26/2022, Exhibit 3. Memorandum of TBK Strategies to James Staples, Director Security for NRA, “RE: Security procedures for WLP [LaPierre] long distance travel.” (May 2, 2019) [NRA-NYAGCOMMDIV-01051772-]

<sup>45</sup> IBID., Exhibit 4. Memorandum of MH Coggins to James Staples, Executive Director Security, NRA, RE: “Threat Assessment for Air Travel for Executive Vice President Wayne LaPierre to Anchorage, AK” (August 26, 2019) [NRA-NYAGCOMMDIV-00204521]

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*"We assess that it's imperative that CEO should continue to use private aircraft for all air travel, whenever feasible. GWFS endorses the current NRA Security protocols for the CEO's transportation by corporate aircraft as appropriate, prudent, and within security industry best practices. Traveling by commercial air, particularly transiting through commercial terminals and gates, unavoidably and unnecessarily exposes the Principal to the risk of physical threat by hostile persons/lethal approachers determined to confront, harass, or assault him. Such confrontations/attacks on Mr. LaPierre have historically occurred in public spaces, regardless of whether escort protection is present or not."*<sup>46</sup>

66. In addition to the above expert opinions regarding security concerns for LaPierre, I reviewed the expert report of security expert, J. Lawrence Cunningham, wherein Mr. Cunningham concludes:

*"I believe that the NRA had an existing, ongoing, and increasing bona fide business-oriented security risk since at least 2012 through 2018, which was met by security strategy, plans and countermeasures to address the significant threats facing the organization and specifically, Mr. LaPierre."*<sup>47</sup>

67. Mr. Cunningham's report provides a detailed history of the threats against the NRA and Wayne LaPierre dating as far back as 2012 and through 2022, which were well documented by various security consultants and law enforcement. This evidence is contrary to Mr. Tenenbaum's conclusion that security concerns for LaPierre were not supported and did not provide sufficient reason to justify the use of private charter aircraft.
68. Mr. Tenenbaum states that *"the NRA failed to establish the existence of a bona fide security concern and business purpose for LaPierre's travel by private chartered plane because it never performed an independent security study until, at the earliest, 2019."* This conclusion is contradicted by the evidence present in testimony of the persistent level of threats prior to 2019 which created a necessity to act to protect the Association's chief executive. The 2019 study validates this conclusion and the actions taken in response, including the use of private aircraft.
69. The NRA's Travel Expense Policy in effect as of December 2020 states: *"It is the intent of the NRA to reimburse employees traveling on its behalf for actual and reasonable expenses incurred while traveling on official business."*<sup>48, 49</sup>
70. Given the assessment of security experts that threats against LaPierre were persistent over the course of many years, it appears that their recommendations requiring LaPierre to fly via private charter aircraft for security reasons makes such expenses a reasonable business expenses of the NRA, contrary to Mr. Tenenbaum's opinion.

#### Work Performed and Basis for Rebuttal - Opinion 5

71. I disagree with the conclusion in the Tenenbaum report on page 52 which states: *"The NRA did not adequately measure or oversee the compensation it paid to LaPierre and for years paid LaPierre excessive levels of compensation."*
72. Mr. Tenenbaum's conclusion that there was a lack of oversight in LaPierre's compensation is contradicted by substantial evidence that the NRA Board, through its Officers Compensation Committee ("OCC") did exercise appropriate diligence, representing an appropriate system of internal controls in the oversight of compensation paid to NRA executives as follows:
- 1) The Bylaws of the Association state that the OCC approves compensation paid to NRA executives. The OCC is comprised of:

*"...the President, who shall serve as the Chairman, the First Vice President and the Second Vice President. In case there shall be no Second Vice President, the President shall appoint a Director to serve in his place."*<sup>50</sup>

Further, the Bylaws describe the responsibility of the OCC as follows:

*"(c) At the fall meeting of the Directors, the Officers Compensation Committee shall recommend to the Board, and the Board shall, at the same meeting, establish by resolution the authorized compensation for*

<sup>46</sup> IBID., 01/26/2022, Exhibit 8. "Threat Assessment Update Wayne LaPierre" (May 15, 2019, p. 16) [NRA-NYAGCOMMDIV-00865735-]

<sup>47</sup> Expert report of J. Lawrence Cunningham, 9/16/22 (p 6, par 19)

<sup>48</sup> The NRA Travel Expense Policy in effect as of December 31, 2020 which also states that "sound business judgement" should be applied to circumstances that are not specifically addressed in the policy [NRA-NYAGCOMMDIV-00009680]

<sup>49</sup> The NRA modified its Travel Expense Policy in January 2021 to add provisions, regarding use of private/charter aircraft among other changes.

<sup>50</sup> NRA Bylaws, Article V. Section 4 (b) [NRA-NYAGCOMMDIV-00102915]

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*the next budget year for all elected salaried officers, who shall be the Executive Vice President, the Secretary, and the Treasurer. Nothing contained herein shall preclude other meetings of the Officers Compensation Committee as may be called by the President, which may include consideration of the salaries of newly elected salaried officers or of prospective candidates to fill vacancies among the elected salaried officers pursuant to the provisions of Article V, Section 4 of these Bylaws. All deliberations by the Board of Directors concerning such compensation shall be held in an executive session, at which none of the officers whose compensation is to be or is being established may attend, except for the limited time and limited purpose of answering questions asked by any member of the Board of Directors at the meeting."*

*(d) The compensation of the Executive Director of the National Rifle Association General Operations and the Executive Director of the National Rifle Association Institute for Legislative Action shall be established by the Executive Vice President."*<sup>51</sup>

- 2) The record reflects that the OCC met on September 7, 2017, and subsequently reported to the Board on September 9, 2017, its recommended compensation to be paid in 2018 for NRA Officers, including Wayne LaPierre, EVP, Woody Phillips, CFO/Treasurer, and John Frazer, General Counsel/Secretary. The OCC report reflects that the OCC considered the following information sources in making its salary recommendations [NRA-NYAGCOMMDIV-00967997]:
  - a. Published reports of the compensation of CEOs and other senior executives at Washington, D.C. Associations based on IRS Form 990 filings.
  - b. Advice of outside counsel and compensation and benefit consultants Jeff Banish and Don Baggett.
  - c. Employee benefits available to senior executives, including leased autos and deferred compensation.
  - d. Compensation and benefits history for eight senior executives.

The supporting exhibits in the report reflect that the recommended salary to be paid in 2018 will place Wayne LaPierre among the top 50 CEOs for comparable not-for-profit associations [NRA-NYAGCOMMDIV-00967999]. The supporting exhibits attached to the report reflect that proposed compensation for the CFO and General Counsel are substantially lower (i.e., less than 50%) than the same executive roles at the highest paid not-for-profit organizations.

- 3) The OCC engaged the services of Matthews, Young – Management Consulting ("Matthews") to conduct an assessment of executive compensation, including the following NRA executives: Wayne LaPierre, EVP, Chris Cox, Executive Director ILA, Joshua Powell, Executive Director General Operations, Wilson Phillips, CFO/Treasurer and John Frazer, General Counsel/Secretary. The Matthews report was dated January 8, 2018. The overall conclusion of their assessment was that total compensation paid by the NRA for these executives placed the NRA in the 50<sup>th</sup> percentile for comparative/similar sized not-for-profit organizations.
- 4) The record reflects that the OCC met on September 6, 2018, and subsequently reported to the Board on September 8, 2018, its recommended compensation for NRA Officers, including Wayne LaPierre, EVP, Woody Phillips, CFO/Treasurer, and John Frazer, General Counsel/Secretary. The report reflects that the Committee reviewed published reports of the CEOs and other senior staff based on IRS Form 990 filings of other Washington, D.C. associations in setting its recommended compensation levels. The recommended compensation levels for 2019 were the same as was authorized and paid in 2018. [NRA-NYAGCOMMDIV-00884207]
- 5) The record reflects that the OCC met on September 13, 2019, and subsequently reported to the Board on September 13, 2019, its recommended compensation for NRA Officers, including Wayne LaPierre, EVP, Craig Spray, CFO/Treasurer, and John Frazer, General Counsel/Secretary. The Committee report indicates that the Committee considered the IRS Form 990 filings indicating the compensation of other Washington, D.C. associations and reports of outside compensation consultants (i.e., The Haney Company and Matthews), in establishing Officer compensation levels. The recommended compensation for 2020 indicated in the report was the same as was authorized and paid in 2019. [NRA-NYAGCOMMDIV-00886435-]
- 6) The record reflects that the OCC met by teleconference on October 23, 2020, and subsequently reported to the Board on October 24, 2020, its recommended compensation ranges for NRA Officers, including Wayne LaPierre, EVP, Craig Spray, CFO/Treasurer, and John Frazer, General Counsel/Secretary. The

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<sup>51</sup> IBID.

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recommended compensation for 2021 indicated in the report was the same as was authorized and paid in 2020. The Committee report indicates that the Committee considered the August 25, 2020 report of Longnecker & Associates, as independent compensation consultants,<sup>52</sup> as well as IRS Form 990 filings indicating the compensation of other Washington, D.C. associations, in establishing Officer compensation levels. [NRA-NYAGCOMMDIV-00607866-]

- 7) The record reflects that the OCC met by teleconference and in person on October 1, 2021, and subsequently reported to the Board on October 1, 2021, its recommended compensation ranges for NRA Officers, including Wayne LaPierre, EVP, Sonya Rowling, CFO/Treasurer, and John Frazer, General Counsel/Secretary. The recommended compensation for 2022 indicated in the report was the same as was authorized and paid in 2021, however, the recommendations also eliminated bonus payouts in 2022. The Committee report indicates that the Committee considered the report of Longnecker & Associates, dated August 25, 2020, as independent compensation consultants, as well as IRS Form 990 filings indicating the compensation of other Washington, D.C. associations, in establishing Officer compensation levels. [NRA-NYAGCOMMDIV-01336406-]
- 8) The record reflects that the OCC met on September 16, 2022, and subsequently reported to the Board on September 17, 2022, its recommended compensation ranges for NRA Officers, including Wayne LaPierre, EVP, Sonya Rowling, CFO/Treasurer, and John Frazer, General Counsel/Secretary. The recommended compensation for 2023 indicated in the report was the same as was authorized and paid in 2022, including a continuation of eliminating bonus payouts in 2023. The Committee report indicates that the Committee considered the report of independent compensation consultant, Phillip Blount & Associates, dated September 12, 2022, as well as giving consideration to the “*need to maintain ongoing cost savings and the need to restore and improve compensation for other staff*”, in establishing Officer compensation levels. [NRA-NYAGCOMMDIV-01540021-]
73. In addition to the above specific references in the record, I reviewed the expert report of Alan A. Nadel of Strategic Apex Group, LLC., in which he provides his expert conclusion regarding the allegations of the New York Attorney General with regard to “excessive compensation” paid to NRA Officers. Mr. Nadel states:
- “The compensation paid by the National Rifle Association to senior NRA executives was not excessive and was consistent with executive compensation paid by other large not-for-profits in the United States.”*<sup>53</sup>
- Additionally, as supported by the above-referenced record, Mr. Nadel concludes that the “*NRA’s board and committees followed appropriate and substantial measures in setting pay levels for its senior executives.*”<sup>54</sup>
74. Based on the above evidence, it is my opinion that the claim by Tenenbaum that the NRA “*did not adequately measure or oversee the compensation it paid to LaPierre*” is unfounded and is contradicted by evidence available in the record that the NRA has an effective system of internal controls in place to monitor and oversee the reasonableness of executive compensation.

#### Work Performed and Basis for Rebuttal - Opinion 6

75. I disagree with the statement in the Tenenbaum report wherein he states that NRA’s auditors, RSM US LLP and Aronson LLP, were not informed of the contents of the “Top Concerns” memorandum.

Mr. Tenenbaum states in his report:

*“...the NRA did not ensure that its independent auditors were fully informed of the issues raised in the “Top Concerns” memo. For instance, there is no evidence that RSM US LLP, the NRA independent auditor at the time, or its successor, Aronson LLP, were provided a copy of the memorandum...”*<sup>55</sup>

76. While it may be true that RSM was not provided a “copy of” the Top Concerns memorandum, the record does show that RSM and Aronson were made aware of the issues raised in the Top Concerns memorandum as follows:
- 1) The sworn deposition testimony of Sonya Rowling describes her discussion of the memorandum with the RSM engagement partner, Al Weber, as well as auditing procedures RSM performed during its audit of

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<sup>52</sup> [NRA – NYAGCOMMDIV-01335671 -]

<sup>53</sup> IBID.

<sup>54</sup> IBID.

<sup>55</sup> Expert Report of Jeffrey Tenenbaum 9/16/2022, (p. 60, para 2)

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NRA financial statements for the year ended 2018, to test certain contracts in response to the issues noted in the Top Concerns memo.<sup>56</sup>

- 2) John Frazer also testifies that he spoke with Rowling in preparation for his Corporate Representative deposition and she verified that she had discussed each item in the Top Concerns memo with the RSM audit partner.<sup>57</sup>
  - 3) Greg Plotts, audit engagement partner for Aronson, states in his deposition that he had seen the Top Concerns memo and that Sonya Rowling informed him of the issues raised in the memo, also stating that all of the issues had been addressed by the NRA. He also testifies that Aronson made inquiries of management regarding the issues raised in the memo.<sup>58,59</sup>
77. Based on the above facts in evidence, I believe that the NRA's auditors, RSM and Aronson, were apprised of each of the issues included in the Top Concerns memorandum in conjunction with their respective audits of the NRA's financial statements.

#### Work Performed and Basis for Rebuttal - Opinion 7

78. I disagree with Tenenbaum's suggestion that NRA should "*Overhaul the Conflict of Interest Review Process.*" I note the following in reviewing his recommendation:
79. Tenenbaum refers only to the past practices of the NRA, including historical or legacy exceptions related to compliance with the NRA's Conflict of Interest and Related Party Transaction Policy, stating: "*it was clearly neither regularly followed nor enforced by the NRA.*" (Emphasis added)
80. Tenenbaum does not acknowledge evidence as documented in the minutes of the Audit Committee, as well as the Reports of The Secretary to the Board and testimony of members of the Audit Committee, that the Committee appropriately reviews such relationships as it becomes aware of them.<sup>60,61</sup> The Audit Committee is duly designated by the Board as the appropriate authority for review of such transactions.
81. Further, evidence demonstrates that the NRA is now achieving 100% compliance with reporting of Financial Disclosure Questionnaires by its directors, executive officers, and other covered persons (as designated by the General Counsel/Secretary).<sup>62</sup> Sworn testimony further demonstrates that the Secretary coordinates closely with the Financial Services Division in the annual preparation of its IRS Form 990 to ensure that all potential related party arrangements have been reported.<sup>63, 64</sup>
82. The additional procedures performed by Aronson in its audit of the NRA financial statements for the year ended December 31, 2020, included a review of the Financial Disclosure Forms of NRA Board members, as well as a review of various related party contracts to ensure they were appropriately approved. Aronson noted no exceptions as a result of their review.<sup>65</sup>
83. Based on the above, it is my opinion that the NRA's system of internal controls associated with the identification and approval of potential related party transactions and conflicts of interest appear to have been designed, as of December 31, 2020, to provide reasonable assurance of ongoing compliance with applicable laws and regulations, as well as the policies of the NRA. Further, based upon the results of additional procedures testing performed by Aronson in its audit of the NRA's 2020 Financial Statements, these internal controls appeared to be operating effectively as of December 31, 2020 to mitigate the risks regarding potential related party transactions and conflicts of interest.

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<sup>56</sup> Sworn NY-AG deposition testimony of Sonya Rowling, 7/14/22 (p. 307:12 – p. 311: 6)

<sup>57</sup> Sworn NY-AG deposition testimony of John Frazer as Corporate Representative, 9/9/22 (p. 878:11 – p. 884: 18)

<sup>58</sup> Sworn NY-AG deposition testimony of Greg Plotts, 3/22/22 (p. 147:5 – p. 149: 16)

<sup>59</sup> Sworn NY-AG deposition testimony of Greg Plotts, 4/18/22 (p. 374:19 – p. 377: 6)

<sup>60</sup> Sworn NY-AG deposition testimony of David Coy, 6/16/22 (p. 391:19 – p. 392: 11)

<sup>61</sup> Specifically, I reviewed (i) Audit Committee minutes listed in the attached Exhibit 2 for July 2018 through October 2021, and (ii) Reports of the Secretary to the NRA Board and Executive Council listed in the attached Exhibit 2 for 2019 and 2020 wherein related party transactions are described.

<sup>62</sup> Board of Director meeting minutes 9/17/22, Report of the Secretary where Frazer states (regarding financial disclosure forms): "...we have reports back from 100 percent of the currently sitting Board..." [NRA-NYAGCOMMDIV-01540067 -] (p 55)

<sup>63</sup> Source: telephonic interview of Sonya Rowling, John Frazer and Arif Rahman conducted on August 30, 2022

<sup>64</sup> Sworn NY-AG Deposition Testimony of Sonya Rowling regarding preparation of 2019 and 2020 Forms 990 and control improvements over disclosures of related party transaction: 7/14/22 ((p. 359, L: 6-18)

<sup>65</sup> Aronson testing of financial disclosures and related party matters is discussed in my Expert Report of 9/16/22 (para 85).

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**Work Performed and Basis for Rebuttal - Opinion 8**

84. Because the NRA has already taken action to implement compliance training, I disagree with the recommendation Tenenbaum makes in his report on page 63 that:

*“The NRA’s board of directors should require all board members, officers, and staff – including all executives – to participate in annual ethics and compliance training. This training should cover topics discussed in this report, such as what it means to be a nonprofit, tax-exempt organization (and all of the requirements, restrictions, and prohibitions that go along with such status), conflicts of interest, related party transactions, proper expense reimbursement policies, private inurement, excess benefit transactions, and impermissible private benefit, in addition to training on other important legal, governance, and ethics concepts incorporated into the NRA’s policies and procedures.”*

85. Mr. Tenenbaum does not discuss in his report that the record in this matter contains extensive evidence that the NRA has been conducting compliance trainings since July 2018 and has continued with training sessions held at least annually since that time (except for 2020 during the COVID-19 Pandemic when NRA staff worked remotely).<sup>66</sup> Compliance training is provided to all staff who play a role in procurement processes, including solicitation of vendor services (including development and review of RFPs and RFP responses) and review/approval of contracts, as well as to all executives and officers. Specific training focused on related party transactions and conflicts of interest is provided to members of the Board. (The most recent training session was conducted with the Board on September 17, 2022.)<sup>67</sup> The training materials used in the Compliance training sessions are published on the NRA’s intranet site “NRA Connection”<sup>68</sup>.
86. John Frazer discusses in his deposition the nature of compliance training that has historically been provided to NRA Board members since 2018, which includes new board member orientation sessions held multiple times each year on compliance obligations, as well as regular discussions of compliance obligations at scheduled Board meetings.<sup>69</sup>
87. I agree that compliance training is a key element of an effective system of governance and controls, and I acknowledge that the NRA has, in fact, implemented such training in pursuit of its overall Course Correction efforts to promote its compliance program.

**Work Performed and Basis for Rebuttal - Opinion 9**

88. I disagree with the assertions made on page 62 of Tenenbaum’s report wherein he states:

*“Given the severity of the whistleblower complaints, their dismissal without any investigation, and the subsequent allegations of retaliation, the NRA should have responded by overhauling the system through which whistleblower complaints and tips are received, as well as what happens after such complaints are received”*

89. The above assertions by Tenenbaum are directly contradicted by facts in evidence. Evidence in the record supports that the NRA did investigate whistleblower complaints that were submitted in good faith that are known in the record (based on Audit Committee minutes produced and provided to me for the period of September 2016 through September 2022, as well as related testimony). The record provides substantial evidence that the Audit Committee has acted to appropriately respond to legitimate whistleblower reports. I incorporate by reference my detailed opinion, which is reflected in my Expert Report dated September 16, 2022

<sup>66</sup> The record reflects that the NRA has held Compliance Training Sessions on the following dates:

07/25/2018, 7/26/2018 & 8/25/2018 [NRA-NYAGCOMMDIV-00079840 -]  
07/27/2018 [NRA-NYAGCOMMDIV-00079837-]  
08/28/2018 [NRA-NYAGCOMMDIV-00079840-]  
02/26/2019 [NRA-NYAGCOMMDIV-00079837-]  
02/27/2019 [NRA-NYAGCOMMDIV-00079837-]  
11/07/2019 [NRA-NYAGCOMMDIV-00079834-]  
Calendar year 2020 – No Compliance Training sessions held (due to remote working during the Pandemic)  
12/16/2021 [NRA-NYAGCOMMDIV-01458696-]  
05/18/2022 [NRA-NYAGCOMMDIV-01537411-]  
09/17/2022 [NRA-NYAGCOMMDIV- 01540023] (Compliance Training for the BOD)

<sup>67</sup> Board of Director meeting minutes 9/17/22 [NRA-NYAG-COMMDIV-01540067 -] (p. 60); Compliance Training slides: [NRA-NYAG-COMMDIV-01540023 -]

<sup>68</sup> Per interview of John Frazer, August 30, 2022

<sup>69</sup> Sworn NY-AG deposition testimony of John Frazer as Corporate Representative 8/9/22, (p. 665: 16 – 668: 24)

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in paragraphs 101 through 113, where I provide my detailed assessment of the NRA's whistleblower policy and response program. The highlights of my findings, which are contrary to Mr. Tenenbaum's opinion, include the following facts (each of which are detailed in my Expert Report):

- 1) The NRA's Whistleblower policy as revised and adopted in January of 2020 appears to be compliant with applicable New York Laws, including provisions regarding reporting anonymously and protecting the confidentiality of whistleblowers. This policy is posted on the Association's intranet site ("NRA Connection") as well as on its public website.<sup>70</sup>
  - 2) The Secretary of the Audit Committee, together with the Office of General Counsel, are appointed as the administrators of the whistleblower program and are "responsible for investigating and resolving all whistleblower reports."<sup>71</sup>
  - 3) The minutes of the Audit Committee reflect that the Committee regularly reviews all whistleblower reports that it receives.<sup>72</sup>
  - 4) The sworn testimony of two of the principal authors of the "Top Concerns" memo (Michael Erstling and Sonya Rowling) indicates their belief that the NRA has fully addressed their concerns.<sup>73, 74</sup>
  - 5) Aronson performed additional audit procedures, which included review of whistleblower reports received in 2020, and concluded that the Audit Committee appropriately reviewed and resolved each report.<sup>75</sup>
90. Based upon the above evidence and other considerations which I evaluated in developing my opinion in my Expert Report dated September 16, 2022, it is my opinion that the NRA's systems of internal controls related to reporting, investigating, and appropriately resolving whistleblower reports appear to have been designed to provide reasonable assurance of ongoing compliance with applicable laws and regulations (including requirements of New York law under N-PCL § 715-b and EPTL § 8-1.9(e)), as well as the policies of the NRA, and appear to have been operating effectively as of December 31, 2020.<sup>76</sup>

#### Work Performed and Basis for Rebuttal - Opinion 10

91. I disagree with the assertions made in Tenenbaum's report where he disputes whether LaPierre properly recused himself from contract negotiations with MMP/Allegiance.

On page 31 of his report, he states:

*"Based on his divided loyalties, LaPierre should have disclosed his conflicts of interest and recused himself from any decision-making related to the agreement."*

On page 34, he further states:

*"LaPierre, Rowling, and Frazer all testified that LaPierre recused himself from participating in any negotiations regarding this new contract. But a memorandum of understanding between the NRA and Allegiance that was signed prior to the finalized contract bears LaPierre's signature, and LaPierre is named as the "responsible executive" on the signature review sheet for the new contract. (Emphasis added)*

92. Tenenbaum's denial of LaPierre's recusal is contrary to the sworn testimony of Rowling<sup>77</sup> and Frazer<sup>78</sup> who each stated that LaPierre was recused from these negotiations.

<sup>70</sup> Source: <https://home.nra.org/corporate-ethics/>

<sup>71</sup> NRA Policy Manual rev. 03/11/2020, Statement of Corporate Ethics A-1.03 Whistleblower Policy (p. 277) [NRA-NYAGCOMMDIV-00009181]

<sup>72</sup> Actual Audit Committee actions regarding whistleblower reports are not detailed in the Committee reports. Such actions are kept confidential. The minutes generally reflect only whether whistleblower reports were received and whether the Committee considered them to be "well founded" or not.

<sup>73</sup> Sworn testimony of Michael Erstling in Texas Chapter 11 Proceeding 04/22/2021, (p. 154)

<sup>74</sup> Sworn testimony of Sonya Rowling in Texas Chapter 11 Proceeding 03/19/2021, (pp. 279-291)

<sup>75</sup> Aronson additional procedures audit workpaper SP-280 [NRA0045715]

<sup>76</sup> Refer also to my Expert Report of 9/16/22 regarding my assessment of whistleblower reports (paragraphs 101-113)

<sup>77</sup> Sworn NY-AG deposition testimony of Sonya Rowling 07/14/2022, (pp. 256:21 – 257:11)

<sup>78</sup> Sworn NY-AG deposition testimony of John Frazer as Corporate Rep 09/9/2022, (pp. 987:24 – 988:3)

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93. LaPierre testifies, under oath, that the Audit Committee and the Treasurer's Office were aware that he had been recused from negotiations with MMP.<sup>79</sup>
94. Tenenbaum's statement regarding LaPierre's signature on the agreement belies the fact that LaPierre's approval, as the EVP of the NRA, is *required*\* on contracts over \$100,000. (In fact, the *absence* of LaPierre's signature on the MOU would have been a technical violation of the NRA Purchasing Policy.)

\*The NRA Purchasing Policy states the following regarding approvals for contracts over \$100,000

***"Contracts and Approval Authority"***<sup>80</sup>

*Contracts shall be used in conjunction with or in lieu of purchase orders, in accordance with the following guidelines:*

*All contracts requiring payments equal to or greater than \$100,000 in any twelve month period, must have written approval of:*

- a. the appropriate Division Director and*
- b. the **Executive Vice President** and*
- c. the Treasurer.*

*The signature of the President and one of the Vice Presidents is also required as written acknowledgement of the contract/commitment."* (Emphasis added)

95. I also disagree with Tenenbaum's assertion that the NRA Audit Committee has not investigated LaPierre's relationship with the McKenzies (owners of MMP). Tenenbaum makes this statement on page 34 of his report:

*"To this day, there is no evidence that the NRA's Audit Committee has reviewed the relationship between LaPierre and the McKenzies, and the **Audit Committee did not review the new Allegiance contract ahead of its signing.**"* (Emphasis added)

John Frazer testifies that the Audit Committee began investigating LaPierre's relationship with McKenzie when it was first disclosed, as evidenced below:

*Q: Has the Audit Committee taken any steps to address his [LaPierre's] failure to disclose it [use of McKenzie's yacht] in previous years?*

*A: The Audit Committee is currently investigating that matter*

*Q: When did that investigation begin?*

*A: (Frazer) I believe it would have been at or around the time of the disclosure.*

*Q: The disclosure occurred during the bankruptcy trial; is that correct?*

*A: (Frazer) Yes*

Later in testimony:

*Q: Who within – who was part of this investigation?*

[Attorney objections]

*A: (Frazer) it would be the Committee with assistance of counsel.*<sup>81</sup>

96. Finally, I question Tenenbaum's assertion that the "*Audit Committee did not review the new Allegiance contract ahead of its signing.*"

The minutes of the Audit Committee meeting of July 30, 2022 state as follows:

*"The Committee **met to discuss a specific subject matter and went into executive session** at 3:04 p.m. and rose from executive session at 3:26 p.m.* (Emphasis added)

*Upon rising from executive session, the committee adopted the following motions:*

*"Moved, the Committee unanimously approves the Memorandum of Understanding Between, The National Rifle Association and The MMP Companies, as presented."*<sup>82</sup>

97. Not only does the above evidence verify that the Audit Committee did approve the MOU with MMP on July 30, 2022, but it also reflects that the Committee scheduled a dedicated meeting for that single purpose. These facts

<sup>79</sup> Sworn NY-AG deposition testimony of Wayne LaPierre, 6/27/22 (p. 92:18 – 95:21)

<sup>80</sup> NRA Policy Manual, 03/11/2020, Appendix 6: Purchasing Policy (p. 272) [NRA-NYAGCOMMDIV- 00009190]

<sup>81</sup> Sworn NY-AG deposition testimony of John Frazer as Corporate Representative, 7/29/22 (p. 75:18 – 77:16)

<sup>82</sup> Audit Committee Meeting Minutes, July 30, 2022 [NRA-NYAGCOMMDIV-01540050]

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directly contradict the assertion by Tenenbaum that the Audit Committee did not approve the agreement. The actual contract with Allegiance was signed on August 18, 2022.<sup>83</sup>

98. Given the above facts, I believe that Mr. Tenenbaum's assertions regarding: (i) failure of LaPierre to recuse himself from MMP contract negotiations; (ii) failure of the Audit Committee to investigate LaPierre's relationship with MMP and the McKenzies; and (iii) failure of the Audit Committee to approve the MMP/Allegiance agreement are each unfounded and directly contradicted by evidence in this matter.

#### IX. Signature



Matthew Lerner, CIA

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<sup>83</sup> Allegiance/NRA contract, including Contract review/approval sheet and business case, August 18, 2022 [NRA-NYAGCOMMDIV-01538661-01538672]

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**Exhibit 1:**

**CV of Matthew Lerner, CIA**

Grant Thornton LLP  
The US Member of Grant Thornton International



### **Matthew Lerner**

*Principal, Not-for-Profit and Higher Education Advisory Services Practice*



### **Experience**

Matthew is a Principal within Grant Thornton's Not-for-Profit and Higher Education Advisory Services practice. His experience includes collaboration with clients in a variety of areas, including internal control assessments, internal audit, enterprise risk management, operational and business process improvement, compliance reviews, organizational and staffing assessments, software evaluation and selection, project management, strategy, and financial modeling. Matthew is a Certified Internal Auditor (CIA) with extensive experience performing internal audits, risk assessments, due diligence reviews, and regulatory reporting. Matthew's more than eighteen years of experience spans a variety of business sectors including not-for-profit, higher education, healthcare, financial services, and governmental entities.

Matthew has presented at numerous professional conferences and Grant Thornton webcasts on topics including risk management and internal controls, and has authored the following articles that have been published in periodicals such as Grant Thornton's "State of the Not-for-Profit and Higher Education Sector" reports and the NonProfit Times:

- "DE&I, ESG and the Compliance Function"
- "Using Blockchain to Enhance Operations in Cultural Institutions"
- "The Evolving Role of Ethics and Compliance"
- "Stay Relevant by Addressing Social Issues"
- "Measuring and Communicating Outcomes"
- "Evaluating Impact and Enterprise Risk Management"
- "Moving Beyond ERM Theory to Real-World Implementation"
- "Look to Internal Audit to Enhance Performance Evaluation"
- "5 Steps for a High Performing Internal Audit Function"

Prior to joining Grant Thornton, Matthew worked for the New York City Economic Development Corporation, where he served as the Vice President for Compliance and managed a portfolio of New York City based companies, and led various strategic and technology-driven initiatives.

### **Professional qualifications and memberships**

Certified Internal Auditor (CIA)

### **Education**

Matthew received a Bachelor of Science in Management, with High Honors, from Rutgers University. He also received his MBA specializing in Accounting and Finance from the Stern School of Business at New York University.

### **Contact details**

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Representative examples of Matthew's experience include:

- Serving as the Engagement Leader for an outsourced internal audit engagement for a New York-based national not-for-profit association. Matthew has conducted internal audits, including assessments of the design and operating effectiveness of internal controls, for areas such as governance (including conflicts of interest, whistleblower procedures, Code of Ethics/Code of Conduct, compliance with key legal, operational, governance policies, compliance monitoring, bylaws and committee charters, and creation and review of Board committee materials), data privacy, treasury management, case management, and information technology.
- Serving as the Engagement Leader for an outsourced/co-sourced internal audit engagement for a New York-based, multi-campus, not-for-profit university. In his twelve years supporting the University, Matthew has conducted more than fifty internal audits, including assessments of the design and operating effectiveness of internal controls related to financial, human resources, information technology, and academic areas, including application of the internal control objectives and principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as well as Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing.
- Serving as the Engagement Leader for an outsourced internal audit engagement for a New York-based independent testing, publishing, and membership not-for-profit organization. In his ten years supporting the organization, Matthew has conducted more than twenty-five internal audits, including areas such as purchasing, travel and expense management, contracts management, third-party vendors, human resources, and information technology. Matthew has also conducted multiple anti-fraud leading practices training sessions for the organization.
- Served as the Engagement Manager for an outsourced internal audit engagement for a New York-based large, private foundation. During this engagement, Matthew conducted internal audits, including assessments of the design and/or operating effectiveness of internal controls, for areas including legal and governance (including conflicts of interest, whistleblower procedures, compliance with key legal, operational, governance policies, compliance monitoring, bylaws and committee charters, and creation and review of committee materials), financial controls, endowment management, human resources, and information technology.
- Serving as the Engagement Leader for an internal control over financial reporting (ICFR) engagement for an independent, not-for-profit financial accounting and reporting standards organization. During this engagement, Matthew conducted assessments of the design and operating effectiveness of internal controls, as well as mapping of internal controls to the COSO internal controls framework, for areas including purchasing, accounts payable, revenue, payroll, financial reporting, treasury, fixed assets, and information technology.
- Serving as the Engagement Leader for an outsourced internal audit engagement for a New York-based international not-for-profit organization. During this engagement, Matthew conducted internal audits, including assessments of the design and/or operating effectiveness of internal controls, for areas including regulatory compliance management, contract management, fundraising, international office operations (including assessments of financial, human resources, information technology, and physical security controls), human resources, safety and security, and business continuity.
- Served as the Engagement Leader for an internal control assessment for a New York-based national not-for-profit membership organization. During this engagement, Matthew conducted assessments of the design and operating effectiveness of internal controls for areas including purchasing, accounts payable, travel and entertainment expenses, vendor management, contract management, financial reporting, cash management, accounts receivable, budgeting, and information technology.
- Serving as the Engagement Leader for an outsourced internal audit engagement for a large, New York-based cultural institution. In his five years supporting the organization, Matthew conducted internal audits, including assessments of the design and/or operating effectiveness of internal controls, for areas including procurement, independent contractor management, budgeting, safety and security, and facilities management.

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**Exhibit 2:**

**Documents Considered**

**and**

**Relied Upon**

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Document Description	Bates Page #1 or Other Ref.	Document Date
<b>Court Filings, Rulings / Complaints</b>		
NY-AG NRA Summons and Complaint	N/A	8/6/2020
Amended Supplemental Verified Complaint	Index 451625/2020	8/16/2020
Decision – Order on Motion (Dismissal ruling re dissolution)	Index 451625/2020	3/2/2022
Second Amended Verified Complaint	Index 451625/2020	5/2/2022
Bankruptcy Court Ruling – (Dismissal of Chapter 11 Petitions)	Case 21-30085-hdh11	5/11/2021
<b>IRS Form 990 and New York CHAR500</b>		
2017 NRA Form 990	NRA-NYAGCOMMDIV-00960251 -	2017
2018 NRA Form 990	NRA-NYAGCOMMDIV-00092099 -	2018
2018 Amended NRA Form 990	NRA-NYAGCOMMDIV-01533982 -	2018
2019 NRA Form 990	NRA-NYAGCOMMDIV-00099458 -	2019
2019 NRA Amended Form 990	NRA-NYAGCOMMDIV-01533881 -	2019
2020 NRA Form 990	NYAGCOMMDIV-01510127	11/15/2021
2020 NRA Amended Form 990	NYAGCOMMDIV-01534104	11/19/2021
2018 CHAR500	NYAG-00286598 -	11/3/2019
2019 CHAR500	Craig Spray Depo - NYAG Ex #6	11/16/2020
2020 CHAR500	Exhibit to Pleading - 1/25/22	11/12/2021
<b>NRA Financial Statements</b>		
2018 NRA Consolidated Annual Report	NRA-NYAGCOMMDIV-00088263 -	2018
2018 NRA Financial Statements - NRA & Affiliates	RSM-NYAG0058706 - -	2018
2018 NRA Financial Statements (Unconsolidated)	RSM-NYAG0080404 -	2018
2018 NRA Financial Statements Unconsolidated	NRA-NYAGCOMMDIV-00856118 -	12/31/2018
2019 FAF Annual Report	NRA-NYAGCOMMDIV-00010585 -	2019
2019 FAF Financial Statement	NRA-NYAGCOMMDIV-01533660 -	12/31/2018
2019 NRA and Affiliates Annual Report	NRA-NYAGCOMMDIV-00012251 -	2019
2019 NRA Consolidated Financial Statement	NRA-NYAGCOMMDIV-00012357 -	12/31/2018
2019 NRA Financial Statements - NRA & Affiliates	NRA-NYAG-00088458 -	2019
2019 NRA Financial Statements (Unconsolidated)	NRA-NYAGCOMMDIV-00012471 -	2019
2019 NRA Unconsolidated Financial Statement	NRA-NYAGCOMMDIV-01533846 -	12/31/2018
2020 NRA Consolidated Financial Statement	NRA-NYAGCOMMDIV-01533794 -	12/31/2020
2020 NRA Unconsolidated Financial Statement	NRA-NYAGCOMMDIV-01533759 -	12/31/2020
2021 NRA Organizational Chart	NRA-NYAGCOMMDIV-01094580	4/15/2021
Aronson Audit Committee Presentation re 2019 Audit	NRA-NYAGCOMMDIV-00008605	3/11/2020
Aronson Audit Committee Presentation 08/21	NRA-NYAGCOMMDIV-01328293	8/10/2021
Aronson Audit Engagement Letter 2019	NRA-NYAGCOMMDIV-00008699	11/21/2019
Aronson Audit Engagement Letter 2020	NRA-NYAGCOMMDIV-00010527	10/26/2020
Aronson 2020 Audit Engagement Acceptance Continuance Form	Aronson_NRA0046027 -	6/10/2021
Aronson Management Letter re 2019 Audit	COXNYAG00041803-	3/11/2020

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Document Description	Bates Page #1 or Other Ref.	Document Date
Aronson Management Letter re 2020 Audit	Aronson_NRA0063154 -	9/16/2021
Aronson Management Letter re 2021 Audit	NRA-NYAGCOMMDIV-01537394	12/31/2021
Audit Committee Agenda	NRA-NYAGCOMMDIV-00010499	10/9/2020
<b>Compliance Training Documents</b>		
Compliance Training Sign-In Sheet	NRA-NYAGCOMMDIV-00079840 -	7/26-8/25/2018
Compliance Training Sign-In Sheet	NRA-NYAGCOMMDIV-00079837 -	7/27/2018
Compliance Training Sign-In Sheet	NRA-NYAGCOMMDIV-00079840	8/28/2018
Compliance Training Sign-In Sheet	NRA-NYAGCOMMDIV-00079837-	2/27/2019
Compliance Training Sign-In Sheet	NRA-NYAGCOMMDIV-00079834 -	11/7/2019
Compliance Training Sign-In Sheet	NRA-NYAGCOMMDIV-01458696 -	12/16/2021
Compliance Training Sign-In Sheet	NRA-NYAGCOMMDIV-01537411 -	5/18/22
Compliance Training Slides	NRA-NYAGCOMMDIV-00203706 -	7/26/2018
Compliance Training Slides	NRA-NYAGCOMMDIV-00199655 -	2/26/2019
Compliance Training Slides	NRA-NYAGCOMMDIV-00200048 -	2/27/2019
Compliance Training Slides	NRA-NYAGCOMMDIV-00203534 -	11/7/2019
Compliance Training Slides	NRA-NYAGCOMMDIV-01458696 -	12/16/2021
Compliance Training Slides	NRA-NYAGCOMMDIV-01537445 -	5/18/2022
Compliance Training Slides NRA BOD Meeting	NRA-NYAGCOMMDIV-01540023 -	9/17/2022
<b>Miscellaneous Correspondence</b>		
Letter re Bankruptcy from Wayne LaPierre to NRA Board	NRA-NYAGCOMMDIV-01405448 -	1/15/2021
<b>Management Rep Letters</b>		
Mgmt Rep Ltr from NRA to RSM re 2016 Audit	NRA-NYAGCOMMDIV-01452108 -	3/8/2017
Mgmt Rep Ltr from NRA to RSM re 2016 Unconsolidated Audit	NRA-NYAGCOMMDIV-01452212 -	3/8/2017
Mgmt Rep Ltr from NRA to RSM re 2017 Audit	NRA-NYAGCOMMDIV-00336761 -	3/7/2018
Mgmt Rep Ltr from NRA to RSM re 2017 Unconsolidated Audit	NRA-NYAGCOMMDIV-00336730 -	3/7/2018
Mgmt Rep Ltr from NRA to RSM re 2018 Audit	NYAG-00011627 -	3/13/2019
Mgmt Rep Ltr from NRA to Aronson re 2019 Audit	NRA-NYAGCOMMDIV-00008834	3/11/2020
Mgmt Rep Ltr from NRA to Aronson re 2020 Audit	Aronson NRA0074896 -	9/16/2021
<b>NRA Bylaws - Revisions</b>		
NRA Bylaws (Compensation)	NRA-NYAGCOMMDIV-01458215 -	4/29/2017
NRA Bylaws as Amended	NRA-NYAG-00000082 -	1/10, 9/12/15
NRA Bylaws as Amended	NRA-NYAG-00000139 -	5/23/2016
NRA Bylaws as Amended	NYAG-NRA-00000120-75	9/10/2016
NRA Bylaws as Amended	NRA-NYAGCOMMDIV-00007606 -	4/29/2019
NRA Bylaws as Amended	NRA-NYAGCOMMDIV-00201686 -	9/14/2019
NRA Bylaws as Amended	NRA-NYAGCOMMDIV-00102890 -	10/24/2020
<b>NRA Employee Handbook - Revisions</b>		
NRA Employee Handbook 06/16	NRA-NYAGCOMMDIV-00896935	1/1/2016

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Document Description	Bates Page #1 or Other Ref.	Document Date
NRA Employee Handbook 01/18	NRA-NYAGCOMMDIV-01078637	1/1/2018
NRA Employee Handbook 2020	NRA-NYAGCOMMDIV-00009497 -	01/2020
NRA Employee Handbook 10/21	NRA-NYAGCOMMDIV-01055732	10/21/2022
<b>NRA Policy Manual - Revisions</b>		
NRA Policy Manual 03/17	NRA-NYAGCOMMDIV-00076988 -	3/9/2017
NRA Policy Manual 03/18	NRA-NYAGCOMMDIV-00200654 -	3/28/2018
NRA Policy Manual 03/20	NRA-NYAGCOMMDIV-00008897 -	3/11/2020
NRA Policy Manual 04/16	NRA-NYAGCOMMDIV-00085259 -	4/26/2016
NRA Policy Manual 06/15	NRA-NYAGCOMMDIV-00084956 -	6/5/2015
NRA Policy Manual 06/19	NRA-NYAG-00034672 -	6/5/2019
NRA Policy Manual 07/17	NRA-NYAGCOMMDIV-00055972 -	7/14/2017
NRA Policy Manual 08/17	NRA-NYAGCOMMDIV-00077220 -	8/9/2017
NRA Policy Manual 11/17	NRA-NYAGCOMMDIV-00077501 -	11/16/2017
<b>Audit Committee Meeting Minutes</b>		
Report of the Audit Committee (Meeting held 9/8/16)	NRA-NYAGCOMMDIV-00776966 -	9/10/2016
Report of the Audit Committee (Meeting held 1/5/17)	NRA-NYAGCOMMDIV-01455703 -	1/7/2017
Report of the Audit Committee (Meeting held 3/8, 4/19, 4/27/17)	NRA-NYAGCOMMDIV-00055954 -	5/1-5/2/2017
Report of the Audit Committee (Meeting held 9/7/17)	NRA-NYAGCOMMDIV-00056222 -	9/9-9/10/2017
Report of the Audit Committee (Meeting held 1/11/18)	NRA-NYAGCOMMDIV-000556263 -	1/13-1/14/2018
Report of the Audit Committee (Meeting held 4/7/18)	NRA-NYAGCOMMDIV-00056295 -	5/7-5/8/2018
Report of the Audit Committee (Meetings held 7/30, 9/6/18)	NRA-NYAG-00008035 -	9/8, 9/9/2018
Report of the Audit Committee (Meetings held 12/5/18 & 4/4/19)	NRA-NYAGCOMMDIV-00090642 -	1/5-1/6/2019
Report of the Audit Committee (Meetings held 2/6, 3/8, 4/28/19)	NRA-NYAGCOMMDIV-00090627 -	4/29/2019
Report of the Audit Committee (Meeting held 5/10/19)	NRA-NYAGCOMMDIV-00118920 -	5/10/2019
Report of the Audit Committee (Meeting held 5/30/19)	NRA-NYAGCOMMDIV-00119738 -	5/30/2019
Report of the Audit Committee (Meetings held 5/11, 5/30, 8/7, 8/26, 9/12/19)	NRA-NYAGCOMMDIV-00880524 -	9/14/2019
Report of the Audit Committee (Meetings held 11/20/19 & 1/9/2020)	NRA-NYAGCOMMDIV-00125215 -	1/11/2020
Report of the Audit Committee (Meetings held 3/11, 8/21 & 10/9/2020)	NRA-NYAGCOMMDIV-00128879 -	10/24/2020
Report of the Audit Committee (Meeting held 4/30/21)	NRA-NYAGCOMMDIV-01492449 -	5/2/2021
Report of the Audit Committee (Meeting held 6/23-24/21)	NRA-NYAGCOMMDIV-01493148 -	6/26/2021
Report of the Audit Committee (Meeting held 8/10/2021)	NRA-NYAGCOMMDIV-01540051 -	8/10/2021
Report of the Audit Committee (Meeting held 10/1/2021)	NRA-NYAGCOMMDIV-01055092 -	10/1/2021
Report of the Audit Committee (Meeting held 1/15/2022)	NRA-NYAGCOMMDIV-01528425 -	1/16/2022
Report of the Audit Committee (Meetings held 4/12/2022 & 5/29/22)	NRA-NYAGCOMMDIV-01535934 -	5/30/2022
Report of the Audit Committee (Meeting held 7/30/2022)	NRA-NYAGCOMMDIV-01540050	7/30/2022
Report of the Audit Committee (Meeting held 8/20/2022)	NRA-NYAGCOMMDIV-01540057	9/17/2022
Report of the Audit Committee (Meeting held 9/15/2022)	NRA-NYAGCOMMDIV-01540057	9/17/2022

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Document Description	Bates Page #1 or Other Ref.	Document Date
<b>RSM Documents &amp; Meetings with NRA &amp; Audit Committee</b>		
RSM Audit Engagement Letter 2018	NYAG-00258466 -	7/25/2018
RSM NRA & Affiliates Management Letter 2018	RSM-NYAG0078173 -	2018
RSM Report to Audit Cmte re 2018 Audit	NRA-NYAGCOMMDIV-00858743 -	3/8/2019
RSM Report to the Audit Cmte re 2016 Audit	NYAG-00212445 -	3/8/2017
RSM Report to the Audit Cmte re 2017 Audit	NYAG-00217124 -	3/7/2018
<b>Aronson Meetings with NRA &amp; Audit Committee</b>		
Aronson Presentation to NRA Slides - preselection	Aronson_NRA0011067 -	10/15/2019
Aronson Audit Proposal Slides-1	Aronson_NRA0011946 -	10/31/2019
Aronson Audit Proposal-2	Aronson_NRA0011498 -	11/1/2019
Aronson Presentation to NRA - post selection - 1	Aronson_NRA0011919-	11/20/2019
Aronson Presentation to NRA - post selection - 2	Aronson_NRA0011895 -	11/20/2019
Aronson Audit Committee Presentation	NRA-NYAGCOMMDIV-00140811 -	1/6/2020
Aronson Audit Committee Presentation	NRA-NYAGCOMMDIV-00190068 -	1/9/2020
Aronson Audit Committee Presentation	NRA-NYAGCOMMDIV-00008605 -	3/11/2020
C-TRAC & 990 Training	Aronson_NRA0069434 -	5/19/2020
Aronson Audit Committee Presentation	NRA-NYAGCOMMDIV-00533077 -	10/9/2020
Aronson Audit Committee Presentation	Aronson_NRA0029704 -	11/17/2020
NRA QC Consultation Meeting	Aronson_NRA0070359-	12/14/2020
Aronson Audit Committee Presentation	NRA-NYAGCOMMDIV-00617403	8/10/2021
Aronson Audit Committee Presentation	NRA-NYAGCOMMDIV-00618655 -	9/16/2021
Aronson Internal Planning (re NRA Audit) Meeting Slides	Aronson_NRA0060120 -	Not Dated
<b>Reports of the Secretary to NRA Board</b>		
Report of the Secretary 1/6/19	NRA-NYAG-00003582 -	1/06/2019
Report of the Secretary 9/14/19	NRA-NYAG-00083557 -	9/14/2019
Report of the Secretary 1/12/20	NRA-NYAGCOMMDIV-01487690 -	1/12/2020
Report of the Secretary 10/24/20	NRA-NYAGCOMMDIV-00607488 -	10/24/2020
Report of the Secretary 1/7/21	NRA-NYAGCOMMDIV-01522754 -	1/07/2021
<b>2020 Audit - Aronson Special Procedures Audit Workpapers</b>		
SP 100: Expense Reimbursement Testing	Aronson_NRA0045624	12/31/2020
SP 120: Memo - Late Expense Reports	Aronson_NRA0045491	12/31/2020
SP 140: Memo - Gifts with FMV > \$250	Aronson_NRA0045617	12/31/2020
SP 170: Vendor Purchases Testing	Aronson_NRA0073350	12/31/2020
SP 210: Conflict of Interest Statements Testing	Aronson_NRA0047392	12/31/2020
SP 220: Copy of 2020 Corporate Ethics Policy	Aronson_NRA0042460	1/22/2020
SP 220: Memo - Conflict of Interest and Whistleblower Policies	Aronson_NRA0045631	12/31/2020
SP 230: Memo - Compensation Review	Aronson_NRA0045556	12/31/2020
SP 240: Memo - WLP Current and Post-Employment Contract	Aronson_NRA0045630	12/31/2020

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Document Description	Bates Page #1 or Other Ref.	Document Date
SP 260: Copy of Audit Committee Charter	Aronson_NRA0045627	No Date
SP 260: Memo - Updates to Audit Committee Charter	Aronson_NRA0045712	12/31/2020
SP 270: Memo - Audit Committee Review of Compliance Programs	Aronson_NRA0045713	12/31/2020
SP 280: Memo - Whistleblower Submissions	Aronson_NRA0045715	12/31/2020
SP 290: Review of Governing Board Minutes	Aronson_NRA0045759	12/31/2020
SP 300: Related Party Transactions Testing	Aronson_NRA0045733	12/31/2020
SP 310: Review of Foundation Board Min	Aronson_NRA0031143	12/31/2020
SP 310: Memo - Late Expense Reports	Aronson_NRA0045620	12/31/2020
F 130: Intercompany Receivable (NRAF to NRA) Testing	Aronson_NRA0045688	12/31/2020
M 110: Debt Rollforward Testing	Aronson_NRA0045692	12/31/2020
Perm C-7B: Secured Loan Agreement (NRAF to NRA)	Aronson_NRA0030180	12/31/2020
<b>NY-AG Deposition and US Bankruptcy Court Testimony</b>		
Greg Plotts NY-AG Deposition Testimony & Exhibits 3/22/22	multiple exhibits	3/22/2022
Greg Plotts NY-AG Deposition Testimony & Exhibits 4/18/22	multiple exhibits	4/18/2022
Greg Plotts NY-AG Deposition Testimony & Exhibits 4/29/21	multiple exhibits	4/29/2021
Craig Spray NY-AG Deposition Testimony & Exhibits 6/12/20	multiple exhibits	6/12/2020
Craig Spray NY-AG Deposition Testimony & Exhibits 3/24/21	multiple exhibits	3/24/2021
Craig Spray US Bankruptcy Court Testimony & Exhibits 4/13/21	multiple exhibits	4/13/2021
Craig Spray US Bankruptcy Court Testimony & Exhibits 4/16/21	multiple exhibits	4/16/2021
Craig Spray NY-AG Deposition Testimony & Exhibits 1/14/22	multiple exhibits	1/14/2022
Sonya Rowling NY-AG Deposition Testimony & Exhibits 1/30/20	multiple exhibits	1/30/2020
Sonya Rowling US Bankruptcy Court Testimony & Exhibits 3/19/21	multiple exhibits	3/19/2021
Sonya Rowling US Bankruptcy Court Testimony & Exhibits 4/8/21	multiple exhibits	4/8/2021
Sonya Rowling US Bankruptcy Court Testimony & Exhibits 4/13/21	multiple exhibits	4/13/2021
Sonya Rowling US Bankruptcy Court Testimony & Exhibits 4/23/21	multiple exhibits	4/23/2021
Sonya Rowling NY-AG Deposition Testimony & Exhibits 7/14/22	multiple exhibits	7/14/2022
Willes Lee NY-AG Deposition Testimony & Exhibits 6/07/22	multiple exhibits	6/7/2022
David Coy NY-AG Deposition Testimony & Exhibits 6/15/22	multiple exhibits	6/15/2022
John Frazer NY-AG Deposition Testimony & Exhibits 7/12/22	multiple exhibits	7/12/2022
John Frazer (CR) NY-AG Deposition Testimony & Exhibits 7/29/22	multiple exhibits	7/29/2022
John Frazer (CR) NY-AG Deposition Testimony & Exhibits 8/9/22	multiple exhibits	8/9/2022
John Frazer (CR) NY-AG Deposition Testimony & Exhibits 8/9/22	multiple exhibits	9/8/2022
Charles Cotton NY-AG Deposition Testimony & Exhibits 6/17/22	multiple exhibits	6/17/2022
Wayne LaPierre NY-AG Deposition Testimony & Exhibits 6/17/22	multiple exhibits	6/27/2022
Wayne LaPierre NY-AG Deposition Testimony & Exhibits 6/28/22	multiple exhibits	6/29/2022
Wayne LaPierre US Bankruptcy Court Testimony & Exhibits 3/22/21	multiple exhibits	3/22/2021
Wayne LaPierre US Bankruptcy Court Testimony & Exhibits 3/23/21	multiple exhibits	3/23/2021
Michael Erstling NY-AG Deposition Testimony & Exhibits 2/12/20	multiple exhibits	2/12/2020

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Michael Erstling US Bankruptcy Court Testimony & Exhibits 4/21/21	multiple exhibits	4/21/2021
Michael Erstling US Bankruptcy Court Testimony & Exhibits 4/22/21	multiple exhibits	4/22/2021
James Staples NY-AG Deposition Testimony & Exhibits 1/26/22	multiple exhibits	1/26/2022
<b>Officer Compensation Committee Reports</b>		
Officer Compensation Committee Report 09/09/17	NRA-NYAGCOMDIV-00967995 -	9/9/2017
Officer Compensation Committee Report 9/8/18	NRA-NYAGCOMDIV-00884207 -	9/8/2018
Officer Compensation Committee Report 09/13/19	NRA-NYAGCOMDIV-01335727 -	9/13/2019
Officer Compensation Committee Report 10/24/20	NRA-NYAGCOMDIV-00607866 -	10/24/2020
Officer Compensation Committee Report 10/1/21	NRA-NYAGCOMDIV-01336406 -	10/1/2021
Officer Compensation Committee Report 09/17/22	NRA-NYAGCOMDIV-0140021 -	09/17/2022
<b>Other Documents</b>		
Report of Jeffrey S. Tenenbaum	N/A	9/16/2022
Report of Eric A. Hines	N/A	9/16/2022
Expert Report of Ryan Sullivan, Ph.D. and Bruce L. Blacker	N/A	9/16/2022
Expert Report of J. Lawrence Cunningham	N/A	9/16/2022
Expert Report of Alan A. Nadel	N/A	9/16/2022
Expert Report of Amish Mehta, CPA	N/A	9/16/2022
NRA MOU with MMP/Allegiance	NRA-NYAGCOMDIV-01538656 -	7/29/2022
NRA Contract with MMP/Allegiance	NRA-NYAGCOMDIV-01538661 -	8/19/2022
NRA Board of Director Meeting Minutes 9/17/22	NRA-NYAGCOMDIV-01540067 -	9/17/2022
<b>LaPierre Excess Benefits - Reimbursements</b>		
LaPierre Check \$100,563 (Lodging, Gifts, iPhone)	NRA-NYAGCOMDIV-01538646	9/6/2022
LaPierre Check \$233,726 (not detailed)	NRA-NYAGCOMDIV-01539222	11/30/2021
LaPierre Check \$317,971 (Airfare)	NRA-NYAGCOMDIV-01539995	11/16/2020
LaPierre Check \$13,160 (Leased Vehicle)	NRA-NYAGCOMDIV-01539996	5/19/2022
Support for \$100,563 Check	NRA-NYAGCOMDIV-01538616	9/12/2022
Support for Airfare (#1 of 2) \$16,229	NRA-NYAGCOMDIV-00013554	11/2020
Support for Airfare (#2 of 2) \$301,741	NRA-NYAGCOMDIV-00013553	11/2020