

# CORD

## Majority Staff Report Accompanying the Minority Staff Report: The NRA and Russia

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The United States Senate  
Committee on Finance

Majority Staff Report

*accompanying the*

Minority Staff Report

*The NRA and Russia*

Washington, D.C.

September 2019

## INTRODUCTION

During the 2012 presidential campaign between President Obama and his Republican challenger, former Massachusetts governor and current Utah Sen. Mitt Romney, candidate Romney described Russia as the United States' "number one geopolitical foe."<sup>1</sup> On October 22, 2012, during a presidential debate between the two candidates, President Obama famously patronized Mr. Romney with, "The 1980s are now calling to ask for their foreign policy back because the Cold War's been over for 20 years."<sup>2</sup> Indeed, President Obama spent much of his presidency treating the United States' often difficult relationship with Russia as a product of his predecessor's supposedly failed efforts to work with that nation – a relationship that could simply be "reset" by a more cooperative U.S. foreign policy.<sup>3</sup> For example, in 2009, then-Vice President Joe Biden stated, "It is time to press the reset button and to revisit the many areas where we can and should be working together with Russia."<sup>4</sup> One month later, then-Secretary of State Hillary Clinton stressed the same "reset" when presenting Russian Foreign Minister Sergei Lavrov with a red "Reset" button.<sup>5</sup>

Moreover, shortly after both comments by Biden and Clinton, the Obama administration's Committee on Foreign Investment in the United States (CFIUS) approved Atomredmetzoloto's acquisition of Uranium One, which resulted in the Russian government's ownership of U.S. uranium assets.<sup>6</sup> Further, in June 2010, former President Bill Clinton received \$500,000 from Renaissance Capital, a Russian government-linked investment firm, for a speech in Moscow while his wife was in charge of the State Department and a member of the CFIUS approval team.<sup>7</sup> In the same month as the speech, the Russian government and Uranium One notified

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<sup>1</sup> Romney: Russia is our number one geopolitical foe, CNN (Mar. 26, 2012),

<http://cnnpressroom.blogs.cnn.com/2012/03/26/romney-russia-is-our-number-one-geopolitical-foe/>.

<sup>2</sup> Cheyenne Haslett, *Mitt Romney Finally Gets Credit Years Later for His Warnings on Russia*, ABC NEWS, (Feb. 26, 2014), <https://abcnews.go.com/Politics/years-mitt-romney-finally-credit-warnings-russia/story?id=61330530>.

<sup>3</sup> See generally Mikhail Zygar, *The Russian Reset That Never Was*, FOREIGN POL'Y (Dec. 9, 2016), <https://foreignpolicy.com/2016/12/09/the-russian-reset-that-never-was-putin-obama-medvedev-libya-mikhail-zygar-all-the-kremlin-men/>; Letter from William P. Barr, Attorney Gen., Dep't of Justice, to Members of Congress (Mar. 24, 2019), <https://www.documentcloud.org/documents/5779699-Letter-to-Congress-detailing-Robert-Muellers.html>.

<sup>4</sup> Vice President Joe Biden, Remarks at 45th Munich Conference on Security Policy (Feb. 7, 2009), <https://obamawhitehouse.archives.gov/the-press-office/remarks-vice-president-biden-45th-munich-conference-security-policy>.

<sup>5</sup> Sue Fleming, *Clinton, Lavrov Push Wrong Reset Button on Ties*, REUTERS (Mar. 6, 2009), <https://www.reuters.com/article/idUSN06402140>.

<sup>6</sup> News Release, Sen. Charles E. Grassley, Grassley Seeks Accounting of Government Actions Behind Controversial Uranium Deal (July 2, 2015), <https://www.grassley.senate.gov/news/news-releases/grassley-seeks-accounting-government-actions-behind-controversial-uranium-deal>.

<sup>7</sup> Renaissance is a Russian investment bank whose senior officers include former FSB (Russian intelligence) personnel. As such, sources have described the Bank as an extension of the Russian government, as most all of the banks in Russia are controlled in some manner by the Kremlin. At the Senate Judiciary Committee's July 2017 oversight hearing on the Foreign Agents Registration Act, a witness described Renaissance Bank as follows:

The Chairman was – or I should say another senior official was a British citizen of Russian origin named Igor Sagiryan. On their staff at Renaissance Capital, they trumpeted the fact that they had a number of former FSB officers on their staff. I should point out that there is no such thing as a former FSB officer. It is a lifetime commitment. And in the Department of Justice investigation

CFIUS of its intent to acquire U.S. uranium assets. The next month, in July 2010, Renaissance Capital assigned a “buy” to Uranium One, a move that would principally benefit Russian investors.<sup>8</sup>

Much has changed since then. Generally, the Obama administration’s optimism toward improving diplomatic relations with Russia waned in its final years.<sup>9</sup> Then in November 2016, Donald Trump won the U.S. presidential election against former Secretary of State Hillary Clinton, which many on the left incorrectly attributed to Russian interference.<sup>10</sup> Eventually, a Special Counsel was appointed to investigate whether then-candidate Trump colluded with Russians to help him win the election. After two years, more than 2,800 subpoenas, approximately 500 search warrants and witness interviews, and \$30 million in taxpayer money, that report found no such collusion.<sup>11</sup>

Following two and a half years of endless, feverish speculation about so-called collusion that cast suspicion on any and all things Russian, the Minority report at issue attempts to paint a picture of the National Rifle Association with facts and innuendo that together actually demonstrate little to nothing.

Although this was not a joint investigation, the Minority conferred with the Majority at times about the inquiry, and the Majority reviewed most of the underlying documents gathered by the Minority and provided by various NRA officials to the Committee. After reviewing those documents at great length, two things became clear to the Majority: (1) some question exists as to whether the NRA paid a relatively insubstantial \$6,000 amount for the travel of a private individual (Joe Liberatore), and (2) the extent of the evidence reviewed does not raise concerns that the NRA abused its tax-exempt purposes when some of its high-ranking officials traveled to Russia in December 2015.

This report includes citations to portions of emails reviewed by the Majority and the Minority, portions of which the Majority views as relevant to the key questions explored in the reports. Those documents are included in full as attachments to this report for appropriate context.

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into Prevezon Holdings, they determined that \$13 million from the crime that Sergei Magnitsky uncovered, exposed, and was killed over went to the bank accounts of Renaissance Capital in the United Kingdom.

*Oversight of the Foreign Agents Registration Act and Attempts to Influence U.S. Elections: Lessons Learned from Current and Prior Administrations: Hearing Before the S. Comm. on the Judiciary, 115th Cong. 20-21 (2017)* (statement of William Browder, CEO, Hermitage Capital Management); Press Release, Sen. Charles E. Grassley, Grassley Asks Plaintiffs in Emoluments Suits to Explain Their Narrow, Partisan Focus (Apr. 11, 2017), <https://www.grassley.senate.gov/news/news-releases/grassley-asks-plaintiffs-emoluments-suits-explain-their-narrow-partisan-focus>.

<sup>8</sup> Jo Becker & Mike McIntire, *Cash Flowed to Clinton Foundation amid Russian Uranium Deal*, N.Y. TIMES (Apr. 23, 2015), <https://www.nytimes.com/2015/04/24/us/cash-flowed-to-clinton-foundation-as-russians-pressed-for-control-of-uranium-company.html>.

<sup>9</sup> Mikhael Zygar, *supra* note 3.

<sup>10</sup> Philip Rucker, ‘I Would be Your President’: Clinton Blames Russia, FBI Chief for 2016 Election Loss, WASH. POST (May 3, 2017), [https://www.washingtonpost.com/politics/hillary-clinton-blames-russian-hackers-and-comey-for-2016-election-loss/2017/05/02/e62fef72-2f60-11e7-8674-437ddb6e813e\\_story.html](https://www.washingtonpost.com/politics/hillary-clinton-blames-russian-hackers-and-comey-for-2016-election-loss/2017/05/02/e62fef72-2f60-11e7-8674-437ddb6e813e_story.html).

<sup>11</sup> See generally DEP’T OF JUSTICE, OFF. OF SPECIAL COUNSEL, REPORT ON THE INVESTIGATION INTO RUSSIAN INTERFERENCE IN THE 2016 PRESIDENTIAL ELECTION (Mar. 2019), <https://www.justice.gov/storage/report.pdf>.

It is no secret that the Russian government has always been at the forefront of our intelligence and military concerns, contrary to the Obama administration’s public posture. By this report, the Majority does not advocate on behalf of or against any party subject to the Minority’s inquiry, and it is fair to analyze the wisdom of traveling to Russia in December 2015 to meet with high-ranking officials. However, the Minority report reads more like a political document directed at an organization well known in U.S. politics to be despised by Democrats because of its advocacy for Second Amendment rights. This Majority finds no wrongdoing by the NRA or its officials that would reasonably call into question the NRA’s tax-exempt status, based on the documents provided to the Committee.

The Minority report concludes that NRA members’ travel to Russia in 2015 and meeting with Russian officials “raises concerns about whether the activity in which the NRA, its officers, and board members engaged were in furtherance of the organization’s exempt purpose.”<sup>12</sup> It also concludes that NRA officials’ possibly having met with sanctioned individuals “raise significant concerns under U.S. sanctions law.”<sup>13</sup> Both of these conclusions are meritless. Accordingly, it is not fair to question the tax-exempt status of an organization associated with such individuals because of that travel.

**BASED ON THE REVIEWABLE EVIDENCE THE NRA’S TAX-EXEMPT STATUS IS NOT AT RISK.**

According to its 2017 filings with the IRS, the National Rifle Association is a tax-exempt social welfare organization under Section 501(c)(4) of the Internal Revenue Code, and its mission is “[f]irearms safety, education, and training and advocacy on behalf of safe and responsible gun owners.”<sup>14</sup> According to its website, Union officers Col. William C. Church and Gen. George Wingate formed the NRA in New York in 1871 to “promote and encourage rifle shooting on a scientific basis.”<sup>15</sup> By the end of 2018, it had 5.5 million members and over \$412 million in total revenue.<sup>16</sup> According to the Minority report, all of this is legally jeopardized for tax reasons because less than a handful of its officials may have turned a goodwill trip to Russia into multipurpose travel, tending to both an invitation by Russians to NRA personnel as well as their own professional matters during the same trip. This is an erroneous conclusion, as there is nothing wrong with taking a trip with two purposes in mind, even if one of those purposes involves a tax-exempt organization.

In its report, the Minority argues that its “investigation documents the degree to which the NRA and its leadership were aware of and cooperated with [Maria] Butina and [Alexander] Torshin to provide them access to the NRA and other domestic organizations.”<sup>17</sup> In support of their

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<sup>12</sup> MINORITY STAFF OF S. COMM. ON FIN., 116TH CONG., REPORT ON THE NRA & RUSSIA 75 (Comm. Print 2019) [hereinafter SFC Minority Russia Report].

<sup>13</sup> *Id.*

<sup>14</sup> National Rifle Association, I.R.S. Form 990, Return of Organization Exempt from Income Tax (2017), <https://pdf.guidestar.org/PDF/Images/2017/530/116/2017-530116130-10069406-90.pdf>.

<sup>15</sup> *A Brief History of the NRA*, NAT’L RIFLE ASS’N, <https://home.nra.org/about-the-nra/> (last visited Sept. 24, 2019).

<sup>16</sup> Stephen Gutowski, *NRA Membership Dues, Contributions Rebounded In 2018*, THE WASH. FREE BEACON (May 30, 2019), <https://freebeacon.com/issues/nra-membership-dues-contributions-rebounded-in-2018/>.

<sup>17</sup> SFC MINORITY RUSSIA REPORT, *supra* note 12, at 4.

argument, the Minority seeks to use the NRA's 2015 trip to Russia as evidence that the NRA engaged in an improper purpose. However, the Minority fails to explain how the NRA, its officers, or its board members played any role in a Butina/Torshin conspiracy, other than engaging with these individuals for the purposes of fostering a relationship between two gun-rights advocacy organizations. In other words, the Minority report goes into excruciating detail about a goodwill trip to Russia in order to give the appearance that something nefarious with Russia must be at issue.

Indeed, in December 2015, a delegation from the NRA traveled to Russia at the invitation of Alexander Torshin and Maria Butina's purported gun-rights organization known as "The Right to Bear Arms." These are the same two individuals who met with high-ranking Obama administration officials in 2015, the same year as the NRA delegation's Russia trip.<sup>18</sup> Before this trip, as with any other trip, logistical details were discussed between NRA officials. The Minority report takes issue with the fact that NRA professional staff handled trip logistics, like securing visas and making itineraries, and that senior NRA officials participated in the trip.<sup>19</sup> The Minority report attempts to use this evidence to undermine the NRA's tax-exempt status but fails to explain how this activity rises to the level of an improper tax-exempt purpose. Organizations, including Congress, often participate in these types of trips in order to meet with government officials to gain first-hand knowledge on issues relevant to their industry or other area of expertise.

Generally, the Minority concludes that "some members of the NRA delegation traveled to Russia to cultivate future business opportunities" and that the CEO of the Brownells firearms retailer and then-future NRA President Pete Brownell "went to Moscow several days ahead of the rest of the NRA delegation to meet with Russian arms companies."<sup>20</sup> Based on the documents reviewed by Majority staff, this generally appears correct, and such activity also appears to be entirely normal behavior for a CEO of a major firearms retailer, as the facts show Mr. Brownell started his December 2015 trip to Russia for this personal-professional purpose and then concluded it with an NRA-focused goodwill purpose. This is reflected in a November 30, 2015 email from Paul Erickson to Pete Brownell in which Mr. Erickson wrote to Mr. Brownell,

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<sup>18</sup> Press Release, Sen. Charles E. Grassley, Grassley, Wyden Seek Details on Meetings Between Russian Agents & U.S. Treasury, Fed (Feb. 15, 2019), <https://www.grassley.senate.gov/news/news-releases/grassley-wyden-seek-details-meetings-between-russian-agents-us-treasury-fed>.

<sup>19</sup> SFC MINORITY RUSSIA REPORT, *supra* note 12, at 16-21.

<sup>20</sup> *Id.* at 44-45.

Happy Monday, Pete!

JUST a private note in case you get any unwanted “mentoring” from your NRA brothers (and one-half sister married to Keene): You will NOT be “doing business” during your days with the NRA delegation in Moscow. Should you arrive a few days ahead of the formal delegation, that is YOUR time to be spent on YOUR purposes with ZERO “official” contacts – just an American businessman exploring business opportunities with companies unrelated to the diplomatic / good will tour that Ms. Butina has arranged for the “honcho set.”

Don’t be intimidated out of a business trip because you happen to have successfully scheduled TWO completely different missions on ONE trip to the opposite side of the world.

21

This email shows that Mr. Brownell did what probably thousands of business travelers all throughout the country do every day: combine business travel with personal travel. Even federal employees are allowed to do this. For example, travel policy for the U.S. Department of Justice states,

A traveler may choose to combine official and personal travel, and/or travel by a different mode of transportation from that authorized. All costs in excess of those incurred for official travel resulting from personal preference must be borne by the traveler, not the Department.<sup>22</sup>

IRS employees are allowed to do the same thing.<sup>23</sup> The fact that Mr. Brownell appears to have done this on his December 2015 trip to Russia, some of it taken for his own business’ purposes and some of it for NRA-related goodwill purposes, has no effect whatsoever on the NRA’s tax-exempt purpose of promoting firearms safety, education, and training and advocacy on behalf of safe and responsible gun owners.

The Minority report also makes the same sort of allegation with respect to Outdoor Channel CEO Joe Liberatore, who supposedly traveled with NRA officials to Russia for “purely commercial” reasons.<sup>24</sup> By that point in time, the Outdoor Channel and the NRA had entered into a partnership to “[bring] together the top two brands in the outdoor arena, [spanning] a variety of platforms including programming, events, advertising, marketing and digital initiatives.”<sup>25</sup> It would make sense that Mr. Liberatore would want to attend an NRA-related event in Russia in furtherance of Outdoor Channel’s business interests, as they were directly related to the partnership with the NRA. Without more, the Majority is curious as to why this

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<sup>21</sup> Email from Paul Erickson to Pete Brownell (Nov. 30, 2015) (Brownell Production, Bates #00208), attached hereto as Exhibit 1.

<sup>22</sup> U.S. DEP’T OF JUSTICE, POLICY STATEMENT 1400.04, § 301-41 *et seq.* (effective July 1, 2014), [https://www.justice.gov/sites/default/files/usao/pages/attachments/2015/02/03/combining\\_official\\_and\\_personal\\_travel.pdf](https://www.justice.gov/sites/default/files/usao/pages/attachments/2015/02/03/combining_official_and_personal_travel.pdf).

<sup>23</sup> See INTERNAL REVENUE SERVICE TRAVEL GUIDELINES § 30.5.2.3.3(3) (Feb. 28, 2014), [https://www.irs.gov/irm/part30/irm\\_30-005-002](https://www.irs.gov/irm/part30/irm_30-005-002).

<sup>24</sup> SFC MINORITY RUSSIA REPORT, *supra* note 12, at 54.

<sup>25</sup> *Outdoor Channel and NRA Broad Strategic Partnership*, PR NEWSWIRE (Jan. 6, 2014), [www.prnewswire.com/news-releases/outdoor-channel-and-nra-broaden-strategic-partnership-238865681.html](http://www.prnewswire.com/news-releases/outdoor-channel-and-nra-broaden-strategic-partnership-238865681.html).

sort of activity poses a threat to or is an abuse of the NRA's tax-exempt purpose. The Minority report also alleges dual travel purposes for David Keene and Joe Gregory,<sup>26</sup> but nothing in those allegations call into question an abuse of the NRA's tax-exempt purpose, and the Minority report's inclusion of such allegations appear to be a gratuitous attempt to undermine the credibility of those individuals.

The Minority report alleges the NRA incurred costs associated with Mr. Liberatore's travel to Russia in December 2015,<sup>27</sup> and the documents do seem to reflect this. Specifically, it appears that after the December 2015 trip to Russia, Mr. Liberatore wrote to Maria Butina expressing surprise at her requesting reimbursement from him for \$6,000 worth of costs related to his travel. Maria Butina then appeared to turn to Mr. Brownell to ask how she should handle the situation, and Mr. Brownell then turned to Millie Hallow at the NRA asking if the NRA "president office's" budget could pay \$4,500 of this expense.<sup>28</sup> Whatever the resolution of this \$6,000 payment was, even if the NRA improperly paid this amount, it does not come close to jeopardizing the tax-exempt status of an organization with over \$412 million in revenue.

The reason such a would-be misappropriation, or any similar would-be misappropriation, does not jeopardize the NRA's tax-exempt status is because the tax code contains intermediate sanctions, which is a mechanism to penalize a minor infraction made by a tax-exempt organization without resorting to the extreme remedy of stripping it of its tax-exempt status.

In 1996, Congress added to the tax code a section that imposes a 25-percent tax on excess-benefit transactions.<sup>29</sup> These excess-benefit transactions are transactions in which certain tax-exempt organizations, including the NRA, might provide a benefit to a high-ranking official within the organization, among others, without the official providing adequate consideration to the organization in return.<sup>30</sup> This tax is the intermediate sanction, as its purpose is to tax improper benefits conferred on an organization's insiders (and certain managers) without going to the draconian length of revoking the nonprofit organization's tax-exempt status.<sup>31</sup> Congress' purpose in creating intermediate sanctions for excess-benefit transactions was to strike this exact balance. When these intermediate sanctions became law in 1996, the accompanying Committee Report described their purpose this way:

In general, the intermediate sanctions are the sole sanction imposed in those cases in which the excess benefit does not rise to a level where it calls into question whether, on the whole, the organization functions as a charitable or other tax-exempt organization. In practice, revocation of tax-exempt status, with or without

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<sup>26</sup> SFC MINORITY RUSSIA REPORT, *supra* note 12, at 53-56.

<sup>27</sup> *Id.* at 23.

<sup>28</sup> Email from Pete Brownell to Millie Hallow (Jan. 9, 2015) (Brownell Production, Bates #00377-79), attached hereto as Exhibit 2.

<sup>29</sup> 26 U.S.C. § 4958 (2018).

<sup>30</sup> *Id.* § 4958(c)(1)(A).

<sup>31</sup> Suzanne Coffman, *About Intermediate Sanctions*, GUIDESTAR BLOG (Jan. 1, 2003), <https://trust.guidestar.org/about-intermediate-sanctions>.

the imposition of excise taxes, would occur only when the organization no longer operates as a charitable organization.<sup>32</sup>

Just about everyone knows the NRA takes positions on issues surrounding guns and gun control, which have been, and will continue to be, passionate issues in our national discourse. Generally, the NRA opposes gun-control efforts, which millions of Americans support and which millions of other Americans oppose. Reasonable people can disagree about these very important issues. However, based on the facts alleged in the Minority report, no reasonable person could think an organization with the size and the influence of the NRA can be said to have no longer existed by late 2015 for its non-profit purposes because of a disputed \$6,000 expense associated with a 2015 goodwill trip to Russia. That would be an absurd proposition. To be sure, the Minority report does allege that certain NRA payments may have run afoul of the tax code's intermediate-sanctions tax,<sup>33</sup> but what the Minority report does not discuss is how the intermediate-sanctions tax is essentially a small penalty for a small infraction. If the NRA did improperly pay \$6,000 after-the-fact for Mr. Liberatore's travel to Russia in December 2015, that could mean the person who improperly authorized this payment – if it was improper at all – is subject to a \$1,500 tax. It does not come remotely close to causing the NRA to lose its tax-exempt status.

#### **THE MINORITY REPORT CONCLUDES THE NRA DID NOT VIOLATE SANCTIONS LAW.**

The Minority report also discusses how NRA officials having met with certain Russians “raise[s] significant concerns under U.S. sanctions law.”<sup>34</sup> The Minority report, however, does not allege that such meetings, to the extent they actually took place, violated U.S. law because the Minority report itself admits that such meetings would not have violated U.S. law. On page 44, the Minority states in no uncertain terms, “U.S. sanctions law does not prohibit meeting with SDNs [sanctioned individuals]....”<sup>35</sup> This clear declaration by the Minority was only mentioned after the Minority report excruciatingly detailed certain meetings that may have taken place between Russian entities that may have been sanctioned under U.S. law, or were related to companies that may have been sanctioned under U.S. law, and NRA officials, including Mr. Brownell.<sup>36</sup> This discussion appears to simply be an attempt to undermine or embarrass the NRA. The Minority concludes this portion of its report with a discussion of how personnel at Mr. Brownell's company communicated with the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) to make sure that Mr. Brownell's anticipated meetings in Russia would not violate U.S. sanctions law.<sup>37</sup> That communication, already listed in the Minority report, is worth repeating. On November 25, 2015, Vice President of Strategic Development Rob McAllister at Brownells, Inc. emailed Mr. Brownell with the following information:

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<sup>32</sup> H.R. REP. NO. 104-506, at 59 n.15 (1998), <https://www.congress.gov/104/crpt/hrpt506/CRPT-104hrpt506.pdf>.

<sup>33</sup> SFC MINORITY RUSSIA REPORT, *supra* note 12, at 6, 74.

<sup>34</sup> *Id.* at 75.

<sup>35</sup> *Id.* at 44, 75 .

<sup>36</sup> *Id.* at 40-42.

<sup>37</sup> *Id.* at 42-43.

Hi Pete,

I followed through with OFAC regarding the people on the itinerary. The last two guys on the list hit the OFAC “Specially Designated Nationals” (SDN) list of people to avoid. I specifically asked OFAC the question of meeting individuals like these if no business is transacted. Their response was that “the general rule of thumb, not necessarily a hard-and-fast rule” is to avoid a meeting if the SDN could “derive a benefit” from the interaction... especially if the meeting could be described as you providing a service to the SDN individual. The advice was to be cautious and be aware that you should provide no benefit to those SDN persons. If we want we can set up a further call with them to talk details, but I think we’re on solid ground if the purpose of those SDN persons attending meetings is simply good will – i.e. the exchange of ideas is not between you and these individuals but rather between the NRA and The Right to Bear Arms group.

Rob

38

Essentially, the Minority report alleges Mr. Brownell must have done something wrong – “[t]hese interactions raise significant concerns under U.S. sanctions law”<sup>39</sup> – by meeting with certain Russians even though the evidence shows he performed his due diligence and was open with the U.S. government as to who those meetings would be with, and the U.S. government provided him guidance on how to stay within the law when participating in those meetings.

The Minority report also takes issue with what appears to be an online Russian magazine named “Kalashnikov” using an NRA logo. The Minority report states, “On January 20, 2016, the Kalashnikov Magazine website published an article, without attribution about the NRA delegation’s visit featuring the trademarked NRA logo.”<sup>40</sup> As of this writing, it does appear that a Russian “Kalashnikov” website footnoted in the Minority report contains what looks like a version of the NRA logo.<sup>41</sup> But without any factual support, the Minority report takes a leap and concludes that this trademark publication was actually authorized by the NRA. Nevertheless, such publication “raises concerns” about U.S. sanctions law, according to the Minority report: “Further, members of the NRA delegation provided interviews, permitted the use of trademarked NRA logos, and appeared in promotional material for sanctioned Russian arms manufacturers in their official capacity as representatives of the NRA.”<sup>42</sup> The Minority does not explain how possibly giving an interview rises to a level of sanctions concern and gives no factual predicate for the allegation that NRA personnel “permitted the use of trademarked NRA logos.”

The Minority report also discusses at length various interactions that Mr. Brownell and other NRA officials may have had with Russians and Russian companies. But again, the Minority sprinkles its report with the phrase “raises concerns” in editorializing about these interactions. This is simply a euphemism for saying that a certain factual allegation does not violate the law but could be embarrassing to the NRA anyway. Nothing in the Minority report’s discussion of U.S. sanctions law reasonably calls into question the NRA’s tax-exempt status.

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<sup>38</sup> Email from Rob McAllister to Pete Brownell (Nov. 5, 2015) (Brownell Production, Bates #00798-99), attached hereto as Exhibit 3.

<sup>39</sup> SFC MINORITY RUSSIA REPORT, *supra* note 12, at 75.

<sup>40</sup> *Id.* at 40.

<sup>41</sup> *NRA в России* [NRA in Russia], KALASHNIKOV (Jan. 20, 2016), <https://www.kalashnikov.ru/nra-v-rossii/>.

<sup>42</sup> SFC MINORITY RUSSIA REPORT, *supra* note 12, at 44.

## CONCLUSION

The U.S. and Russia relationship was vastly different in 2015 than it is today. In hindsight, the misplaced optimism that the Obama administration had toward Russia was obviously ill-conceived given what we know today. The Minority report seeks to apply today's standard, and what we know now about Russia, to the actions of various board members of the NRA. In that vein, the report is littered with salacious, unsubstantiated accusations, and reads as if there were an elaborate conspiracy theory by members of the NRA to aid in the attempted Russian-infiltration of conservative organizations and the Republican Party. Unfortunately, just as the Obama administration cannot go back to correct its approach with Russia, the Minority cannot apply today's standards with the conduct of NRA board members in 2015. But that's what it does.

The Minority report finds no facts that give rise to the possibility that personnel associated with the NRA engaged in any activities that call into question its tax-exempt status. The Minority report takes hold of the common practice of business travelers, giving multiple purposes to their business trips, so that ordinary behavior is painted with some supposedly nefarious purpose. To the extent NRA funds were used improperly in any facts discussed in the Minority report, it appears to have been minor, hardly a rounding error for an organization with hundreds of millions of dollars in revenue each year and nothing that cannot be corrected with minor intermediate sanctions. The Minority report discusses sanctioned individuals and companies in Russia with the hopes of connecting them to NRA personnel so as to "raise concerns," but even the Minority must admit that just meeting with individuals on an OFAC list does not, unto itself, violate U.S. law. It is fair to analyze the wisdom of traveling to Russia in December 2015 to meet with high-ranking Russian officials, but it is nowhere close to reasonable to question the tax-exempt status of the NRA because of it.

In the end, the Minority report contains much conclusory innuendo about an organization, the NRA, and repeatedly attempts to paint a picture that does not exist. The Minority report uses terms like "raises concerns" in an attempt to embarrass the NRA while absolving the Minority from having to assert any serious factual or legal analysis. The Minority report exaggerates several details while omitting or downplaying mitigating facts. The Minority report states, on several occasions, that it was unable to establish many assertions that it purports to make. In the Minority report, statements like these are often inserted at the end of a section, left without any analysis or elaboration. Glossing over such facts just because they are damning to a narrative does not mean they do not exist. Despite this, the Minority report seeks to use this report as justification for a compulsory audit of the NRA in order to conduct yet another fishing expedition for wrongdoing. Therefore, the Majority finds that the facts do not support the Minority's narrative or conclusions.

# EXHIBIT 1

**To:** Pete Brownell [REDACTED]  
**From:** Paul Erickson  
**Sent:** 2015-11-30T03:14:17Z  
**Importance:** Normal  
**Subject:** Take No Grief.  
**Received:** 2015-11-30T03:16:32Z

Happy Monday, Pete!

JUST a private note in case you get any unwanted "mentoring" from your NRA brothers (and one-half sister married to Keene): You will NOT be "doing business" during your days with the NRA delegation in Moscow. Should you arrive a few days ahead of the formal delegation, that is YOUR time to be spent on YOUR purposes with ZERO "official" contacts – just an American businessman exploring business opportunities with companies unrelated to the diplomatic / good will tour that Ms. Butina has arranged for the "honcho set."

Don't be intimidated out of a business trip because you happen to have successfully scheduled TWO completely different missions on ONE trip to the opposite side of the world.

A final heads-up: Due to NRA protocols, it will be suggested to you that (due to seniority) David Keene and Joe Gregory are "leading" the delegation in the wake of the Cors withdrawal. That is technically correct due to your as-yet-official election to the office of President. But know with CERTAINTY that the only reason that Torshin / Butina were able to preserve the incredible VIP meeting schedule they had arranged was because of YOUR about-to-be title. Others may be introduced with various accolades, but all Russian eyes – and questions – will be on you.

I'll keep you posted on any other last minute pre-departure intel. Call or write at any hour with questions!

Paul  
[REDACTED] (cell)

# EXHIBIT 2

**To:** Millie Hallow[REDACTED]  
**From:** Pete Brownell  
**Sent:** 2016-01-09T22:09:11Z  
**Importance:** Normal  
**Subject:** Fwd: Liberatores in Moscow  
**Received:** 2016-01-09T22:09:12Z  
[image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)

Situational awareness.

There is confusion on a couple of fronts regarding reimbursements around Russian trip. Libitors did not have a complete understanding on what expenses they were to be responsible for (food). Maria was lead to believe she was paying for 8 delegates when there were in fact 10.

So I have been asked to figure out who should hold the bag on this.

The unfortunate situation is all parties were caught by surprise by this.

6000 is at issue to PY for food Russians spent to cover the 2 extra delegates. Keep in mind this covers 3 dinners and 3 lunches. If the math works that is a total of \$500.00 per person per meal to get up to \$6,000.00. Which I think is extreme. So this number is more than just food or in it is in rubles instead of dollars.

On the advice of past president and co-traveler I have indicated to libitors a possibility of a reduced charge is in the works.

What would the process be if we were to take care of 4500 of above charge through the president office's budget?

Pete

Sent from my iPhone  
Brownells  
[REDACTED]

Begin forwarded message:

**From:** Maria Butina <[REDACTED]>  
**Date:** January 8, 2016 at 6:04:34 PM EST  
**To:** Pete Brownell <[REDACTED]>  
**Subject:** Liberatores in Moscow

My Dear Pete,

I have a situation that needs your delicate and manly professional advice.

This message is going ONLY to you until I have a better idea of how to proceed (and only because you are mentioned in the message from Jim below). I saw the American «Star Wars» movies last fall . . . «help me, Pete, you're my only hope!» :)

When planning the NRA delegation trip to Moscow months ago, I met personally with David & Donna Keene in Washington, DC. We agreed that my organization had enough money to cover ALL expenses for up to 8 NRA guests in December. If there were any more, they would have to pay their own way.

When the Liberators were added to the trip, Donna Keene assured me that the Outdoor Channel would have no problem with their expenses. Believing this, we found a way to cover their nearly \$6,000 in costs. Donna in Moscow again said not to worry.

When I quietly asked for reimbursement from Donna after Christmas, I received the message below from Jim several days later.

I feel terrible. I do NOT want this issue over expenses to affect the strong friendship between the NRA and The Right to Bear Arms. In the message below, Jim said that he spoke to you — what was your advice??

I know Donna is in a hard place on this issue as coordinator of the trip — but it's also clear that she didn't warn the Liberators about this possibility before they were already in Moscow.

I await your counsel after your winter board meeting ends!

Regards,  
Maria Butina



Начало переадресованного сообщения:

**Отправитель:** Jim Liberatore

<[REDACTED]>

**Тема:** RE: Attached Image

**Дата:** 7 января 2016 г., 11:38:15 GMT-6

**Получатель:** Maria Butina <[REDACTED]>

**Копия:** Pete Brownell <[REDACTED]>

Maria-

This will be a little bit of an embarrassing email to write, but I was told before the trip that my expenses would be covered and that my air fare was all I needed to worry about, which is what I told my company to get the approval to go to Russia. . It is true, Donna did approach me the night before we left telling me I was going to get, "my portion of the bill" which at the time and the place, the lobby of the hotel, I did not want to challenge and now I was going to talk to Pete about the situation, which I subsequently have.

With that said, even if now I were going to try and submit some expenses to my company, I would need receipts as I cannot get reimbursed for expenses without the proper backup. I can at this point attempt to get the hotel reimbursed, but cannot promise I can even get that done. Also, I will pay personally for our ballet tickets so let me know what that came too as well.

If you can send me my itemized hotel bill I will try and get that thru for reimbursement. I am sorry for the confusion.

Also, I hope you are still interested in Kim's breakfast she is setting up at SHOT Show. She has sent multiple request to Svetlana which have not being responded too but we are still working on getting her there as well.

I will also be sending you this week a response to your questions for the President and our proposed program.

Thank you, and again, I am sorry for any confusion.

Jim Liberatore | President and CEO | **Outdoor Channel, World Fishing Network, Sportsman Channel**

Office:



# EXHIBIT 3

## Ryan Repp

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**From:** Rob McAllister [REDACTED]  
**Sent:** Thursday, August 30, 2018 1:37 PM  
**To:** Ryan Repp  
**Cc:** Teresa Mackewich  
**Subject:** FW: Russia

FYI below.

**Rob McAllister**  
*VP of Strategic Development*  
Brownells, Inc.  
ext: [REDACTED]

**From:** Rob McAllister  
**Sent:** Wednesday, November 25, 2015 8:21 AM  
**To:** Pete Brownell [REDACTED]  
**Subject:** RE: Russia

Hi Pete,

I followed through with OFAC regarding the people on the itinerary. The last two guys on the list hit the OFAC "Specially Designated Nationals" (SDN) list of people to avoid. I specifically asked OFAC the question of meeting individuals like these if no business is transacted. Their response was that "the general rule of thumb, not necessarily a hard-and-fast rule" is to avoid a meeting if the SDN could "derive a benefit" from the interaction... especially if the meeting could be described as you providing a service to the SDN individual. The advice was to be cautious and be aware that you should provide no benefit to those SDN persons. If we want we can set up a further call with them to talk details, but I think we're on solid ground if the purpose of those SDN persons attending meetings is simply good will – i.e. the exchange of ideas is not between you and these individuals but rather between the NRA and The Right to Bear Arms group.

Rob

**From:** Pete Brownell  
**Sent:** Tuesday, November 24, 2015 1:20 PM  
**To:** Rob McAllister  
**Subject:** FW: Russia

**From:** Perrine, Nicholas [REDACTED]  
**Sent:** Tuesday, November 24, 2015 1:01 PM  
**To:** Roxie LaRue-Peters [REDACTED]  
**Cc:** Pete Brownell [REDACTED]  
**Subject:** Russia

Roxie,

Attached is the latest itinerary for Russia. Please send a scan of Mr. Brownell's passport photo page so we can get started on the visa.

Thanks,

Nick

**Pete Brownell**  
Chief Executive Officer



Email: [REDACTED]

Address: [REDACTED]

Phone: [REDACTED]

Fax: [REDACTED]

Order Line: [REDACTED]



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