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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

A. JAY KHOSLA, STAFF DIRECTOR
JOSHUA SHEINKMAN, DEMOCRATIC STAFF DIRECTOR

February 2, 2018

Wilson H. Phillips, Jr.
Treasurer
National Rifle Association of America
11250 Waples Mill Road
Fairfax, VA 22030

To Mr. Wilson H. Phillips, Jr.,

The Senate Finance Committee is charged with administration of matters relating to taxation, including oversight of tax exempt organizations. I write to you today as the committee's ranking member with concerns about recent news reports indicating that your organization could have been used by Russian individuals and/or entities to funnel foreign contributions into the 2016 election. According to these news reports, the FBI is investigating whether Alexander Torshin, a Russian official with close ties to President Vladimir Putin—who has reported links to money laundering—inappropriately and illegally influenced our election.¹

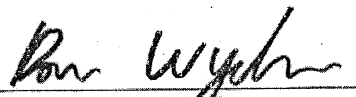
I am specifically troubled by the possibility that Russian-backed shell companies or intermediaries may have circumvented laws designed to prohibit foreign meddling in our elections by abusing the rules governing 501(c)(4) tax exempt organizations. To aid in my oversight responsibilities, please provide, at a minimum, preliminary responses to the following questions no later than February 16, 2018:

- a) Please identify any remuneration, transaction, or contribution that involved any of the 501(c)(4) entities associated with your organization and any entity or individual associated with any Russian official, Russian national, or Russian business interest, including their agents, representatives, or intermediaries.
- b) Please identify any policies or procedures your organization has implemented to ensure that funds from foreign sources are not used to influence U.S. elections.
- c) Please provide all documents related to any remuneration, transaction, or contribution in (a) including but not limited to any account statements, deposit slips, cancelled checks, credit card statements, wire transfer slips, real estate ownership documentation and associated securitized debt.

d) Please identify any documents under (c) which have already been turned over to United States authorities.

If you have any questions please contact Committee staff at (202) 224-4515. Thank you for your swift attention to this matter.

Sincerely,



Ron Wyden
United States Senator

¹ *FBI Investigating Whether Russian Money Went To NRA To Help Trump*; McClatchy, January 28, 2018; www.mcclatchydc.com/news/nation-world/national/article195231139.html

NATIONAL RIFLE ASSOCIATION OF AMERICA
OFFICE OF THE GENERAL COUNSEL
11250 WAPLES MILL ROAD
FAIRFAX, VIRGINIA 22030

(703) 267-1250
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February 15, 2018

The Honorable Ron Wyden
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

HON RON WYDEN
FEB 22 2018

Dear Senator Wyden:

I am responding to your February 2, 2018 letter to Wilson H. Phillips, Jr., Treasurer of the National Rifle Association of America, requesting documentation related to financial transactions between the NRA and individuals or entities associated with the Russian Federation.

Your inquiry appears to be based on a recent news article suggesting that one Russian official, Alexander Torshin, is under investigation by the FBI with respect to his alleged efforts to channel election-related funding to the NRA. As the article itself makes clear (and as the author of the article has made clear to counsel for the NRA), the article refers to an investigation of Mr. Torshin—not of the NRA. There has been no contact between the FBI and the NRA.

As a longstanding policy to comply with federal election law, the NRA and its related entities do not accept funds from foreign persons or entities in connection with United States elections.

The vast majority of NRA donations come from millions of small individual donors. Contributions are carefully monitored in order to comply with Internal Revenue Service and Federal Election Commission regulations. Significant contributions from unknown entities are vetted to ensure the legitimacy of donors.

Finally, NRA political decisions are made by NRA officers and executive staff, all of whom are United States citizens. No foreign nationals are consulted in any way on these decisions.

I hope this response is helpful.

Sincerely,

John C. Frazer
Secretary and General Counsel

cc: The Hon. Chuck Grassley

ORRIN G. HATCH, UTAH, CHAIRMAN

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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

A. JAY KHOSLA, STAFF DIRECTOR
JOSHUA SHEINKMAN, DEMOCRATIC STAFF DIRECTOR

March 5, 2018

John C. Frazer
Secretary and General Counsel
National Rifle Association of America
11250 Waples Mill Road
Fairfax, VA 22030

Dear Mr. Frazer:

Thank you for your timely response to my February 2, 2018 letter to your organization. I am hopeful that with your participation we can bring this matter to a swift resolution. You have stated there has been no contact between your organization and the Federal Bureau of Investigation in relation to the reported investigation of Russian oligarch and lifetime NRA member Alexander Torshin. However, I remain concerned about the inability to get clear answers to several questions about the possibility that Russian actors funneled foreign funds into NRA electioneering activity. Clear answers to these questions are a matter of national security, campaign finance law, and American sovereignty. As such, I request that you accurately and completely answer the following questions:

1. In your February 15, 2018 letter you stated, "the NRA and its related entities do not accept funds from foreign persons or entities in connection with United States elections." However, your organizations engage in activities both within the purview of the Federal Election Commission as well as activity outside of its purview.
 - (a) Do your organizations maintain accounts or funds from which all expenditures are reported to the Federal Election Commission (FEC)?
 - (b) Do your organizations maintain accounts or funds from which no expenditures are reported to the FEC?
 - (c) Do your organizations maintain accounts or funds from which some (but not all) expenditures are reported to the FEC?
2. For each of the funds or accounts described in (1)(a) through (1)(c) above, do your organizations accept contributions from foreign individuals? Do your organizations make transfers of funds between each of the funds or accounts described above?
3. For each of the funds or accounts described in (1)(a) through (1)(c) above, do your organizations make electioneering, issue advocacy, educational, voter mobilization, or communications expenditures (including expenditures not subject to FEC disclosure

requirements) out of such funds or accounts? Are all such electioneering, issue advocacy, educational, voter mobilization, or communications expenditures (including expenditures not subject to FEC disclosure requirements) reported to the FEC?

4. In your February 15, 2018 letter you stated, “Significant contributions from unknown entities are vetted to ensure the legitimacy of donors.”
 - (a) Please describe the steps your organization takes to ensure that domestic entities donating funds are not owned or controlled by foreign nationals. Have you reviewed any donations to your organizations in light of the allegations addressed in my February 2, 2018 letter? What were the results of any such reviews?
 - (b) Please define what your organization considers to be a “significant contribution?”
 - (c) Please describe your vetting process for these donations.
 - (d) Can you categorically state that your organizations have never, wittingly or unwittingly, received any contributions from individuals or entities acting as conduits for foreign entities or interests?
5. Public reporting indicates Mr. Torshin hosted a senior level delegation, including Joe Gregory and other NRA executives, during a weeklong trip to Moscow in December 2015.¹ An archived NRA profile of Mr. Gregory indicates that he is a charter member of the NRA’s Golden Ring of Freedom program.² This program is reportedly designed for “elite donors who chip in checks of \$1 million and upwards.”³ Public reporting also indicates that your delegation met with several wealthy Russians while in Moscow.⁴
 - (a) Please identify the purpose of Mr. Gregory’s December 2015 trip to Moscow and confirm whether he attended in his capacity as the individual who runs your organization’s million dollar donor program.
 - (b) Please identify any Russian nationals who were members of your organization’s “Golden Ring of Freedom” program, or any other related donor programs, prior to December 2015 or became members as a result of or in connection with the December 2015 trip to Moscow.
 - (c) Please describe how any contributions identified in connection with question (5)(b) were handled by your organization and utilized.

¹ An image shared by the Russian firearms organization, “Right to Bear Arms,” during the delegation’s trip clearly shows Mr. Gregory in attendance. Facebook, “Право на оружие” Group, December 14, 2015; www.facebook.com/PravoNaOruzhie/photos/a.316742795064592.73003.298253383580200/989323151139883

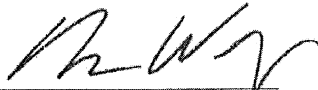
² NRA Ring of Freedom Profile, accessed via Internet Archive, March 1, 2018; <https://web.archive.org/web/20180223000828/www.nraringoffreedom.com/our-members/joe-and-cindy-gregory/>

³ McClatchy, January 18, 2018; www.mcclatchydc.com/news/nation-world/national/article195231139.html

⁴ McClatchy, January 18, 2018; www.mcclatchydc.com/news/nation-world/national/article195231139.html

Again, thank you for your prompt attention to this matter. Please provide responses to the above questions at your earliest convenience but no later than March 19, 2018. You may reach my staff at (202) 224-4515 if you have any questions or concerns in meeting this deadline.

Respectfully,

A handwritten signature in black ink, appearing to read 'RWyden', written over a horizontal line.

Ron Wyden
Ranking Member

NATIONAL RIFLE ASSOCIATION OF AMERICA
OFFICE OF THE GENERAL COUNSEL
11250 WAPLES MILL ROAD
FAIRFAX, VIRGINIA 22030

(703) 267-1250
(703) 267-3985 fax



March 19, 2018

The Honorable Ron Wyden
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Wyden:

This is in response to your letter of March 5, following up on our letter of February 15.

As stated in our last letter, the National Rifle Association has strong policies and practices to ensure that we raise and spend our funds within the bounds of the law. These include policies and practices to avoid receiving contributions from foreign nationals in connection with United States elections. We continue to review those policies and practices, as well as our records on these matters. Based on our ongoing review, we are able to answer your questions to the best of our knowledge as follows.

1. You ask whether the NRA maintains accounts from which all, some, or no expenditures are reported to the Federal Election Commission. The answer is yes; we maintain all three types of accounts.
2. You ask whether, for each of the three types of accounts mentioned in question 1, the NRA accepts funds from foreign individuals.

No funds from foreign persons are accepted for the NRA Political Victory Fund (NRA-PVF), a political action committee that reports all of its expenditures to the FEC. Accounts that report no expenditures to the FEC, or that report only some expenditures to the FEC, receive funds from foreign persons only for purposes not connected to elections, as permitted by federal law.

You also ask whether the NRA makes transfers between the various types of accounts. Transfers between accounts are made as permitted by law.

3. You ask what types of accounts are used to make various types of political expenditures, and whether those expenditures are reported to the FEC.

The NRA makes independent expenditures, as well as expenditures for express advocacy membership communications or electioneering activities, only from accounts that report such expenditures to the FEC. These expenditures are reported to the full extent required by law.

4. You ask about our process for vetting contributions.

As mentioned in our February 15 letter, the NRA reviews contributions for compliance with other laws and as a matter of good governance.

- a) Contributions from entities that make significant contributions (a total of \$5,000 or more per year) are typically the result of fundraising activities by NRA staff members who have strong incentives to know their donors well. These staffers receive ongoing compliance training, in which they are taught that funds may not be accepted from foreign persons in connection with U.S. elections. Large, unexpected contributions from any individual or entity are obviously of great interest to fundraising staff and will prompt further research about the donor.

All contributions are processed and recorded by accounting personnel who gather this information for tax reporting and other accounting purposes. These employees have long experience with the NRA and know our major contributors well.

These practices have been followed for many years. For the relevant time period (2015-2016), we have found no significant contributions to any NRA entities sent from any foreign address or drawn on any foreign financial institution. Some contributions were received from U.S. subsidiaries of foreign entities or from U.S. companies with foreign nationals involved in their management. However, none of those entities or individuals is connected with Russia, and none of their contributions were made in connection with U.S. elections.

- b) As required by law, the NRA reports major donors on its Form 990 informational returns filed with the Internal Revenue Service. For a 501(c)(4) entity such as the NRA, donations totaling \$5,000 or more in a year are reported and are therefore considered significant.
- c) As noted in (a), experienced personnel review significant contributions from previously unknown entities. These transactions are extremely rare. The identity of the individuals involved with the entity can be determined and confirmed quickly by inquiring with other employees or by searching public records.
- d) While we do receive some contributions from foreign individuals and entities, those contributions are made directly to the NRA for lawful purposes. Our review of our records has found no foreign donations in connection with a United States election, either directly or through a conduit.

5. You ask several questions about a 2015 visit to Moscow by several people associated with the NRA, and about any fundraising activities involving Russian nationals.

- a) Joe Gregory is a member of the Golden Ring of Freedom program. His titles of chairman (as we would describe him) or “charter member” are honorary; contrary to the phrasing of your question, Mr. Gregory is not,

and never has been, an NRA employee or contractor, and does not run any NRA program. Mr. Gregory traveled to Russia in his personal capacity.

- b) No Russian nationals have ever been members of the Golden Ring of Freedom program, either before or after the 2015 trip.
- c) Because no Russian nationals have ever been members of the Golden Ring of Freedom program, there have never been any such contributions to handle or use.

I trust this resolves your concerns about this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Frazer". The signature is stylized and cursive, with a large initial "J" and "F".

John C. Frazer
Secretary and General Counsel

cc: The Hon. Chuck Grassley, Chairman

ORRIN G. HATCH, UTAH, CHAIRMAN

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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

A. JAY KHOSLA, STAFF DIRECTOR
JOSHUA SHEINKMAN, DEMOCRATIC STAFF DIRECTOR

March 27, 2018

John C. Frazer
Secretary and General Counsel
National Rifle Association of America
11250 Waples Mill Road
Fairfax, VA 22030

Dear Mr. Frazer:

I appreciate your timely response to my March 5 letter to your organization. However, I am once more requesting that you provide additional clarity on a number of issues contained in my previous letters, as well as issues that have emerged following recent press reports.

As you know, political advocacy activity is governed by both Federal Election Commission (FEC) rules and authoritative statutes, as well as the internal revenue code. Section 501(c)(4) organizations operate at the intersection of these rules and are subject to a unique set of legal requirements. Even in cases where organizations are engaged in activity that is substantively intended to influence an election or American political discourse, 501(c)(4) organizations may not be legally required to publicly disclose information about funding sources or expenditures to the FEC in all instances. In addition, 501(c)(4) organizations engaging in such activity may not be subject to prohibitions on accepting contributions from foreign persons in all instances. These determinations pivot around a complex set of rules regarding the intent of a contribution, and separately, the timing of activity, mode of communication, manner of identification, manner of advocacy, and other criteria.

In your March 19 letter you acknowledged that your organization maintains accounts for which it reports some or no expenditures to the FEC, and that your organization accepts funding from foreign individuals into those accounts. You further acknowledged that your organization makes transfers between the various types of accounts "as permitted by law." I appreciate your assertion that the NRA complies with applicable federal elections laws; however, it is incumbent on lawmakers to not only investigate compliance with the law, but also to ascertain whether present law provides sufficient safeguards to protect the American political process from foreign influence. This is why I asked specifically whether your organizations make electioneering, issue advocacy, educational, voter mobilization, or communications expenditures (*including expenditures not subject to FEC disclosure requirements*) out of such accounts. In your recent letter, you chose not to fully answer this question with respect to expenditures not subject to FEC disclosure requirements. These questions have become all the more pertinent in light of recent reports suggesting the NRA significantly increased online advertisement spending to sway American political discourse following the mass shooting at Marjory Stoneman Douglas High School in

Parkland, Florida.¹

Accordingly, I once again ask you to fully answer my previous questions. In addition, I request that you provide the following information to further clarify this matter:

1. For each account described in your March 19 letter which has received foreign funds (or has received a transfer from an account that has received foreign funds) in 2018 or the preceding three years, please provide for such years:
 - A. Records of each expenditure for the production or distribution of information to NRA members or the public, including but not limited to, the production or distribution of information on digital platforms; broadcast platforms; print media platforms; and other printed communications (including mailed materials, door hangers, leaflets, and pamphlets).²
 - B. For each expenditure identified in question (1)(A) please provide the following:
 - i. a copy of such communication;
 - ii. the amount of such expenditure;
 - iii. all information related to the targeted audience, demographic, or geographic region of such communication;
 - iv. the date(s) and period(s) such communication was distributed or made available;
 - v. the number of clicks, impressions, estimated viewers, estimated listeners, estimated readers, or estimated recipients of each communication;
 - vi. identification of whether such expenditure was reported to the FEC.
2. In my March 5 letter I requested that you “identify any Russian nationals who were members of your organization’s “Golden Ring of Freedom” program, *or any other related donor programs*, prior to December 2015 or became members as a result of or in connection with the December 2015 trip to Moscow” (emphasis added). I additionally requested that you “describe how any contributions identified in connection with [that] question were handled by your organization and utilized.” Your March 19 response did not fully address this question, stating only that “No Russian nationals have ever been members of the Golden Ring of Freedom program.”
 - A. Please confirm whether any Russian nationals, or other foreign individuals, have ever been members of your organization’s other donor programs, including but not limited to the “NRA Ring of Freedom” program.³

¹ Katharine Gammon, “New data show the NRA increased online ad spending aggressively after parkland shooting,” Chicago Tribune, March 23, 2018.

² For purposes of this request, all terms are intended to have their plain language meaning, and should not be construed to have the meaning of defined legal terms under FEC rules, the internal revenue code, or elsewhere unless expressly indicated. If you have questions about the meaning of any term in this request, please contact my staff.

³ On September 17, 2016, Alexander Torshin shared a series of images of himself wearing an NRA “Ring of Freedom” badge; https://twitter.com/torshin_ru/status/777309576341385216; https://twitter.com/torshin_ru/status/777309249844183041

- B. Please list any individuals identified in response to question (2)(A) and describe how their contributions were handled by your organization.
- C. Please also confirm that your organization has received no funding from individuals or entities connected to individuals identified by the U.S. Department of the Treasury's Office of Foreign Assets Control as specially designated nationals and blocked persons.⁴

Again, thank you for your prompt attention to this matter. Please provide responses to the above questions at your earliest convenience but no later than April 10, 2018. You may reach my staff at (202) 224-4515 if you have any questions or concerns in meeting this deadline.

Respectfully,



Ron Wyden
Ranking Member

⁴ U.S. Department of the Treasury Office of Foreign Assets Control, Specially Designated Nationals and Blocked Persons List (SDN); www.treasury.gov/ofac/downloads/sdnlist.pdf