

CREW

citizens for responsibility
and ethics in washington

FEDERAL ELECTION
COMMISSION
SECRETARIAT

June 10, 2015

SENSITIVE

2015 JUN 15 A 10: 06
Thomas Hintermister
Director, Audit Division
Federal Election Commission
999 E Street, N.W., Room 501A
Washington, DC 20463

MUR # 6941

DELA

2015 JUN 12 AM 9: 59

FEDERAL ELECTION
COMMISSION

Re: Request for Audit Regarding National Rifle Association of America Political
Victory Fund and National Rifle Association Institute for Legislative Action

Dear Mr. Hintermister:

Citizens for Responsibility and Ethics in Washington ("CREW")¹ respectfully requests the Federal Election Commission ("FEC") commence an audit of the National Rifle Association of America Political Victory Fund ("NRA-PVF") and the National Rifle Association Institute for Legislative Action ("NRA-ILA") to determine if these organizations are complying with the Federal Election Campaign Act ("FECA") and FEC regulations. Recent news reports describing violations of campaign finance law by these organizations, coupled with other possible disclosure failures and prior admitted reporting violations, indicate an audit of NRA-PVF and NRA-ILA is warranted.

Factual Allegations

NRA-PVF and NRA-ILA

NRA-PVF is a political action committee that serves as the separate segregated fund of the National Rifle Association of America ("NRA"),² a tax-exempt corporation organized under section 501(c)(4) of the Internal Revenue Code.³ NRA-PVF finances political activity in connection with both federal and non-federal elections.⁴ NRA-ILA is an internal division of the

¹ CREW is a nonpartisan, nonprofit government and political watchdog organization committed to protecting the right of citizens to be informed about the activities of government officials and to ensuring the integrity of government officials. In furtherance of its mission, CREW monitors the campaign finance activities of those who run for federal office and those who make expenditures to influence federal elections, educates citizens regarding the integrity of the electoral process, and files complaints with the FEC when it discovers violations of the FECA.

² NRA-PVF, FEC Form 1, Statement of Organization, Amended, March 16, 2009, available at <http://docquery.fec.gov/pdf/408/29991757408/29991757408.pdf>.

³ NRA 2012 Form 990 (excerpts attached as Exhibit A).

⁴ See, e.g., NRA-PVF, Form 3X, 2012 Pre-General Election Report, Amended, Schedule B, November 29, 2012 (reporting disbursements to numerous state candidates), available at <http://docquery.fec.gov/pdf/318/12961297318/12961297318.pdf>.



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NRA, and represents itself as the NRA's "lobbying arm."⁵ NRA-ILA is a membership organization under the FECA.⁶

NRA-ILA's Solicitation of Contributions Given to NRA-PVF

As described in a recent *Yahoo News* report, during 2014 NRA-ILA solicited contributions from the general public that the tax-exempt group represented would benefit NRA-ILA, but were deposited instead into the account of NRA-PVF, the NRA's political action committee.⁷ The author of the report, Alan Berlow, reported that early in the summer of 2014 he personally made several contributions to the NRA, including one through the NRA-ILA's website, nraila.org.⁸ The website had a banner that read "NRA-ILA Institute for Legislative Action," and encouraged the public to "GET INVOLVED!"⁹ On this "donate" page, Mr. Berlow filled in only his name, address, credit card information, and "\$1.00" for the contribution amount, then clicked a button that read "Submit Donation."¹⁰ That took Mr. Berlow to a new webpage with the NRA-ILA banner at the top, an NRA-ILA logo in bold letters at the bottom, and a URL with the group's initials.¹¹ Under an NRA-ILA banner, Mr. Berlow was thanked for his donation.¹² Mr. Berlow added he received an email from NRA-ILA thanking him for his donation a few minutes later.¹³

Despite these representations that his contribution was going to NRA-ILA, Mr. Berlow's contribution was directed instead to NRA-PVF.¹⁴ As reported by Mr. Berlow, his credit card statement showed a payment to NRA-PVF, which he confirmed in a conversation with a Visa representative.¹⁵ The *Yahoo News* report included partial screenshots of what appear to be the webpages he visited in making this contribution, and included what appears to be a partial scan of his Visa bill showing a \$1.00 charge on July 7, 2014 to "NRA PVF INTERNET."¹⁶ Mr. Berlow further reported he later received a note from NRA-PVF wishing him "a very happy

⁵ NRA website, About the NRA Institute for Legislative Action page, available at <https://www.nraila.org/about/>. NRA-ILA's activities are reported on the NRA's Form 990 tax returns. See, e.g., NRA 2012 Form 990, Part III, Line 4c (reporting more than \$17 million in NRA-ILA program services); *id.* at Part VII (listing NRA-ILA officials as NRA officers and employees); *id.* at Schedule R (not listing NRA-ILA as a related tax-exempt organization).

⁶ See NRA-ILA, Report of Communication Costs By Corporations and Membership Organizations, 2012 Year-End Report, Amended, June 5, 2012, available at <http://docquery.fec.gov/pdf/343/13962827343/13962827343.pdf>. See also 11 C.F.R. § 114.1(e)(1).

⁷ Alan Berlow, The NRA's Brazen Shell Game With Donations, *Yahoo News*, April 21, 2015, attached as Exhibit B and available at <https://www.yahoo.com/politics/the-nras-deceptive-shell-game-with-donations-a-116744915796.html>.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ Berlow, *Yahoo News*, April 21, 2015.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Berlow, *Yahoo News*, April 21, 2015.

¹⁶ *Id.* The entry on the statement also has the notation "WWW.NRAPVFORGVA", which likely indicates the contribution went to NRA-PVF. *Id.*

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holiday season” and noting that every dollar he “contributed to NRA-PVF this year all added up to invaluable victories in last month’s elections.”¹⁷

Archived versions of NRA-ILA’s website appear to match Mr. Berlow’s description of the pages he visited in making the contribution and the screenshots included in the *Yahoo News* report. A version of the “donate” page from June 25, 2014 preserved on the Internet Archive Wayback Machine contains the same banners, disclaimers, and requests for name, address, and credit card information Mr. Berlow described, and appear to be the same page as the partial screenshot in the *Yahoo News* report.¹⁸

Following publication of the report, the NRA admitted online donations to NRA-ILA, including Mr. Berlow’s, were deposited in NRA-PVF’s account.¹⁹ In total, the NRA asserted, these solicitations resulted in approximately \$125,000 intended for NRA-ILA to be given to NRA-PVF.²⁰ The NRA claimed this involved 33 contributions and only occurred during a four month period in 2014.²¹ This conduct, the NRA asserted, was inadvertent and the result of a “coding error.”²²

The NRA further contended its error was caught and corrected internally.²³ However, neither NRA-PVF nor NRA-ILA took any public action or made any public statements about the improperly directed contributions until after *Yahoo News* published its report on April 21, 2015, long after the purported four month period in 2014.²⁴ Despite having filed nine new or amended monthly reports of receipts and disbursements with the FEC in 2015, the NRA groups failed to take any action until April 28, 2015, when NRA-PVF transferred \$125,153 to NRA-ILA to compensate it for the contributions.²⁵

NRA-PVF’s Solicitation of Contributions

Mr. Berlow also reported in *Yahoo News* he made a contribution on the NRA-PVF website.²⁶ According to Mr. Berlow, a “button” at the bottom of NRA-PVF’s website stated

¹⁷ *Id.*

¹⁸ See <http://web.archive.org/web/20140625055856/https://www.nraila.org/get-involved-locally/sccure/donate.aspx> (attached as Exhibit C).

¹⁹ Berlow, *Yahoo News*, April 21, 2015 (“update” at conclusion of report). See also Stephen Gutowski, NRA: Accusations in Yahoo News Report Are False, *Washington Free Beacon*, May 29, 2015, attached as Exhibit D and available at <http://freebeacon.com/issues/nra-accusations-in-yahoo-news-report-are-false/>.

²⁰ Berlow, *Yahoo News*, April 21, 2015.

²¹ *Id.*; Gutowski, *Washington Free Beacon*, May 29, 2015.

²² Berlow, *Yahoo News*, April 21, 2015 (quoting NRA spokeswoman Jennifer Baker).

²³ *Id.*; Gutowski, *Washington Free Beacon*, May 29, 2015.

²⁴ Berlow, *Yahoo News*, April 21, 2015.

²⁵ NRA-PVF, Form 3X, May Monthly Report, May 20, 2015, available at <http://docquery.fec.gov/pdf/619/15971082619/15971082619.pdf>. Despite asserting it caught the error internally, the NRA also claimed it only took action after its “accounting department learned of the misallocation from the Yahoo News piece.” Gutowski, *Washington Free Beacon*, May 29, 2015.

²⁶ Berlow, *Yahoo News*, April 21, 2015.

"Donate to the NRA-ILA," and clicking on it directed Mr. Berlow to NRA-ILA webpages, where he again made a small donation.²⁷ Although other parts of the NRA-PVF's website permitted access only after visitors entered an NRA member identification number, Mr. Berlow said he was not required to provide a member ID to make the contribution.²⁸

Again, Mr. Berlow received online and email thank you messages for contributing to the NRA-ILA.²⁹ As with his other contribution, his credit card statement showed his contribution went to the political action committee, NRA-PVF, not NRA-ILA.³⁰ Archived versions of these webpages again match Mr. Berlow's description. The July 3, 2014 version of the NRA-PVF home page contains the box at the bottom stating "Donate to the NRA-ILA" that links to the NRA-ILA "donate" page.³¹

Following publication of the *Yahoo News* report, the NRA denied any misconduct with regard to NRA-PVF's solicitation.³² According to the NRA, nonmembers who tried to make donations on the publically accessible part of the NRA-PVF's website were sent to pages providing an option to contribute to NRA-ILA.³³ Due to the same coding error, the NRA claimed, some of those contributions were routed to NRA-PVF by mistake.³⁴

NRA-PVF's Failure to Disclose the Employer and/or Occupation of Contributors

In making his contribution, Mr. Berlow was not asked to provide his employer or occupation, and presumably neither were any of the contributors who donated the \$125,153 that was improperly deposited in the NRA-PVF account. Moreover, CREW further examined NRA-PVF's campaign finance reports, and it appears the employer and/or occupation of hundreds of contributors who donated more \$200 in a year to NRA-PVF are missing from reports the group filed with the FEC in 2013 and 2014.³⁵ For example, NRA-PVF's October 2014 monthly report lists two \$5,000 contributions, one \$1,200 contribution, three \$1,000 contributions, and 14 \$500 contributions with neither occupation nor employer information.³⁶

NRA-PVF's Prior FECA Violations

In addition to the present allegations, NRA-PVF previously admitted to violating the FECA. Specifically, in the run-up to the 2004 election, NRA-PVF failed to file eight reports of independent expenditures it made to support or oppose federal candidates, and left spending off

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

³⁰ Berlow, *Yahoo News*, April 21, 2015.

³¹ See <http://web.archive.org/web/20140703161551/http://www.nrapvf.org/> (attached as Exhibit E).

³² Berlow, *Yahoo News*, April 21, 2015.

³³ *Id.*

³⁴ *Id.*

³⁵ NRA-PVF, *FEC Form 3X, 2013-14 Reports*, available at <http://docquery.fec.gov/cgi-bin/fecimg/?C00053553>.

³⁶ NRA-PVF, *FEC Form 3X, 2014 October Monthly Report*, available at <http://docquery.fec.gov/pdf/807/14952927807/14952927807.pdf#navpanes=0>.

of one report it did file.³⁷ These reports must be filed 24 or 48 hours after the expenditure is made to provide the public timely information on campaign spending.³⁸ NRA-PVF claimed these errors were “due to an inadvertent oversight.”³⁹ NRA-PVF paid a \$17,000 civil penalty, and agreed to send its employees to an FEC seminar and conduct an internal training program.⁴⁰

Potential Violations

The FECA and FEC regulations authorize the FEC to conduct audits of political committees to determine if they are in substantial compliance with the statute and regulations.⁴¹ The potential violations of law by NRA-PVF and NRA-ILA show an audit of these organizations is warranted.

Solicitations from the general public

The FECA and FEC regulations prohibit a membership organization or its connected separate segregated fund from soliciting contributions for the separate segregated fund from the general public. Specifically, the FECA and FEC regulations prohibit any corporation or its separate segregated fund from soliciting “contributions to such a fund from any person other than its stockholders and their families and its executive or administrative personnel and their families.”⁴² A membership organization, including a corporation that is a membership organization and its separated segregated fund, also may solicit funds for the separate segregated fund from their members and their families.⁴³ Solicitations outside this restricted class, however, are forbidden.⁴⁴ FEC regulations provide a safe harbor for accidental or inadvertent solicitations outside the restricted class, but only if the corporation or separate segregated fund used its “best efforts” to comply with the limitations and the method of solicitation was promptly corrected after the error was discovered.⁴⁵

NRA-ILA is a division of the NRA, a corporation that is a membership organization. On its website, NRA-ILA solicited contributions from the general public that were deposited in the account of its separate segregated fund, NRA-PVF. In addition, NRA-PVF solicited funds from the general public on its website that were deposited in NRA-PVF’s account. As a result, both groups may have violated the FECA and FEC regulations.

³⁷ NRA-PVF, Settlement Agreement, ADR No. 314, ¶ 3, September 25, 2006, available at <http://eqs.fec.gov/eqsdocsADR/0000581F.pdf>.

³⁸ 52 U.S.C. § 30104(g).

³⁹ NRA-PVF, Settlement Agreement, ADR No. 314, ¶ 11.

⁴⁰ *Id.*, ¶ 13. A federal court also determined in 1991 that NRA-ILA and NRA-PVF violated the FECA and FEC regulations in 1988 with regard to transactions related to solicitations. *FEC v. NRA Political Victory Fund*, 778 F. Supp. 62 (D.D.C. 1991). That decision was reversed when an appellate court concluded the composition of the FEC at that time was unconstitutional. *FEC v. NRA Political Victory Fund*, 6 F.3d 821 (D.C. Cir. 1993).

⁴¹ 52 U.S.C. § 30111(b); 11 C.F.R. § 104.16.

⁴² 52 U.S.C. § 30118(b)(4)(A)(i); 11 C.F.R. § 114.5(g)(1).

⁴³ 52 U.S.C. § 30118(b)(4)(C); 11 C.F.R. § 114.7(a).

⁴⁴ *See, e.g.*, Federal Election Commission, Campaign Guide. Corporations and Labor Organization (2007), at 19.

⁴⁵ 11 C.F.R. § 114.5(h).

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The NRA claimed the improper solicitations were inadvertent and the product of a coding error, and that it corrected the mistake internally. It is, however, unknown what efforts NRA-PVF and NRA-ILA made to ensure they complied with the restrictions, and if they promptly corrected any errors. An audit should be authorized to examine the NRA's claim and the extent of NRA-ILA's and NRA-PVF's efforts and alleged correction of their errors, and more broadly review the groups' solicitations to ensure they are in substantial compliance with the law.

Solicitation disclosures

FEC regulations require solicitations of contributions to disclose information about how the funds will be used and the organization soliciting them. Specifically, a separate segregated fund must disclose "the political purposes of the fund at the time of the solicitation,"⁴⁶ and an organization that finances both federal and non-federal political activity must "expressly state[] that the contribution will be used in connection with a Federal election" in its solicitation.⁴⁷ In addition, all websites of a political committee available to the general public and all public communications by any person that solicit a contribution "must clearly state the full name and permanent street address, telephone number, or World Wide Web address of the person who paid for the communication, and that the communication is not authorized by any candidate or candidate's committee."⁴⁸ This disclaimer must be clear and conspicuous, giving the reader "adequate notice of the identity of the person or political committee that paid for and, where required, that authorized the communication."⁴⁹

NRA-PVF is a separate segregated fund and a political committee, and it finances both federal and non-federal political activity. Its solicitation, however, failed to inform potential contributors their funds would be used in connection with a federal election or the political purpose of the recipient of their money, NRA-PVF. To the contrary, NRA-PVF led potential contributors to believe their contributions were for NRA-ILA, the NRA's "lobbying arm." In addition, NRA-PVF failed to provide notice who paid for the website soliciting contributions.

To the extent the solicitation on NRA-ILA's website should be treated as an NRA-PVF solicitation, it also failed to inform potential contributors their funds would be used in connection with a federal election or the political purpose of NRA-PVF, and led potential contributors to believe their contributions were for NRA-ILA. The solicitation on the NRA-ILA's website further failed to provide notice of who paid for the website soliciting contributions.

At a minimum, the NRA acknowledged it solicited and received more than \$125,000 in contributions that went to NRA-PVF, all apparently without the required notices. While the NRA claimed its errors were the result of an inadvertent coding error, neither NRA-PVF nor NRA-ILA took any action to address the improperly allocated contributions until after *Yahoo*

⁴⁶ 11 C.F.R. § 114.5(a)(3).

⁴⁷ 11 C.F.R. § 102.5(a)(2).

⁴⁸ 11 C.F.R. §§ 110.11(a), (b)(3).

⁴⁹ 11 C.F.R. § 110.11(c)(1).

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News made them public. Only then did NRA-PVF transfer the funds to NRA-ILA. As a result, NRA-PVF and NRA-ILA may have violated the FECA and FEC regulations. In addition, the NRA claims only 33 contributions totaling \$125,153 were involved, but it is unknown if additional contributions were solicited without the notices. An audit should be authorized to examine the NRA's claims,⁵⁰ and to more broadly examine NRA-PVF's and NRA-ILA's solicitations to ensure they are in substantial compliance with the law.

Disclosure of Employer and Occupation of Contributors

The FECA and FEC regulations require political committees to report the identification of any person who contributes more than \$200 to the committee in a calendar year, including an individual's employer and occupation.⁵¹

Under the FECA and FEC regulations, the reporting requirement can be satisfied if the treasurer of a political committee shows he or she used "best efforts" to obtain identification information.⁵² Best efforts can be shown if, among other things, all the political committee's written solicitations of contributions include a clear request for the contributor's full name, mailing address, occupation, and name of employer, and an accurate statement of federal law regarding the collection and reporting of the identification of individual contributors.⁵³

NRA-PVF solicited at least \$125,000 of contributions that apparently failed to request contributors' employer and occupation. In addition, NRA-PVF failed to report the employer and/or occupation of hundreds of contributors who donated more than \$200 in a year to NRA-PVF in 2013 and 2014. If any contributor gave more than \$200 to NRA-PVF through these solicitations, and NRA-PVF did not report that information or make best efforts to obtain it, NRA-PVF may have violated the FECA and FEC regulations. An audit should be authorized to examine NRA-PVF's reporting of the identification of contributions and its efforts to obtain identification information to ensure it is in substantial compliance with the law.

Conclusion

The *Yahoo News* report shows NRA-ILA and NRA-PVF appear to have violated the FECA and FEC regulations in its solicitations during the 2014 election cycle, and CREW's examination of their campaign finance reports further may show violations of their disclosure obligations. In addition, NRA-PVF has previously admitted FECA violations. By misleading donors about the true destination of their contributions and failing to disclose information about many of its donors, the NRA groups appear to be trying to hide their political activities from the

⁵⁰ Even if an audit were to confirm the NRA's assertion, inadvertent failures to provide proper notices on solicitations may violate the FECA and FEC regulations. See, e.g., MUR 5341, First General Counsel's Report, at 25-26, August 23, 2004, available at <http://eqs.fec.gov/eqsdocsMUR/000053B0.pdf>.

⁵¹ 52 U.S.C. §§ 30101(13)(A), 30104(b)(3)(A); 11 C.F.R. §§ 100.12, 104.3(a)(4).

⁵² 52 U.S.C. § 30102(j); 11 C.F.R. § 104.7(a).

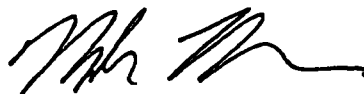
⁵³ 11 C.F.R. § 104.7(b)(1).

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public. As a result, the FEC should commence an audit of these groups to determine if they are in substantial compliance with the law.⁵⁴

Thank you for your prompt attention to this matter.

Sincerely,



Noah Bookbinder
Executive Director
Citizens for Responsibility and Ethics in Washington
455 Massachusetts Ave., NW, Sixth Floor
Washington, D.C. 20001
(202) 408-5565 (phone)
(202) 588-5020 (fax)

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⁵⁴ If the FEC construes this request for an audit as an complaint pursuant to 52 U.S.C. § 30109(a) and 11 C.F.R. § 111.4, CREW and its executive director, Noah Bookbinder, should be treated as the complainants. A verification is attached in accordance with 11 C.F.R. § 111.4(b)(2).

Verification

Citizens for Responsibility and Ethics in Washington and Noah Bookbinder hereby verify that the statements made in the attached Complaint are, upon information and belief, true. Sworn pursuant to 18 U.S.C. § 1001.

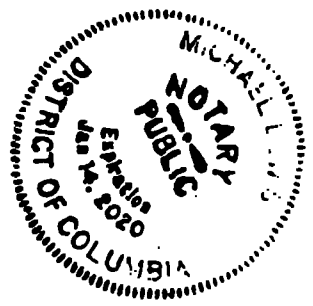
[Handwritten signature of Noah Bookbinder]

Noah Bookbinder

Sworn to and subscribed before me this 8th day of June, 2015.

[Handwritten signature of Notary Public]

Notary Public



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EXHIBIT A

Form **990**

Return of Organization Exempt From Income Tax

OMB No 1545-0047

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2012

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 01-01-2012, 2012, and ending 12-31-2012

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization: NATIONAL RIFLE ASSOCIATION OF AMERICA
 Doing Business As:

D Employer identification number: 53-0116130

E Telephone number: (703) 267-1000

G Gross receipts \$ 272,950,038

F Name and address of principal officer:
 WILSON H PHILLIPS JR
 11250 WAPLES MILL RD
 FAIRFAX, VA 22030

M(a) Is this a group return for affiliates? Yes No
M(b) Are all affiliates included? Yes No
 If "No," attach a list (see instructions)
M(c) Group exemption number ▶

I Tax-exempt status: 501(c)(3) 501(c)(4) (insert no) 4947(a)(1) or 527

J Website: ▶ www.nra.org

K Form of organization: Corporation Trust Association Other ▶
L Year of formation
M State of legal domicile NY

Part I Summary

1 Briefly describe the organization's mission or most significant activities
 TO PROTECT AND DEFEND THE U.S. CONSTITUTION TO PROMOTE PUBLIC SAFETY, LAW AND ORDER, AND THE NATIONAL DEFENSE TO TRAIN LAW ENFORCEMENT AGENCIES TO TRAIN CIVILIANS IN MARKSMANSHIP TO FOSTER AND PROMOTE THE SHOOTING SPORTS TO PROMOTE HUNTER SAFETY

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a) **3** 76
4 Number of independent voting members of the governing body (Part VI, line 1b) **4** 71
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a) **5** 767
6 Total number of volunteers (estimate if necessary) **6** 150,000
7a Total unrelated business revenue from Part VIII, column (C), line 12 **7a** 21,975,540
b Net unrelated business taxable income from Form 990-T, line 34 **7b**

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	59,382,983	86,429,504
9 Program service revenue (Part VIII, line 2g)	109,729,088	115,517,205
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,362,284	1,808,745
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	46,509,175	52,535,474
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	218,983,530	256,290,928
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	92,000	63,000
14 Benefits paid to or for members (Part IX, column (A), line 4)		0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	50,733,831	52,815,395
16a Professional fundraising fees (Part IX, column (A), line 11e)	6,126,263	8,502,013
b Total fundraising expenses (Part IX, column (D), line 25) ▶ 29,100,907		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	174,119,497	192,780,670
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	231,071,589	254,161,078
19 Revenue less expenses Subtract line 18 from line 12	-12,088,059	2,129,850

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	149,826,381	160,497,536
21 Total liabilities (Part X, line 26)	144,162,625	149,276,146
22 Net assets or fund balances Subtract line 21 from line 20	5,663,756	11,221,390

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature of officer: WILSON H PHILLIPS JR, TREASURER AND CFO
 Date: 2013-09-16

Paid Preparer Use Only
 Preparer's name: JAMES P SWEENEY
 Preparer's signature: [Signature]
 Date: 2013-09-16
 Check if self-employed
 PTIN:
 Firm's name: MCGLADREY LLP
 Firm's EIN:
 Firm's address: 8000 TOWERS CRESCENT DR STE 500 VIENNA, VA 22184
 Phone no: (703) 336-6400

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission

O PROTECT AND DEFEND THE U S CONSTITUTION

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No

If "Yes," describe these new services on Schedule O

Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No

If "Yes," describe these changes on Schedule O

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 49,387,404 including grants of \$) (Revenue \$ 23,118,246)
NRA MEMBERSHIP COMMUNICATIONS ARE DAILY, WEEKLY, AND MONTHLY NEWS UPDATES AND TRENCHANT INSIGHTS THROUGH AN AWARD WINNING ARRAY OF DIGITAL AND HARDCOPY MATERIALS AND THE MOST AUTHORITYATIVE COVERAGE FROM RECOGNIZED LEADERS AND SUBJECT MATTER EXPERTS NRA MEDIA VEHICLES SERVE TO EDUCATE, INFORM, AND REINFORCE THE NRAS PRIMARY EXEMPT PURPOSES AND OBJECTIVES FOR ACCESS TO NRAS CONTINUALLY UPDATED PRESENCE SUCH AS THE NRA OFFICIAL JOURNALS, PLEASE VISIT NRANEWS DOT COM AND NRAPUBLICATIONS DOT ORG, AND RENEW OR UPGRADE YOUR NRA MEMBERSHIP AT NRA DOT ORG

4b (Code) (Expenses \$ 18,160,341 including grants of \$ 63,000) (Revenue \$ 22,127,674)
NRA GENERAL OPERATIONS PROGRAM SERVICES ARE WORLD-CLASS PROGRAMS INCLUDING NRA SPORTS, COMPETITIONS AND MATCHES, EDDIE EAGLE GUNSAFE, FIREARM TRAINING, HUNTER SERVICES, LAW ENFORCEMENT SERVICES, RANGE SERVICES, WOMENS PROGRAMS, YOUTH PROGRAMS, FRIENDS OF NRA, NATIONAL FIREARMS MUSEUM, AND MORE EDUCATION, SAFETY, AND TRAINING ARE THE CORE OF THE NRA MISSION NRA CONTINUES TO BE THE GLOBAL LEADER AND GO-TO RESOURCE IN FIREARMS EDUCATION, SAFETY, AND TRAINING PLEASE VISIT PROGRAMS DOT NRA DOT ORG AND GO DOT NRA DOT ORG

4c (Code) (Expenses \$ 17,322,006 including grants of \$) (Revenue \$)
NRA-ILA LEGISLATIVE PROGRAM SERVICES AS THE FOREMOST PROTECTOR AND DEFENDER OF THE U.S CONSTITUTION, THE NATIONAL RIFLE ASSOCIATION ADVOCATES AGAINST EFFORTS TO ERODE THE SECOND AMENDMENT, FIGHTS FOR INITIATIVES AIMED AT REDUCING VIOLENT CRIME, AND PROMOTES HUNTERS RIGHTS AND CONSERVATION EFFORTS NATIONWIDE NRA LEGISLATIVE ACTION INVOLVES FIREARMS RIGHTS, REGULATIONS AND LAWS, RANGE PROTECTION, INTERNATIONAL GUN CONTROL THREATS, WORKERS PROTECTION, SELF-DEFENSE, FREE SPEECH RIGHTS, AND A HOST OF RELATED MATTERS VISIT NRAILA DOT ORG FOR THE LATEST UPDATES AND ENGAGE WITH ILA ON SOCIAL MEDIA

4d Other program services (Describe in Schedule O)
(Expenses \$ 112,357,309 including grants of \$) (Revenue \$ 108,387,068)

4e Total program service expenses 197,227,060

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	No
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? <input checked="" type="checkbox"/>	2	Yes
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III <input checked="" type="checkbox"/>	8	Yes
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V <input checked="" type="checkbox"/>	10	Yes
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI <input checked="" type="checkbox"/>	11a	Yes
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X <input checked="" type="checkbox"/>	11e	Yes
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X <input checked="" type="checkbox"/>	11f	Yes
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII <input checked="" type="checkbox"/>	12a	Yes
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional <input checked="" type="checkbox"/>	12b	Yes
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV <input checked="" type="checkbox"/>	14b	Yes
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts I and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) <input checked="" type="checkbox"/>	17	Yes
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II <input checked="" type="checkbox"/>	18	Yes
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a	No
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	

2025 RELEASE UNDER E.O. 14176

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

100471000

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ROBERT J WOS DIRECTOR	1 00	X						0	0	0
DONALD E YOUNG DIRECTOR	1 00	X						0	0	0
WAYNE LAPIERRE CEO AND EXECUTIVE VP	58 00			X				833,312	0	141,555
CHRIS W COX EXEC DIR, IIA	2 00			X				583,991	0	81,808
WILSON H PHILLIPS JR TREASURER	52 00			X				515,260	0	136,332
WAYNE B ROBINSON EXEC DIR, GENERAL OPERATIONS	5 00			X				682,166	0	58,082
EDWARD J LAND JR SECRETARY	40 00			X				408,050	0	50,750
ROBERT K WEAVER EXEC DIR, GENERAL OPERATIONS	40 00			X				344,143	0	57,525
MICHAEL MARCELLIN MANAGING DIRECTOR	40 00					X		623,593	0	50,921
TYLER SCHROPP EXEC DIR, ADVANCEMENT	52 00					X		488,568	0	61,091
MARY CORRIGAN CHIEF OF STAFF	40 00					X		359,742	0	24,569
DAVID LEHMAN DEPUTY EXEC DIR, IIA	50 00					X		327,600	0	22,274
AMES BAKER DIRECTOR, IIA FEDERAL	1 00					X		290,163	0	13,385

1-800-4-A-MO-N-9001

Identifier	Return Reference	Explanation
		Form 990 READER NOTE FOR ENHANCED TRANSPARENCY OF THE NRA COMPLETE CORPORATE STRUCTURE. THE NRA IS A 501c4 MEMBERSHIP ASSOCIATION WITH FOUR 501c3 CHARITABLE SUBSIDIARIES AND A SECTION 527 POLITICAL ACTION COMMITTEE THAT IS A SEPARATE SEGREGATED FUND. THE FOUR CHARITIES ARE NRA CIVIL RIGHTS DEFENSE FUND, NRA FOUNDATION INC, NRA FREEDOM ACTION FOUNDATION, AND NRA SPECIAL CONTRIBUTION FUND DBA WHITTINGTON CENTER AND THE POLITICAL ACTION COMMITTEE IS NRA POLITICAL VICTORY FUND. 990 READER NOTES ARE INCLUDED AS A CONVENIENCE TO HELP THE PUBLIC UNDERSTAND THE ORGANIZATION. PLEASE CONTACT THE NRA IF YOU ARE INTERESTED IN ADDITIONAL EXPLANATIONS OF THE TECHNICAL ACCOUNTING AND TAX STANDARDS. THE NRA VALUES ITS REPUTATION FOR TRANSPARENCY AND ACCOUNTABILITY AND HAS EARNED INDUSTRY RECOGNITION FOR EXCELLENCE IN LEADERSHIP.

**SCHEDULE R
Form 990**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
NATIONAL RIFLE ASSOCIATION OF AMERICA

Employer identification number

53-0116130

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
1) NRA FOUNDATION INC 1250 WAPLES MILL RD AIRFAX, VA 22030 2-1710886	CHARITABLE	DC	501c3	LINE 7	NRA	Yes	
2) NRA SPECIAL CONTRIBUTION FUND PO BOX 700 ATON, NH 07740 3-7367534	CHARITABLE	NH	501c3	LINE 7	NRA	Yes	
3) NRA CIVIL RIGHTS DEFENSE FUND 1250 WAPLES MILL RD AIRFAX, VA 22030 2-1136665	CHARITABLE	NY	501c3	LINE 7	NRA	Yes	
4) NRA FREEDOM ACTION FOUNDATION 1250 WAPLES MILL RD AIRFAX, VA 22030 5-1277941	CHARITABLE	VA	501c3	LINE 7	NRA	Yes	

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

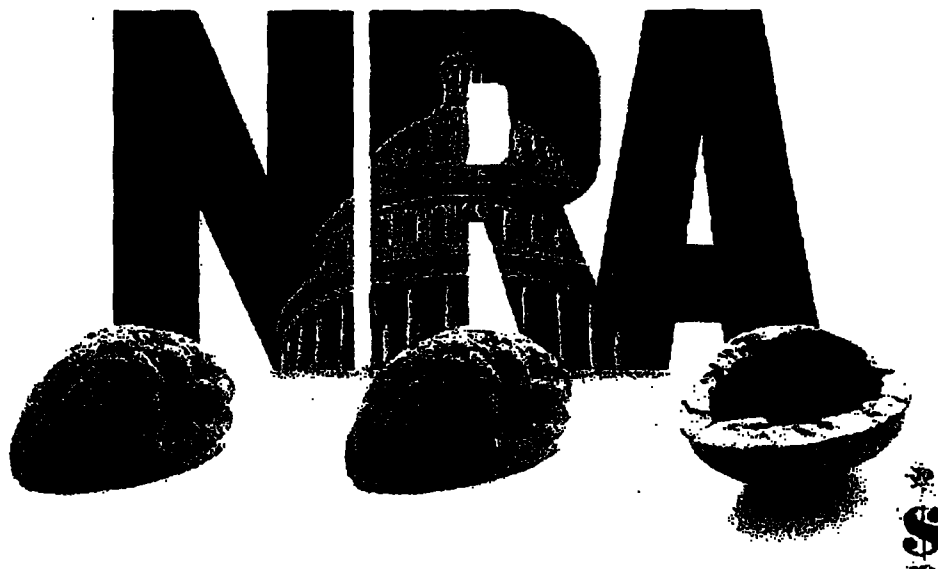
1100010001

100-2010-1000

EXHIBIT B

The NRA's brazen shell game with donations: A Yahoo News investigation

Alan Berlow for Yahoo News | April 21, 2015



(Yahoo News Photo Illustration/APGraphic/Getty Images)

Early last summer I began making contributions to the National Rifle Association — a dollar here, a dollar there — to see where my money would end up. Some of it quickly found its way into the account of the National Rifle Association Political Victory Fund, the NRA's political action committee. And that was of no small interest, because I never knowingly contributed to the NRA-PVF.

For me, this wasn't a big problem; my contributions were a spit in the bucket for an organization that spent \$37 million on the 2014 elections and operates on an annual budget of more than a quarter of a billion dollars. But my contributions and others like them may be a big problem for the NRA because, according to some of the nation's top experts on federal election law, they are all illegal.

The issue is not just that my donations ended up in a political fund account, but the way the NRA solicited them — and presumably those of thousands of others. In fact, each of these transactions almost certainly violated multiple provisions of the Federal Election Campaign Act (FECA) and a legion of state and federal antifraud statutes designed to protect the public from phony charities and false or misleading solicitations.

The FECA makes a hard distinction between solicitations for elections and other solicitations, in part because many Americans don't like donating to politicians. An NRA member might contribute to the organization because she admires its work on behalf of hunters. She might also contribute to an environmental group because she wants to preserve forests. But this same donor may vehemently oppose the candidates endorsed in federal elections by both the NRA and the environmental group. As a result, the law makes it clear that when these groups are soliciting for electoral purposes they must disclose that fact to potential donors.

Federal election law solicitation requirements

- Solicitor must clearly identify who will benefit from a donation.
- Solicitor must advise potential donor that gifts will be used in connection with a federal election campaign.
- Solicitor must advise any potential donor that gifts are voluntary.
- A corporation or membership group may solicit only from its members or employees – what is known as its “restricted class.” It may not solicit from the general public.
- Websites used for solicitation by a corporation or membership group must be accessible only by members or employees – i.e., the “restricted class.” They may not be accessible by the general public.

Source: Federal Election Commission

If a private citizen says he's raising money for a cancer charity and deposits the money into his personal bank account, he can be prosecuted for committing a fraud. Similarly, under federal election law, corporations like the NRA that set up what are known as “connected PACs” must inform potential donors if a PAC is the intended beneficiary of a solicitation. The NRA can't claim to be raising money for the corporation — to finance such things as its lobbying or research initiatives — and then deposit that money into the account of its PAC. But that's precisely what the NRA did when it solicited my contributions.

The NRA also appears to have violated a federal law that bars soliciting for a connected PAC from anyone other than the group's employees or members — what the law calls its “restricted class.” And the NRA appears to have violated another provision that says Internet solicitations must be at websites that are accessible only

to members (the restricted class), not the general public.

One expert found “at least three clear violations” of federal law.

“You really can’t solicit for a connected PAC outside the connected organization’s restricted class,” says Joseph Birkenstock, an attorney with Sandler Reiff Lamb Rosenstein & Birkenstock and a former chief counsel of the Democratic National Committee. “That’s really not a gray area of campaign finance law; that’s pretty much ‘first principles.’” (The “restricted class” concept applies to corporations and unions. A corporation can raise money from its own executives and shareholders. Tax-exempt corporations like the NRA and labor unions can raise money from their members.)

Federal law also says a PAC’s solicitation must “expressly state that the contribution will be used in connection with a Federal election” and that contributions are purely voluntary. And it requires a soliciting PAC to collect information about donors, including profession or job affiliation. But the NRA ignored all those requirements in the solicitations to which I responded.

“There are at least three clear violations” of federal law, says Brett Kappel, an expert on political law and campaign finance

at the law firm Akerman LLP. “First of all, they can’t be soliciting from the general public at their website. Then there’s the fact that the money is not being solicited in the name of the PAC; they have to say it’s for the PAC and what the political purpose of the PAC is. And then there are multiple missing disclaimers such as the disclaimer saying that contributions have to be voluntary.”

What the NRA actually spends on political campaigns

NRA political expenditures	2012	2014
NRA-ILA independent expenditures	\$6,939,265	\$11,508,211
NRA-ILA expenditures on communications with members	\$1,159,929	\$1,164,247
NRA Political Victory Fund (PVF) expenditures	\$16,167,237	\$20,785,386
NRA corporate political expenditures on behalf of the PVF	\$4,970,338	\$3,512,405
	\$29,236,769	\$36,970,249

Sources: FEC, NRA

In addition to violations of the Federal Election Campaign Act, the NRA’s accounting of its corporate political expenditures may have run afoul of federal tax laws, because the powerful lobbying organization apparently failed to report tens of millions of dollars in political expenditures made in connection with federal election campaigns. The Internal Revenue Service has special reporting requirements for tax-exempt corporations like the NRA, which is classified

as a "social welfare organization," or a 501(c)(4) corporation in IRS nomenclature. Unlike tax-exempt charities such as the Red Cross or the United Way, which may engage in only very limited political activities, "social welfare" organizations are given broader latitude to spend money on politics, so long as their "primary purpose" is not political. A social welfare organization can, for example, send out communications urging its members to vote for particular candidates, and it can buy political ads that favor or oppose candidates. It can set up a political action committee, as the NRA did with its Political Victory Fund, and it can pay for a PAC's salaries, office space and other expenses. Most important, the Internal Revenue Code allows these tax-exempt corporations to raise funds for their PACs.

In return for this broader authority to engage in politics, the IRS insists that tax-exempt groups like the NRA report all their corporate political expenditures. (The NRA's PAC, the PVF, reports its expenditures to the Federal Election Commission. Both the corporation and the PVF spend money on elections; the major difference is that the PVF can contribute money directly to candidates, and the corporation cannot.) Although much of the corporation's political spending is not subject to taxation, a subcategory that the IRS calls "exempt function expenditures" (an example would be NRA spending on ads that support a candidate) may be taxed. The size of the tax is based on a formula that compares total exempt function spending with the group's investment

income. Between 2008 and 2013 the NRA apparently failed to report any of its corporate political expenditures, which totaled nearly \$33 million, according to a review of FEC reports and audited financial statements prepared for the NRA board of directors, which were obtained by Yahoo News.

The ability of corporations like the NRA to inject millions of dollars into federal elections was greatly expanded by the Supreme Court's 2010 Citizens United decision, which allows so-called independent expenditures by super-PACs and corporations with no requirement that they identify the names of their donors. Like many politically active nonprofits, the NRA leaped at the opportunity to make expenditures of this anonymous or "dark money," using its Institute for Legislative Action (NRA-ILA), which is best known as its \$27 million-a-year political research and lobbying arm. In the 2012 elections the NRA ranked 10th among political nonprofits in spending dark money, according to an analysis by the Center for Responsive Politics. In 2014 it ranked third, spending more than all but two nonprofits — the U.S. Chamber of Commerce and Crossroads GPS, the super-PAC headed by Republican operative Karl Rove. Other major players included the liberal, union-backed Patriot Majority USA, the League of Conservation Voters, Grover Norquist's Americans for Tax Reform, and Americans for Prosperity, which is backed by the billionaire industrialists Charles and David Koch.

All this spending was legal — but it was supposed to be

reported to the IRS. Nevertheless, among the top 25 political nonprofit groups spending money in federal elections in 2012, only the NRA failed to report *any* of its political expenditures to the IRS. The other politically active nonprofits all acknowledged when they were involved in direct or indirect political activity, filed the required IRS reporting schedule with their tax return, declared how much they spent to support or oppose candidates, and paid any tax owed. Although several reported huge expenditures — \$71 million for Crossroads GPS, \$36 million for the Chamber of Commerce and \$37 million for Americans for Prosperity — none had anywhere near the investment income reported by the NRA, or a substantial tax liability. Based on the NRA's reports, it appears it would have owed more than \$600,000. Put another way, none of the other groups had as much to lose by filing the returns required by law as did the NRA.

Top 25 politically active nonprofits by amount of expenditure, 2012

Organization	2012 expenditures	Reported to IRS
1. Crossroads Grassroots Policy Strategies	\$71,181,940	YES
2. Americans for Prosperity	\$36,637,579	YES
3. U.S. Chamber of Commerce	\$35,657,029	YES
4. American Future Fund	\$25,414,586	YES
5. Americans for Job Security	\$15,872,864	YES
6. Americans for Tax Reform	\$15,794,552	YES
7. American Action Network	\$11,689,399	YES
8. League of Conservation Voters	\$11,137,177	YES
9. Americans for Responsible Leadership	\$9,793,014	YES
10. NRA Institute for Legislative Action	\$7,448,189	NO
11. Patriot Majority USA	\$7,013,886	YES
12. Planned Parenthood Action Fund	\$6,545,371	YES
13. 60 Plus Association	\$4,615,892	YES
14. Republican Jewish Coalition	\$4,595,666	YES
15. VoteVets.org	\$3,190,540	YES
16. YG Network	\$2,874,481	YES
17. Citizen Link (Focus on the Family)	\$2,574,666	YES
18. Center Forward	\$2,057,089	YES
19. NFIB The Voice of Free Enterprise	\$1,983,385	YES
20. Susan B Anthony List	\$1,961,223	YES
21. Center for Individual Freedom	\$1,864,735	YES
22. American Commitment	\$1,858,765	YES
23. NARAL Pro-Choice America	\$1,710,358	YES
24. Citizens for a Working America	\$1,555,051	YES
25. Humane Society Legislative Fund	\$1,490,762	YES
Total	\$286,518,199	

Source: *OpenSecrets.org*

One of my contributions to the NRA was made at the website of the ILA — nraila.org — under a banner that read:

NRA-ILA

Institute for Legislative Action

GET INVOLVED!

My involvement with the institute — which, for tax purposes, is simply a division of the corporate NRA — was quite limited. I filled in my name, address, credit card information and a contribution amount — \$1.00 — and clicked a button that read “Submit Donation.”

I was then taken to a new webpage with the ILA banner at the top, an NRA-ILA logo in bold letters at the bottom and a URL with the ILA’s initials in the Web address. A message on my screen under an ILA banner read, “Thank you for your donation.”

A few minutes later I received an email from the ILA with the same “Thank You” message. In short, I had every reason to believe I’d made a donation to the ILA.

1101070944061

NRA
INSTITUTE FOR POLITICAL EDUCATION
GET IN

Donate

Personal Information

Fields a Required Field

First Name: [REDACTED]

Last Name: [REDACTED]

Address 2: [REDACTED]

This transaction may take a few seconds. After you hit Submit Location: US (NY) ATTENDING TO: [REDACTED]

CONFIRMATION

NRA-ILA

Address: [REDACTED]

Address	Name & Email	Contact
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Alan Berlow

From: [REDACTED]

Sent: Monday, July [REDACTED]

To: [REDACTED]

Subject: NRA-ILA: The

Thank You for your donation!

The information you submitted on the

First Name: Alan

Middle Initial:

Last Name: Berlow

Address 2:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1166744915796-015

Yet when I checked my Visa card statement, it became clear that the money had gone not to the ILA but to the NRA's Political Victory Fund, a fact I confirmed with a Visa representative.



June 26 July 26 2014
Page 3 of 8

Transactions continued

Transaction Date	Posting Date	Description	Merchant Number	Amount Number	Amount	Rate
Payments and Other Credits						
07/07	07/08	NRA PVF INTERNET	WWW.NHAPVFORGVA	7103	8065	1.00
		VXHCOC54782				

Just before Christmas I received a note from the PVF wishing me "a very happy holiday season" and advising me that

“every dollar you contributed to NRA-PVF this year all added up to invaluable victories in last month’s elections.”

Throughout this transaction, the only thing that might have led any prospective donor to think the PVF might be involved in any way was a confusing notation in tiny print directly below the button marked “Submit Donation” to the ILA, which read: “Contributions to NRA-PVF are not deductible as charitable contributions for Federal income tax purposes.” But this “disclaimer” did nothing to make the solicitations legal.

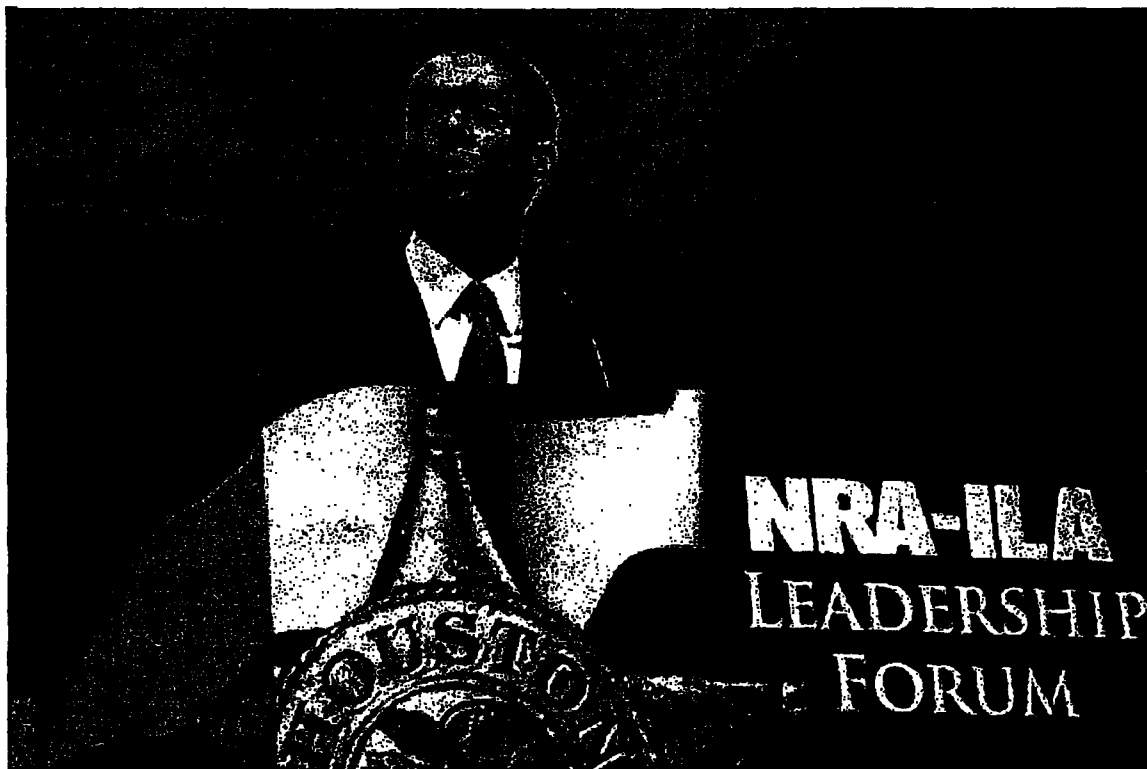
My credit card statement showed that my donation actually went to the Political Victory Fund.

Larry Noble, who was general counsel at the Federal Election Commission for 13 years, now serving as senior counsel at the Campaign Legal Center, said there was no question that the way the NRA solicited my contributions violated federal election law if the money went into a PVF account. “The bottom line is that it is illegal for the NRA to solicit money for the ILA and have that money go to the PVF. I don’t see how your contributions could legally be put in the PVF account.”

The Institute for Legislative Action, the advertised

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beneficiary of my largesse, is headed by Chris W. Cox, who is also chairman of the PVF. Cox, who is paid more than \$825,000 a year, oversees eight NRA divisions, including the lobbying arm, the PVF, NRA finances, national advertising and direct mail fundraising, a major source of revenue for both the corporation and its PAC. In short, Cox oversees virtually all NRA finances, both corporate and political. And while his wide-ranging responsibilities may have led him to forget which hat he's wearing at any particular time, the law is quite explicit about what he can do with his PAC (the PVF), as opposed to the ILA and other corporate entities he administers.



Chris W. Cox, executive director of the National Rifle Association's Institute for Legislative Action, at the NRA's

annual convention in 2013. (Photo: Steve Ueckert/AP Photo)

The NRA and Cox failed to respond to repeated requests for a comment about this story.

I made another contribution at a second Cox-operated website — nrapvf.org, the official website of the NRA Political Victory Fund. At this website visitors may search for information about upcoming elections and learn how particular members of Congress are rated by the NRA, but only if they enter an NRA identification number. However, no member ID was required to make a political contribution, in apparent violation of the Federal Election Campaign Act.

Cox oversees virtually all NRA finances, both corporate and political.

Misleadingly, the PVF homepage did not explicitly solicit contributions for the PVF but instead *claimed* to be raising money for the ILA. “Donate to the NRA-ILA,” a blue and white button at the bottom of the PVF homepage read. Clicking on that button, I was directed to a series of ILA webpages, where I made my modest gift, and received an online message and subsequent email thanking me for contributing to the NRA-ILA. Yet, on checking my Visa account, I learned, once again, that the money had gone not

to the ILA but to the PVF.

Lloyd Mayer, a professor of law at the University of Notre Dame and an expert on tax law and nonprofit organizations, confirmed that this misrepresentation of the actual beneficiary violated the law. "You've got a problem because it's not the PVF's money; it's the NRA's money, because the NRA claimed it was the beneficiary in making the solicitation. It's a nonprofit corporation's money. They own it. They control it. They're responsible for it. ... If you're giving to the NRA, and the NRA is just sort of saying, 'Oh, how much money does PVF need, we'll give it a bunch of the money, and they can spend it on whatever they want,' that's violating the federal election law." Under federal election law, corporations — including nonprofits like the NRA — are prohibited from making direct contributions to PACs that contribute to federal candidates.

Assuming money was, in fact, moved by corporate NRA to its PAC, it would not be the first time the organization has engaged in such illegal transfers. In 1983, the Federal Election Commission settled a claim against the NRA for illegally making contributions to the PVF. The NRA agreed it would "no longer spend corporate funds in connection with any federal election" and would limit its "partisan communications" to members. Eight years later, in 1991, U.S. District Court Judge Stanley Sporkin held that a \$415,744 payment by corporate NRA to the PVF was an "illegal contribution" in violation of the Federal Election Campaign

Act. But an appeals court ruled that the FEC as then constituted lacked authority to enforce the law.

Why my contributions to the corporation ended up in the PVF account is unclear; likewise the total amount of money the NRA collected through these apparently illegal online fundraising appeals. But the NRA actually collects the majority of its funds through direct mail, which raises the question of whether that much larger pool of money is also being illegally siphoned off for its political action fund.

The NRA is, undoubtedly, a formidable fundraiser. It claims to have 5 million members, and it raises tens of millions of dollars each year, mostly in small donations, but at times in amounts as high as \$13 million from a single individual. During the 2012 election cycle, the NRA told the IRS it raised more than \$145 million. In 2013 it reported raising an additional \$96 million. Yet moving any of this money to the PVF would constitute an illegal corporate transfer. So how does the PVF get all its money?

Federal Election Commission records for the 2014 election make one thing clear: The PVF isn't raising all its money by itself. We know that because the PVF reported spending only \$89,000 on fundraising in 2013 and 2014 while it counted receipts of nearly \$22 million. That would be a completely improbable return on investment of more than 24,000

percent. There is, however, another way for the PVF to raise money: Corporate NRA can do some or all of its fundraising for it — provided that it reports those expenditures to the IRS. Audited financial statements prepared for the NRA board of directors by McGladrey, an independent accounting firm, and obtained by Yahoo News, make clear that the NRA spent more than \$22 million on fundraising and administration for the PVF between 2008 and 2013. Yet there is no evidence in the public record that the NRA has ever reported any of those expenditures to the IRS, in apparent violation of the law.

The NRA has been able to hide the full extent of its corporate political spending from the IRS by answering “no” to the following question on its IRS Form 990 tax returns, the tax form required of tax-exempt organizations: “Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office?”

Form 990 (2012) NATIONAL RIFLE ASSOCIATION OF AMERICA 53-0116130 Page 3

Part III Checklist of Required Schedules

	Yes	No
1. Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

That’s right. The NRA, which routinely threatens to destroy any politician who dares to challenge its Second Amendment orthodoxy, the same NRA that spent more than \$66 million on the 2012 and 2014 elections and recently boasted of

winning 91 percent of the races in which it spent money last year, wants the IRS to believe it doesn't engage in politics.

How is that possible?

Well, simply stated, it's not. True, in IRS speak, "political campaign activities" is a term of art referring to a somewhat limited group of political expenditures. But even this narrow definition would cover \$29 million in NRA corporate expenditures in 2012 and 2014. The PVF, for its part, spent \$37 million. In other words, NRA corporate political expenditures accounted for 44 percent of the total of \$66 million spent in these elections. Although it is not unheard of for politically active nonprofits to claim they don't engage in politics, it seems far-fetched for the NRA, given its high profile and the magnitude of its corporate political spending.

John Pomeranz, an attorney with Harmon, Curran, Spielberg + Eisenberg and one of the country's leading experts on the election-related activities of tax-exempt organizations, says there is no question that the NRA should be reporting its political expenditures to the IRS. "A quick look at the FEC's website makes it clear that the NRA-ILA is making both independent expenditures in federal races and membership communications in federal races. It ought to be reporting at least the former and, I would argue, the latter, as political expenditures on its 990" return, Pomeranz said.

Pomeranz said it makes no sense for the NRA to tell the IRS

it's not making political expenditures at the same time it's reporting them to the FEC: "I would be fascinated by the logic that says you can do that." In 2012, ILA independent expenditures and membership communications reported to the FEC totaled more than \$8 million, with total political expenditures running to at least \$13 million. None of those payouts was reported on the NRA's federal tax return.

Marc Owens, director of the IRS's Exempt Organizations Division from 1990 to 2000, considered the nation's leading expert on exempt organization tax law, maintains that not only should the NRA have reported these political expenditures, but that they "would be taxable." Owens referred me to the Internal Revenue Code (IRC) section 527(f), which states that tax-exempt organizations engaging in political activities and also earning income from investments are required to pay a tax — either on their political expenditures or on their investment earnings, whichever is smaller. "I think it is wishful thinking to imagine" that tax-exempt corporations such as the NRA are allowed "to expend funds on political activities without regard to IRC 527(f)," Owens said.

Under this provision, the NRA would have been taxed in 2012 on its investment income of \$1.8 million at a rate of 35 percent, resulting in a tax of more than \$630,000. It is unclear if that tax was ever paid, but the public record, the NRA's 990 return, strongly suggests it was not. True, some of the NRA's political expenditures in 2012 would have been

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allowed without being subject to any tax. But, cautioned Owens, “allowable’ doesn’t mean that they don’t have to report” all their political expenditures, because the IRS can ascertain if an organization deserves to retain its tax-exempt status, and whether it owes taxes, only if the organization comes clean about the total amount it spent on political activities.

Just how big a deal is it if an organization fails to report its political expenditures to the IRS? Speaking broadly about IRS enforcement polices, Mark Everson, who was IRS commissioner under President George W. Bush — and recently announced his candidacy for the Republican presidential nomination — said, “If people aren’t reporting honestly and accurately what are clearly political expenditures, that’s a problem. ... If they [the IRS] believed there was a problem along the lines that you’ve described” — a corporation that had failed to report political expenditures for six years — “they might very well look into it.” It would depend on the evidence, the “materiality,” Everson said. “If they had comments that came in and believed there was a problem,” they might act. But Everson also said that during his tenure (2003-07), he was unaware of any significant actions brought against politically active exempt corporations.

Among politically active nonprofits, only the NRA failed to report any of its electoral spending to the IRS.

Much depends on the NRA's intent. The IRS typically tries to work with taxpayers who fail to file reports to encourage them to comply. According to Owens, "If it's a situation where they simply refuse to file and were making clear political expenditures, it's an incomplete tax return; if there was an intentional effort to mislead the IRS, then it could become a criminal matter." The NRA neglected to report these expenditures for six years beginning in 2008. John Pomeranz calls the NRA's failure to report this information, which normally would be filed annually on a form known as a Schedule C, "a pretty serious violation, in that it's an inaccurate report filed under penalty of perjury to the federal government." He acknowledges, though, that the IRS enforcement program "is perhaps not what we might wish it to be." Indeed, the IRS has seen its budget for audits and enforcement slashed repeatedly in recent years, and it is currently operating with about \$1 billion less than five years ago. IRS audits of tax-exempt groups have historically been very low. In addition, an avalanche of negative publicity in recent years about IRS employees singling out tea party and other conservative groups for special scrutiny has probably made the agency even more gun-shy about challenging any politically powerful conservative organization, including the

NRA.

The job of enforcing violations of federal campaign laws, meanwhile, falls to the Federal Election Commission. With its membership evenly divided between Democrats and Republicans, the FEC is widely regarded as one of the most dysfunctional federal agencies. That said, it has on multiple occasions imposed penalties in the hundreds of thousands of dollars and twice ordered payments of \$1 million or more. In a 2010 case with facts strikingly similar to the NRA's conduct in its 2014 fundraising, the FEC imposed a \$300,000 fine against a resort development PAC, which illegally solicited contributions from members without advising them that contributions were voluntary and that the money was to be used for "political purposes."

The legal standard for an FEC enforcement action is actually extraordinarily low, requiring nothing more than "reason to believe" a violation occurred. And while commissioners have successfully blocked any number of investigations of alleged campaign law violations by a variety of political organizations in recent years, it may be difficult for them to ignore a complaint in which there is documented evidence of illegal activity. Any sanction against the NRA would turn on, among other things, the length of time it employed illegal practices to raise money for the PVF and how much of that money was actually spent in federal campaigns.

IRS audits of tax-exempt groups have historically been very low.

According to attorney Brett Kappel, the NRA could also be targeted for violations of federal or state consumer fraud statutes. "You can't make false claims to the general public; you can't ask for money for X for educational purposes when in fact the money is going to Y for political purposes," said Kappel. "It would be a fraud for a 501(c)(4) [like the NRA] to solicit money for itself but then divert it to another legal entity" such as the NRA Political Victory Fund. A fraud complaint could be lodged either with the Federal Trade Commission or with any number of state agencies. Many have strong statutes on fraudulent fundraising. So, for example, California's law says that charitable organizations "shall not misrepresent ... the nature or purpose or beneficiary of a solicitation," and requires that contributions be deposited to an account "that is solely in the name of the charitable organization on whose behalf the contribution was solicited." Virginia, where the NRA is headquartered, has a solicitation law that bars contributions "for any purpose other than the solicited purpose." And New York, where the NRA is incorporated, has extensive laws against obtaining charitable contributions by "false pretense," including the use of "materially misleading advertising or promotional material." NRA solicitations through its corporate and PVF websites have arguably violated all these state statutes. And

because of the way the NRA has structured its PAC, any state attorney general with an interest in investigating these apparent violations would have authority to subpoena all relevant NRA records dealing with its nationwide fundraising operations.

Correction: An earlier version of this story reported that the NRA spent more than \$34 million on political expenditures. The correct number is \$32.9 million.

UPDATE: As noted, the National Rifle Association did not respond to numerous requests for comment on its fundraising practices and tax reporting, either before or after this article was published. After Yahoo News published a follow-up article, NRA spokeswoman Jennifer Baker contacted us with a response. The main points are these:

1. The NRA acknowledges that for a period of four months in 2014, online donations to the NRA-ILA, including the two made by Alan Berlow, the author of the articles, were in fact deposited to the account of the NRA-PVF. According to Baker, this was inadvertent, the result of a “coding error” that was caught and corrected internally. The total amount of donations affected was approximately \$125,000, according to Baker, out of a total of \$50.8 million raised by the ILA and PVF combined for that election cycle. That amount has been transferred from the PVF to the ILA account, Baker says, which will be reflected in documents that will be filed with the Federal Election Commission on May 20. The NRA also

denies that it solicited donations to the PVF from nonmembers. Nonmembers who attempted to make donations on the publicly accessible part of the PVF website were sent to a page which, in turn, led to another page with an option to make contributions to the ILA. According to Baker, the same coding error routed some of these to the PVF by mistake.

2. The NRA acknowledges that its tax filings for 2012 were incomplete with respect to its political expenditures, as reported by Yahoo, but says it paid the taxes that were due, of approximately \$600,000, and has provided Yahoo with the evidence.

3. The NRA confirms that it failed to report its political expenditures (such as fundraising on behalf of the PVF) to the IRS for the years 2008 to 2013, as Yahoo News reported. Baker adds that the NRA “did not engage in any *taxable* [emphasis added] corporate political campaign activity from 2007-2011; nor did we do so in 2013” — in other words, it didn’t owe taxes for those years, and the lack of reporting was, in Baker’s words, “a clerical error” that did not affect its tax liability. Yahoo News did not claim that the NRA owed taxes for those years; it reported, correctly, that even if no taxes are due, the IRS requires this information from all 501(c)(4) organizations, including the NRA. Baker’s statement reads, in part: “While a box was erroneously left unchecked ... the assertion that this represents fraud on the NRA’s part is absurd, as is the suggestion that the NRA would

file publicly-available documents that deliberately attempt to conceal any of our activities.” The article did not claim that the NRA’s failure to report these expenditures represented fraud. The follow-up article quoted a spokesman for the Coalition to Stop Gun Violence calling for the IRS and the FEC to “launch investigations into the NRA’s fraudulent activities immediately.”

4. The article said that Berlow “never knowingly contributed to the NRA-PVF.” That statement was accurate with respect to the online donations that were the subject of the article, but in fact Berlow made separate contributions by check to both the ILA and the PVF. Those checks were deposited to the correct accounts. The article should have reported these donations. Yahoo News regrets the error.

Alan Berlow, the author of Dead Season: A Story of Murder and Revenge, has written for The New York Times Magazine, The Atlantic and Harper’s.

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EXHIBIT C

NRA-ILA

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Donate

Personal Information

* Denotes a Required Field

Donor Amount:

<input type="radio"/>	\$25.00	<input type="radio"/>	\$50.00
<input type="radio"/>	\$100.00	<input type="radio"/>	\$250.00
<input type="radio"/>	\$500.00	<input type="radio"/>	Other:

Other Amount:

First Name:

Middle Initial:

Last Name:

Address 1:

Address 2:

City:

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- Get Involved Locally
- Stay Informed
- Organize America
- Contribute to NRA-ILA
- Request to Vote
- Write Your Legislators
- Contact Your
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A collection of relevant and timely media news and resources

- NRA-ILA Press Release: 2013-05-25
- NRA-ILA Press Release: 2013-05-25
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State:

ZIP:

Phone #:

Email:



NOPE

Credit Card Information

Card Number:

Method of Payment: VISA M/C DISC AMEX

Name as it appears on card:

Expiry Date:

Security Code:

Use back of card. The space is 3 digit American Express code.

NOTE: This transaction may take a few seconds. After you hit "Submit Donation" DO NOT ATTEMPT TO REFRESH YOUR BROWSER!

Contributions to NRA-ILA are not deductible as charitable contributions for Federal income tax purposes.

The National Rifle Association of America (NRA) is a 501(c)(3) non-profit corporation incorporated on November 10, 1871 and having its principal place of business at 11220 Waples Mill Road, Fairfax, Virginia 22030. The NRA's non-profit Victory Fund (NRA-VF) is an independent section 501(c)(3) which was formed for the purpose of assisting program candidates for office in accordance with the policies established by the Board of Directors.

Financial statements and other information may be obtained by the respective states as a state entity.

New York: New York residents may obtain a copy of our annual report by writing to the Office of Charities Registration, 120 Broadway, New York, NY 10038. Pennsylvania: A copy of the office registration for former members of the National Rifle Association's Victory Fund may also be obtained from the Pennsylvania Department of State by sending for free with Pennsylvania's 2012-2013 Registration fees to the Commonwealth of Virginia, Commonwealth of Virginia State Office of Consumer Affairs, 200 East Richmond Street, Richmond, Virginia 23219. 804-781-1111

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Established in 1975, the Institute for Legislative Action (ILA) is the lobbying arm of the National Rifle Association of America. ILA is responsible for preserving the rights of law-abiding individuals in the legislative, political, and legal arenas to purchase, possess, and use firearms for legitimate purposes as guaranteed by the Second Amendment to the U.S. Constitution.

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EXHIBIT D

NRA: Accusations in Yahoo News Report are False

Posted By [Stephen Gutowski](#) On May 29, 2015 @ 3:00 pm In [Issues](#) | [No Comments](#)

The National Rifle Association (NRA) says that a Yahoo News report alleging wrongdoing by the gun rights group was "politically motivated" and "misrepresented facts to create a false narrative regarding the NRA's fundraising efforts."

"The assertion that the NRA was involved in 'systematic fraud' is patently false," NRA spokesperson Jennifer Baker said.

In a Yahoo News [piece](#) published in April, freelance reporter Alan Berlow accused the NRA of engaging in a "brazen shell game with donations." The piece has since been updated with a partial correction and a 566-word addendum that includes many of the NRA's objections, but the headline, which the NRA objects to, remains unchanged.

Yahoo News said they were standing by its report and reporter.

"Multiple requests for comment from the NRA by Yahoo News went unanswered," Yahoo News PR Director Andrew Kirk said. "When a spokesperson for the NRA did respond, we reflected their views in an update added to the piece."

"We stand by Alan Berlow's reporting."

One of the main allegations in the report says the NRA failed to disclose its political spending to the IRS from 2007 through 2013, and thus likely evaded taxes through the omission.

The NRA says that it only engaged in "non-exempt" direct political spending in 2012, but that it reported that spending to the IRS, and paid \$613,671 in taxes on the spending for that year. The NRA claims that a clerical error resulted in the spending not being reflected on a tax form called a 990, which led to Yahoo News concluding that no political spending had been reported, and no taxes had been paid on it, at all.

A [copy of the NRA's check to the IRS](#) shows the payment was made on March 12, 2013, and the NRA did report the spending on a different form called a 1120-POL, a copy of which was shown to the *Free Beacon*.

The other major allegation in Berlow's report accused the NRA of soliciting thousands of dollars in donations for its political action committee, the Political Victory Fund (PVF), by misrepresenting them as donations to its [501 \(c\)\(4\)](#) non-profit, the Institute for Legislative Action (ILA).

The allegation is based largely on the fact that a donation Berlow made to the ILA ended up being deposited to the PVF's account.

The NRA said that Berlow's donation, made through the ILA's website, was part of a relatively small group of donations which were misdirected to the PVF by a coding error which was identified and fixed by their tech department. \$125,135.03, or 0.2 percent of the roughly \$50 million raised by the ILA and PVF in the last election cycle, were deposited incorrectly because of the error, according to the NRA.

The NRA said only 33 donations from non-members, a group that cannot give to the PVF, were involved in the glitch.

A [copy of a Political Victory Fund transfer slip](#) shows the NRA moved the erroneous donations back to their intended destination at the Institute for Legislative Action on April 28. The NRA said the transfer came after the accounting department learned of the misallocation from the Yahoo News piece.

The NRA said Berlow, who has also published negative pieces about the gun rights group at Salon and Mother Jones, and who is married to a Democratic donor, misrepresented the error.

"In an attempt to further his personal political agenda, Berlow went to great lengths to misrepresent what was merely a clerical and internet coding error," Baker said.

John Pomeranz of Harmon, Curran, Spielberg & Eisenberg, who was quoted in the original Yahoo piece as a "leading expert on the election-related activities of tax-exempt organizations," said in his opinion the new developments still showed violations of federal election law, but the efforts the NRA made to correct their mistake should be enough for the FEC.

"I see that the NRA is now acknowledging that it erred in failing to report its political activities on the organization's IRS Form 990s for a number of years, and it does appear that there were federal election law violations (inadvertent, the NRA says) in how some funds were solicited and deposited into the organizations connected political committee," Pomeranz said. "At least these things appear to be violations of federal tax and election law."

"However, I would expect that efforts by the NRA to correct the errors ... might well persuade the IRS and the FEC to reduce or waive any penalties."

Joseph Birkenstock, an attorney who has served as chief counsel of the Democratic National Committee and commented in the original Yahoo News piece, took a similar view.

"The idea of soliciting contributions from the general public and depositing them in the wrong accounts isn't a question of your intent," Birkenstock said. "It's a question of what you did."

Birkenstock said he still believes the NRA broke the law.

"Honestly, it sounds to me like they admit they broke the law," he said. "I think they're making the point that as these things go it might not be a particularly serious violation."

Donald F. McGahn, a former commissioner and chairman of the FEC, said the misdirected donations are not a major lapse and are unlikely to draw significant attention from the federal government.

"It's not uncommon," he said. "Not the first time this has happened. Won't be the last time it'll happen to somebody similarly situated. This isn't a big deal. Previous reports, I think, were way overblown."

McGahn said he does not believe the violation is serious.

"What you look for isn't so much the 'gotcha' glitch, it's did they discover it? Did they take corrective action? Did they unwind whatever happened? In this case it looks like they did."

The NRA said the report, which it sees as further proof of bias directed at the organization by the media, would not alter its mission or attitude.

"Despite an ongoing bias coming from many so-called journalists, the NRA will continue to unapologetically fight to protect the Second—and First—Amendment rights of the American people," NRA spokesperson Baker said.

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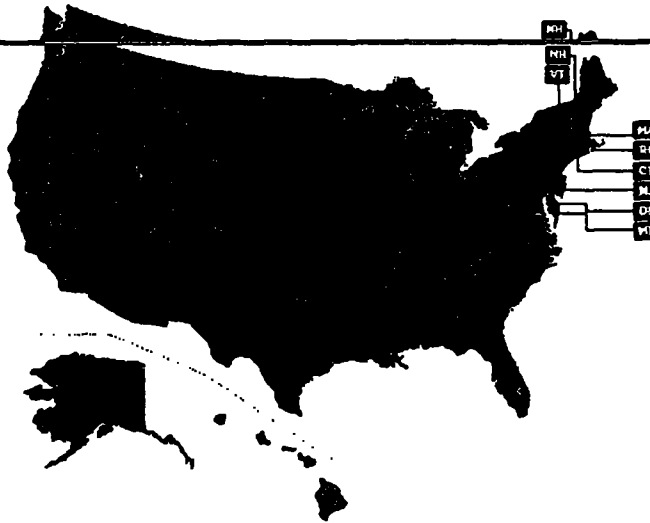
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- How to register
- How to find your district
- How to find your district
- How to find your district

VOTE



First Name *

Last Name *

City *

Select State

Zip Code *

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