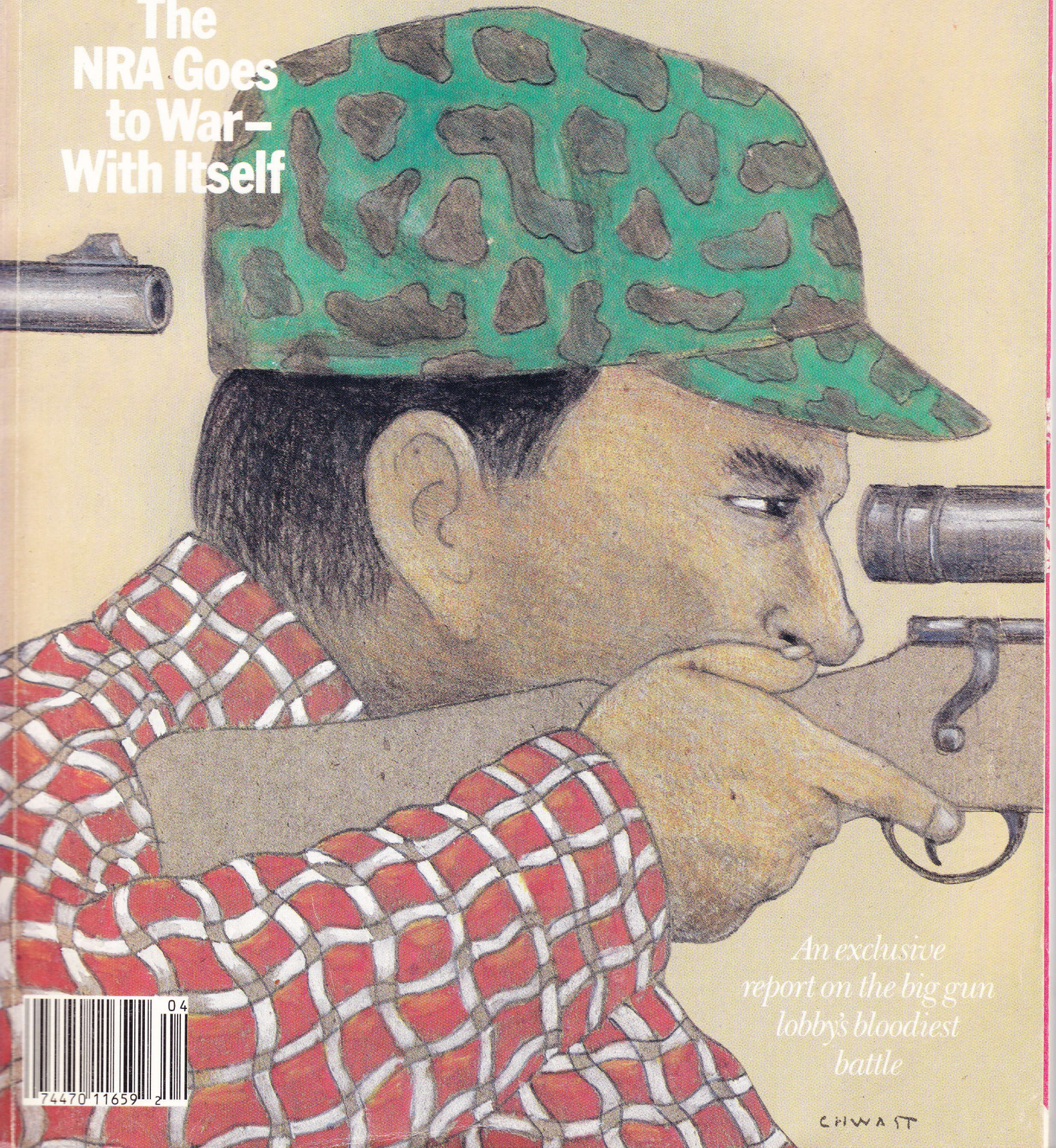


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THE BUSINESS OF WASHINGTON

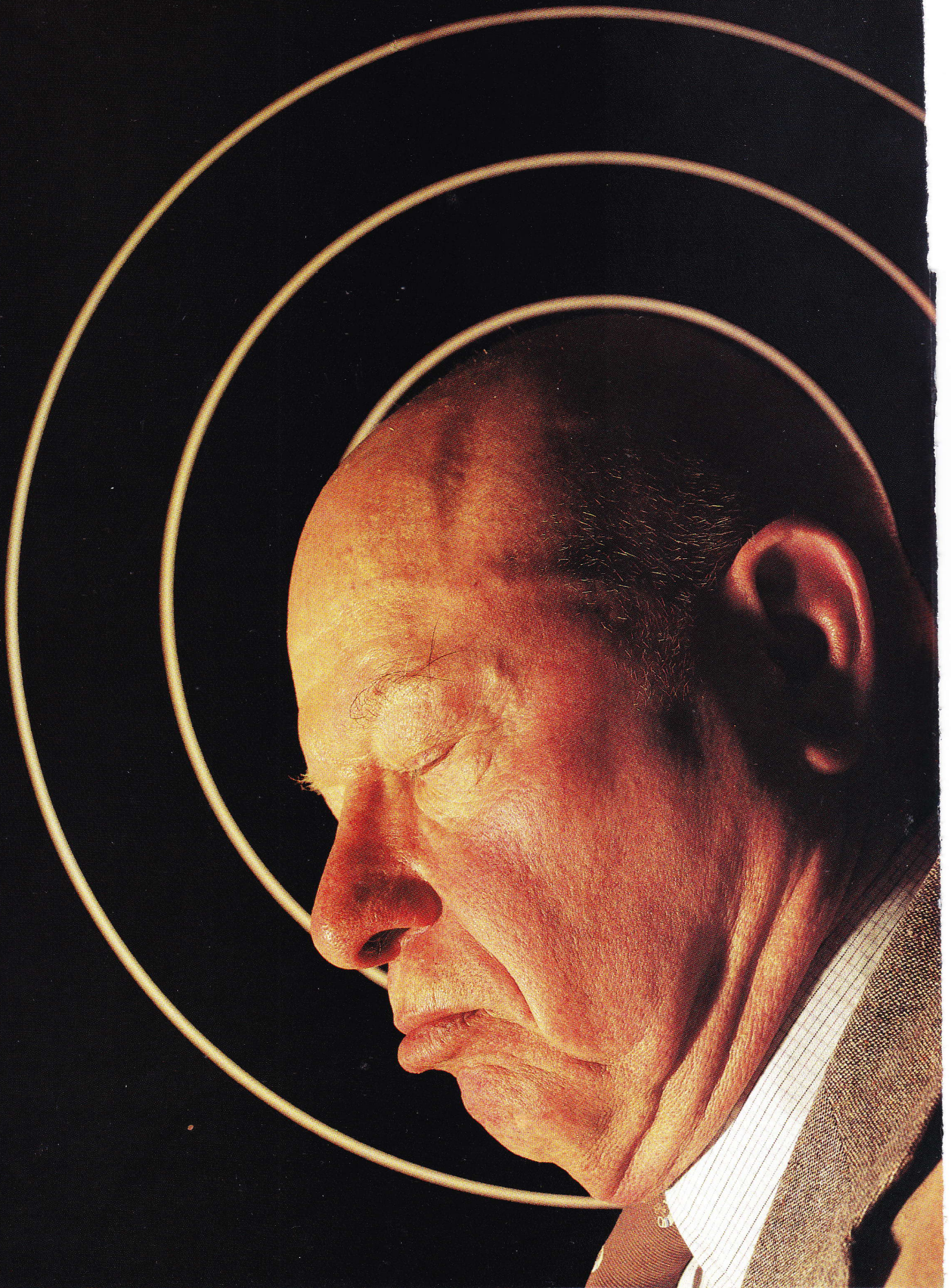
The
NRA Goes
to War—
With Itself



*An exclusive
report on the big gun
lobby's bloodiest
battle*



CHWAST





SHOOTOUT ON 16TH STREET

THERE MAY BE no lobbying group in the country that does a better job of blowing away its opponents than the National Rifle Association, whose three million members seem to have their way with Congress every time the debate on gun control is renewed. It's particularly ironic, then, that the NRA has recently fallen victim to a full-scale shooting war within its own ranks that has become a threat to the very survival of the organization.

Interneccine warfare is not uncommon among special interest groups, but this confrontation has been particularly rancorous—befitting the combatants, who play for keeps, and the high stakes involved. The victor will control nearly \$100 million in assets, the NRA's prosperous political action fund, its influential lobbying arm, and the coveted position of executive vice president, the organization's equivalent of chief executive officer.

The NRA's private war has even broader implications. By bringing all its forces to bear on a single issue, the association has become a political powerhouse and a major player in Washington. It ranks as the fourth-largest spender in political campaigns among membership-funded political action committees. And the shameless manner in which both President Reagan and Vice President Bush have embraced the NRA in recent years is perhaps the greatest indication of its influence among voters.

Despite the magnitude of the issues involved, the dispute is primarily the culmination of a five-year feud between the NRA's former executive vice president, Harlon Carter, and his one-time lieutenant, Neal Knox. It was Carter who oversaw the geometric growth of the NRA's size and influence during the late seventies,

THE NRA

ONE OF WASHINGTON'S
MOST POWERFUL LOBBIES
IS AT WAR WITH ITSELF

BY DAN MOLDEA

and for a while, he *was* the NRA. Carter's plans to install Knox as his successor fell apart when the two men had a falling out that ultimately drove Knox out of the NRA, but that hasn't prevented him from making perennial attempts to seize the throne.

Carter's bulwark against Knox was G. Ray Arnett, a former assistant secretary of fish and wildlife and parks in the Department of the Interior who was handed the executive vice president's mantle two years ago. Arnett was also attractive to the NRA as a longtime political ally of both Reagan and Bush who had a direct line into the White House.

But it wasn't long before Arnett was under siege, both from Knox and an activist element within the NRA's ranks that uncovered a troubling connection between Arnett and a convicted cocaine trafficker. Arnett was forced to resign his position last year amid serious accusations ranging from abuse of power to the misuse of NRA funds—and with a letter he had written on behalf of the

cocaine dealer waiting in the wings like a loaded gun.

Internal storms are not the only ones NRA officials are trying to weather. The organization is losing members; detractors number recent losses in excess of 335,000. And the NRA's support for "cop killer" bullets and the private ownership of machine guns suggests it may also have lost its political rudder.

But for the moment it is the internal strife that occupies everyone's attention, particularly with the final showdown between the warring factions expected to take place at the organization's Annual Meeting of Members in Reno, Nevada on April 25. In an attempt to prevent a full-scale internal revolt, the NRA's board of

directors is playing poker with hard-fought reforms won during the membership rebellion that swept Carter into power 10 years ago. Its bet is being called by antagonists who appear willing to tear the association apart in order to gain control.

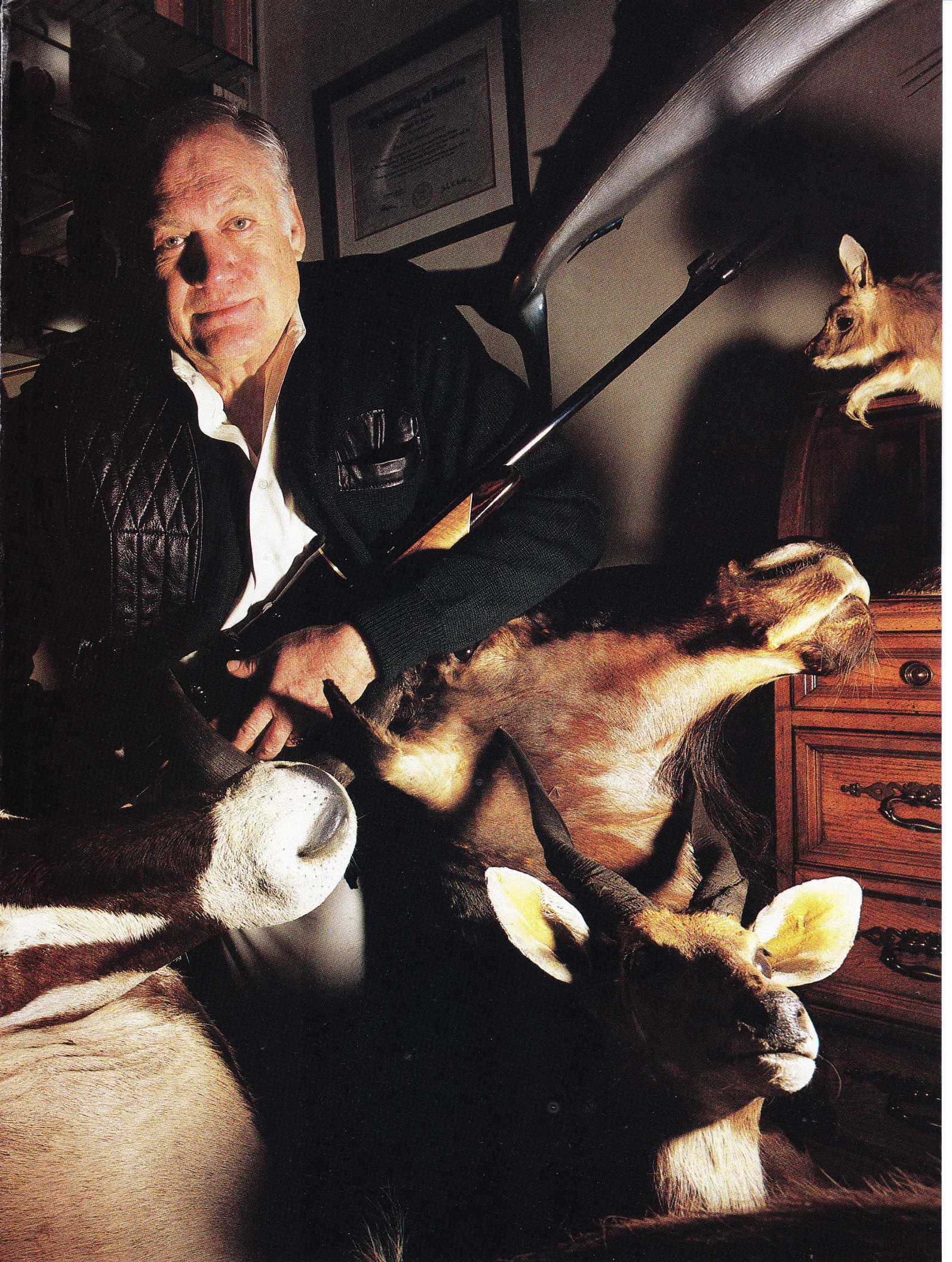
When the smoke finally clears, this battle could be a classic case of destroying the village in order to save it.

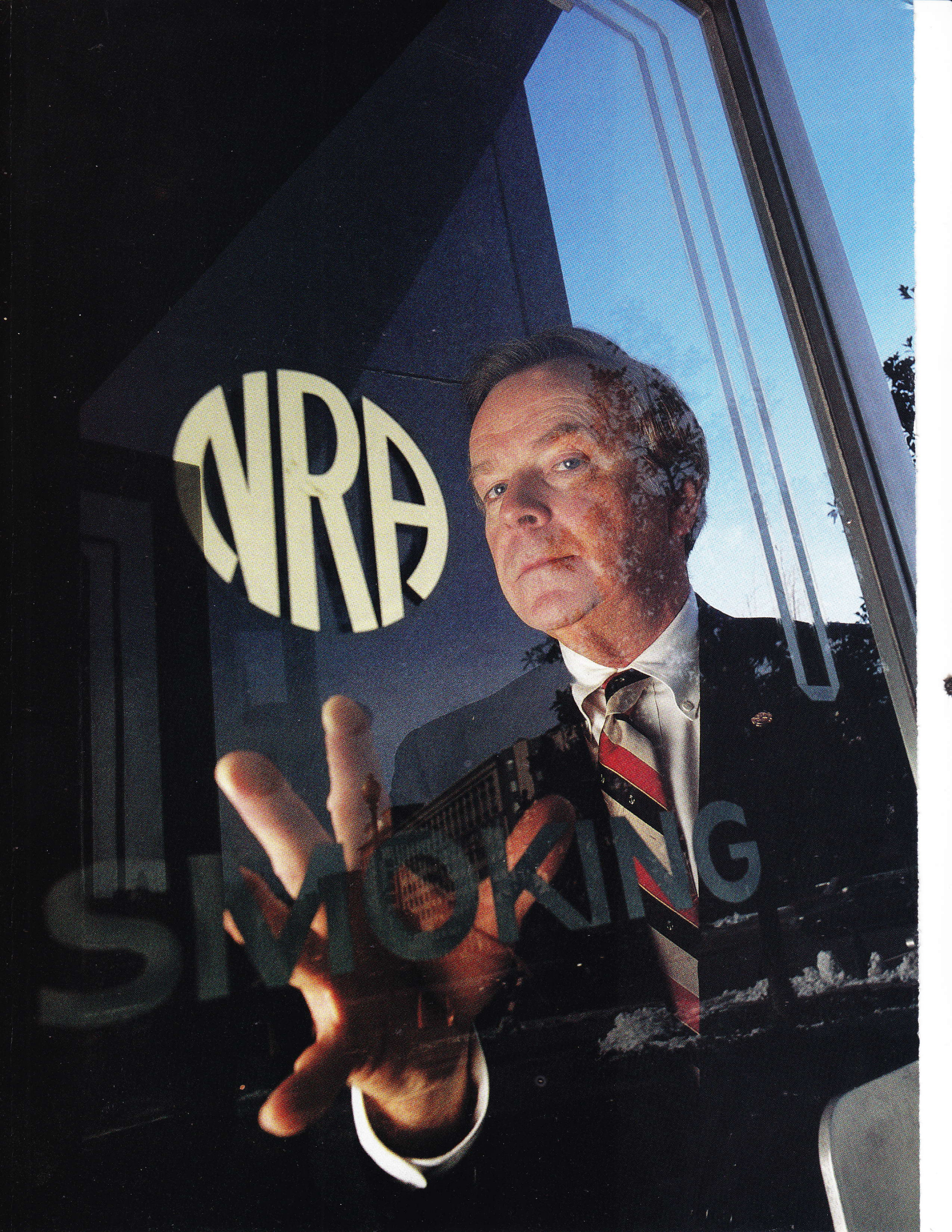
CONSIDERING THAT THE NRA was founded in 1871, controversy and scandal within the association are relatively new phenomena.

I
DIDN'T

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SAYS G. RAY ARNETT, WHO
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DENT REAGAN AS PRESENTS.









Prior to late 1963, when John Kennedy was murdered allegedly by a man who used a cheap, mail-order rifle, the NRA was a small, sleepy military marksmanship organization. In the wake of the assassination of the president (who was a life member of the NRA) came a public outcry for gun control. The demand intensified in 1968 with the murders of Dr. Martin Luther King, Jr., and Senator Robert Kennedy. Finally, Congress passed the 1968 Federal Gun Control Act, which severely curtailed the possession and sale of firearms.

The increase in violent crimes throughout the 1970s—especially those involving cheap handguns known as “Saturday Night Specials”—caused the NRA an even greater public relations problem. Its members were portrayed as gun-toting fanatics, while they viewed themselves as citizens concerned with the responsible use and maintenance of firearms for sport and home protection. Consequently, the NRA moved to defend itself and its interests.

In 1975 Michigan congressman John Dingell—an avid outdoorsman, a board member of the NRA, and one of the few members of Congress to vote against the 1968 antigun legislation—proposed that the NRA create the Institute for Legislative Action, which became the NRA’s powerful lobbying arm. Harlon Carter, the former head of the U.S. Border Patrol and a 26-year member of the NRA’s board of directors, was named its first director.

Suddenly, the NRA was playing in the political big leagues. But the new momentum generated by Carter and the ILA was not reflected in the NRA’s leadership, which continued to be generally inactive and undistinguished. Dissident NRA members felt that their officers had allowed the organization to backslide on its support of the Second Amendment since the 1968 gun law reform. NRA rebels also thought that the association was ill-equipped to prevent future antigun movements. Carter came to share those feelings after the ILA was stripped of its autonomy by the NRA’s board. He resigned and retired to his home in Arizona.

The stage was set for a membership revolt at the NRA’s 1977 Annual Meeting of Members in Cincinnati. A membership group called Federation for NRA took over the meeting and made numer-

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ous sweeping reforms in NRA's bylaws and procedures. One of the most significant was to secure the membership's right to elect the executive vice president, who had previously been selected by the board of directors.

The big winner to emerge from Cincinnati was Harlon Carter, who returned to the NRA as its executive vice president. A short, compact man with a wide smile and a shaved head, Carter says he wanted unity within the NRA.

"A couple of days after my election," he recalls, "I went to the board of directors. I stated that regardless of the conditions of my election I wanted them to understand that I had great respect for the board, that the board could depend on me to carry out their policies as written in the bylaws and in the New York not-for-profit corporation law, under which the NRA is incorporated."

Carter brought Neal Knox, a fellow Arizonan, into the NRA's high command, partly as a reward for Knox's loyal support as

the insurgents' floor manager during the Cincinnati revolt. A well-dressed man of medium height and build, Knox had been the editor of *Rifle* and *Handloader* magazines (neither are NRA publications); later Carter appointed him the director of the ILA.

"Neal Knox was the product of some very good and strong people who saw that the NRA had been drifting away from its principles," Carter says.

Carter was subsequently elected to three more one-year terms of office. Then, at the 1981 annual meeting, rumors began to circulate that he had been convicted of murder 50 years earlier in Laredo, Texas. Before the story broke publicly, Carter demanded a five-year term from the membership.

"I didn't want to be the victim of an annual witch hunt," Carter explains. "They said I was guilty of murder. They said I had been convicted and sentenced to prison. What they left out was that the Texas Court of Criminal Appeals held that the presiding judge had erroneously ruled out the proposition of self-defense, and the conviction was overturned."

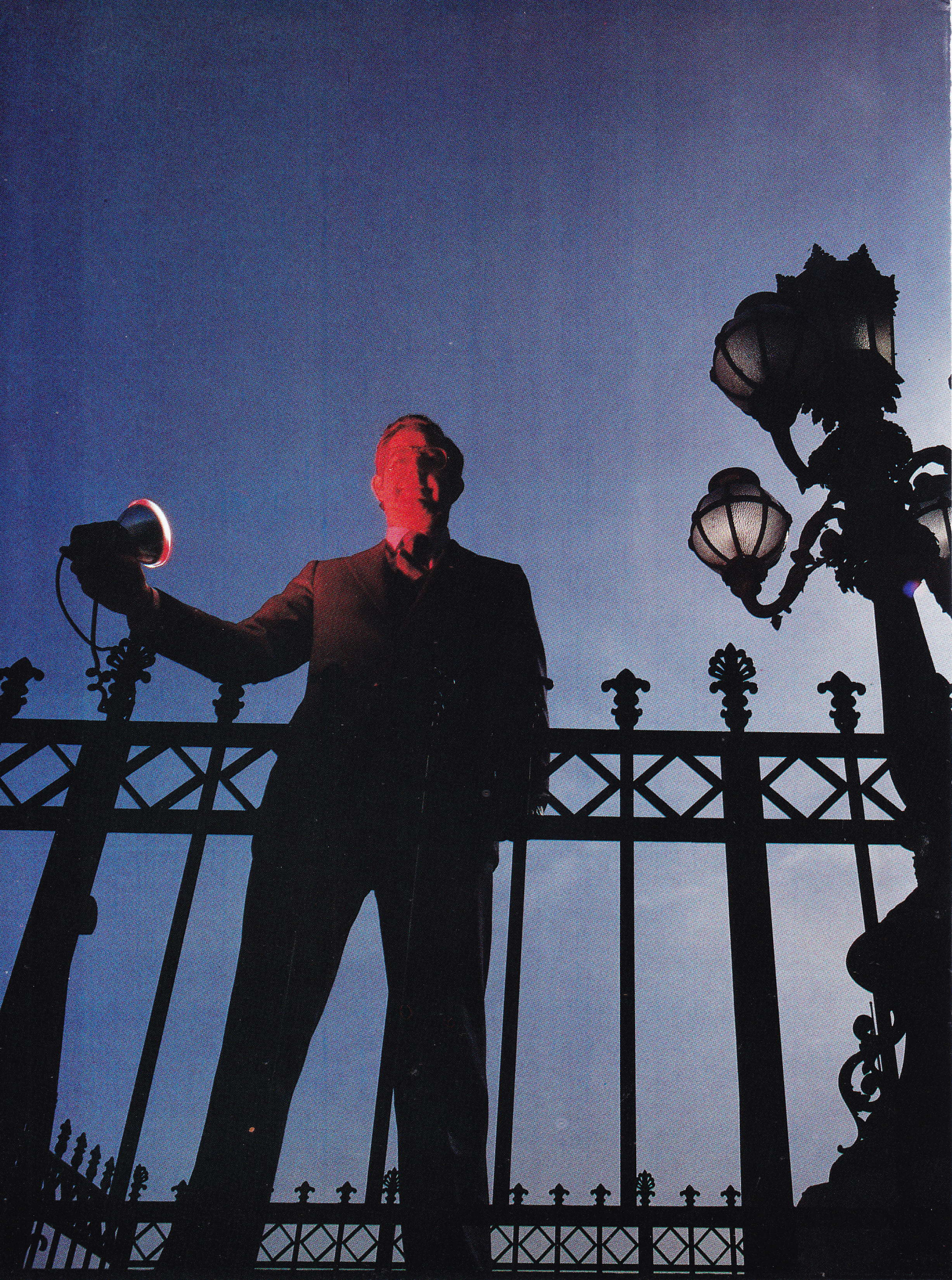
Carter got his five-year term—after threatening to leave the NRA if he didn't—and delivered for his members. Almost single-handedly he enhanced the NRA's prestige and more than tripled

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its membership, which stood at 900,000 when he first took office. To many members, Carter became the embodiment of the NRA.

In 1982 Carter and Knox had a major falling out, shortly after the annual meeting in Philadelphia. Knox accused Carter of being too willing to compromise with Congress; Carter charged that Knox had gone against the NRA board's directives on Capitol Hill, where he had alienated many legislators. After a prolonged power struggle Carter fired Knox and the NRA's board of directors voted 45 to 24 to expel Knox from their roster as well. It was the first time in the NRA's history that a member had been removed from the board.

Knox now charges that "Carter had nothing to do" with the reforms won in 1977. "He was only the beneficiary.

"We were very, very close. I was his protégé. [Carter's wife] told me that he did want to go back home, and he wanted me to take the executive vice presidency—which I probably would've turned down. I told him that I really wasn't interested in it. I wanted to do my thing in the ILA and have Harlon stay right there where he was and ward off the political stuff so I could do my job."

"Knox always wanted to be executive vice president," Carter replies. "He came to the ILA as a fighter. It wasn't long before he had everybody in the ILA fighting—against each other. That's the kind of executive he is."

Carter replaced Knox with another protégé, J. Warren Cassidy, a conservative Republican and the former mayor of Lynn, Massachusetts. Cassidy is a smooth, soft-spoken ex-marine who was considered to be a progun moderate.

Knox, meanwhile, decided to form his own lobbying group.

"The ILA had taken a position on some legislation that I thought I had to fight," he says. "The organization that I formed is an ad hoc committee; it's not a formal organization. We call ourselves the Firearms Coalition. It mainly consists of NRA members across the country who support me and retain my services as a lobbyist. They pay me whatever they can afford to pay me."

Carter was in the middle of his five-year term in 1984 when he began to consider retiring. One of his primary concerns was to name his own successor—a move aimed at blocking Knox,

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who had brought his supporters to the 1984 annual meeting in Milwaukee and tried unsuccessfully to unseat Carter.

"Each time Neal Knox runs, it's a war," charges Cassidy. "The trouble with Knox is that if you disagree with him, he attacks you. Knox's candidacies are always gutter, mudslinging, hateful campaigns that get the staff, the board of directors, and everyone else involved to a fever pitch."

Immediately after that annual meeting Carter helped engineer the hiring of a headhunter firm to search for "the most qualified person" to succeed him as executive vice president.

In November 1984, soon after Arnett announced that he was leaving his position with the Department of the Interior, the NRA's search intensified. Heidrick & Struggles, the executive consulting firm hired by the NRA, quickly drew up a job description for the position of executive vice president. The firm interviewed 100 applicants, including Cassidy and Knox. In early January

1985 it came up with one name: G. Ray Arnett's.

FORMER

NRA PRESIDENT HOWARD
POLLOCK MANAGED TO AVOID
BEING PROSECUTED FOR A
VIOLATION OF FEDERAL GAME
LAWS. HIS ROOMMATE, RAY
ARNETT, WASN'T SO LUCKY.

ARNETT, WHO SERVED with a U.S. Marine Corps Raider Battalion during World War II and retired from active service after the Korean War, became a petroleum geologist and public relations representative with Richfield Oil. Upon his departure from Richfield in 1969, he was appointed the director of California's Department of Fish and Game by then governor Ronald Reagan. Arnett had been recommended for the job by Reagan's lieutenant governor, Robert Finch, who was Arnett's fraternity brother at the University of Southern California.

Arnett received statewide attention in March 1973 when he

volunteered to allow Reagan to slash \$675,000 from his department's budget. After leaving state service at the end of Reagan's second term in 1975, Arnett became president of the National Wildlife Federation.

At the same time he established and became the chief executive officer of the World Beefalo Association. The WBA is a consortium of 1,500 companies that crossbreed bison with conventional cattle strains to produce beefalo, an animal whose meat is said to contain 80 percent less fat and 55 percent fewer calories than





similar cuts of ordinary beef.

Active in the Republican party, Arnett supported Reagan in his 1976 and 1980 presidential campaigns. Standing 6' 5" tall and weighing in at 260 pounds, the gray-haired, gray-eyed Arnett cut an imposing figure when he left the WBA and came to Washington as part of Reagan's "Sagebrush Rebellion" in 1981. While an assistant secretary at the Department of the Interior, Arnett was known to hunt geese on the Chesapeake Bay and give them to Reagan as presents. In his biography of Reagan, *Washington Post* correspondent Lou Cannon describes Arnett as a "popular conservative who complained that the liberal welfare state had turned people into 'park bears' living on handouts."

Most conservationist groups expected Arnett to be a friend in the midst of a hostile, development-minded administration. But his honeymoon with them was short-lived. His former employer, the 4.6 million-member National Wildlife Federation, criticized him shortly after his arrival for an attack he made on *Ranger Rick*, the children's magazine produced by the federation. Arnett said the publication attributed human qualities to animals, and he was concerned that such characterizations caused children to be "rabidly antagonistic toward hunters."

In September 1982 Arnett made a four-day trip to Grand Cayman in the Cayman Islands to tour the country's turtle farms. He was part of a government group that was investigating the lifting of a ban on the importation of turtle products. Food and lodging for the group were paid for by the Cayman Island government. During a hunting expedition Arnett's party allegedly fired on a rare Cayman Island parrot considered to be an endangered species. No action was taken against them.

Arnett raised a few more eyebrows in 1983 when he proposed that bird watchers pay a federal tax for their hobby. He also asked that birdseed, bird feeders, and birdhouses be taxed. "It's time that Americans who do their hunting with binoculars instead of shotguns be given the opportunity to shoulder part of the responsibility for conserving fish and wildlife," he said.

Arnett's first resignation announcement, on November 15, 1984, after Reagan's reelection, said he was leaving the department on December 1 to return to California to pursue business opportunities. He later adjusted his departure date to fall two weeks after his

name was submitted to the NRA's board.

Interestingly, in April 1984 the NRA had filed suit against the Department of the Interior and specifically named Arnett as one of the defendants. The litigation concerned new departmental regulations that restricted hunting and trapping in certain national park recreation areas. The suit was pending when Arnett, a former one-term member of the NRA board of directors, was recommended.

UNDER HARLON CARTER, the NRA had become a political powerhouse. The

**"The NRA
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White House."**

Political Victory Fund, administered by the NRA's political action committee, gave \$1.3 million to candidates in 1981 and 1982 alone; \$700,000 of that sum was donated to candidates for federal office. And there is no question about how the money was distributed. According to NRA literature, "Candidates are judged solely on their stand on the gun issue."

In 1980, for the first time in its history, the association supported a presidential candidate. Carter orchestrated the NRA's pro-Reagan movement and was rewarded when Reagan gave a speech at the NRA's 1983 annual meeting in Phoenix, on Carter's home turf. It was the first time in the modern era that a sitting president had spoken at an NRA members' meeting.

"I first met Ronald Reagan at a conference of the Safari Club International in Las Vegas when he was governor of California," says Carter. "I became an outspoken supporter of Reagan. I didn't hesitate to speak in front of sportsmen's groups about the attitude and positions of Reagan—which are in total harmony with [those of] sportsmen, hunters, and gun owners."

Other favors followed. The follow-

ing year the White House directed the Department of Defense to make 12,000 M-1 rifles more readily available to the public. During the 1960s, when the United States moved from the M-1 to more sophisticated weapons, such as the M-14 and later the M-16, the Department of Defense had decided to destroy its supply of M-1s. But the NRA suggested that the federal government sell the rifles to its members instead. Eventually private citizens who had been exclusively certified by the NRA were allowed to buy them. Applicants had to qualify on a military shooting range, then pass an FBI screening. The certification process could take as long as two years, so the NRA appealed to Reagan to help speed up delivery—which he did.

"I'm happy to report that since I took office, the sale of M-1 rifles to participants and instructors in high-power rifle marksmanship training programs has been increased significantly," Reagan later said.

The NRA sought a successor to Carter who would be close to Reagan and who could ensure his continued support. "What we needed was somebody closely connected to the White House who could champion our causes and have the clout and the influence to obtain our legislative goals," says one top NRA official. "Ray Arnett was well-qualified for the job."

It was the way Arnett got the job that sowed the seeds of discontent. According to the official minutes of an NRA board of directors meeting held in Washington in January 1985, Carter suddenly announced his resignation as executive vice president, effective immediately. He still had more than a year left of his five-year term.

Chairing the meeting was the NRA's president since 1983, Howard Pollock, a former Republican congressman from Alaska with whom Arnett shared living quarters in Arlington. According to the minutes, Pollock expressed "complete surprise" at Carter's resignation, then suggested "that the rules be suspended so the body could take care of the appropriate business at hand."

Pollock announced that Gary Anderson, the NRA's executive director of general operations and a two-time Olympic gold medal winner in shooting competition, would automatically replace Carter as dictated by the organization's bylaws. But Anderson declined the job, saying he had "no desire to get entangled in the fickle tides of NRA internal politics," according to Carter.

The remainder of the meeting reads like a well-rehearsed script. Pollock recognized former Los Angeles Police Department official Keith Gaffaney, the

Dan Moldea is an investigative reporter whose latest book is Dark Victory: Ronald Reagan, MCA and the Mob (Viking). The research for this story was funded, in part, by a grant from the Fund for Constitutional Government.

chairman of the NRA's nominating committee and a former employee of Arnett's at the National Wildlife Federation. Not surprisingly, Gaffaney nominated Arnett for executive vice president. Cassidy, who still headed the NRA's powerful lobbying arm, was also nominated.

The election by secret ballot took place immediately. Arnett easily defeated Cassidy, 54 to 15. Cassidy quickly moved that Arnett's election be unanimous. The motion carried.

"[The election of] Arnett was a grease job," charges John Aquilino, then the director of the NRA's public education division and a respected 10-year employee of the association. "Everybody knew that Arnett was going to get that thing. I knew it about a week before. I was ordered—to keep Cassidy from realizing it—to act surprised. They had told Gary Anderson, 'You're going to decline the position.' And they never told Warren anything."

Carter then proposed a motion that increased the salary of the executive vice president from \$87,500 to \$150,000 a year. The motion passed. And despite Carter's resignation, another motion passed—unanimously—that allowed him to keep his full salary until the annual meeting, three months hence, at which time a possible consulting status for him would be considered.

ARNETT SEEMED a good bet to solidify the NRA's relationship with the White House, especially since both President Reagan and Vice President Bush applauded his appointment in letters they wrote to him shortly after the January meeting. "Dear Ray," Reagan's began, "It was our good fortune that you were available to assume this leadership position..."

"Harlon Carter and the NRA had a lot riding on Arnett," a top NRA staffer explains. "He was the association's key connection to the White House. He was the man Carter hoped would make disgruntled NRA members forget his nemesis, Neal Knox. Consequently, the board and staff spent tremendous time and effort making Arnett more attractive to NRA members, who would have to elect him as executive vice president. The NRA brass had become so obsessed with making Arnett look good that they occasionally shoved aside more pressing priorities of the association."

Smiling pictures of Arnett and words of progyn inspiration from him began to appear in all of the NRA's publications. Other NRA officers heavily promoted him. In his monthly column in the April 1985 issue of the NRA's *American Hunter*, Pollock wrote that Carter's resignation "provided the directors their only opportunity to take action

and thus avoid the possibility of Ray Arnett not being available a year hence."

Meanwhile, Arnett merely shooed away troublesome issues such as the NRA's lawsuit against the Department of the Interior in which he was still a defendant. In the same issue of *American Hunter* he wrote, "My attorneys [at Interior] advised me that lawfully I could not do what the NRA wanted done—allow hunting and trapping in those areas of the National Parks system that the Congress had not addressed. I then advised the NRA of the decision and

Ironically, at the time Arnett was caught violating game laws, he was being filmed for an "I'm the NRA" commercial.

suggested two courses by which to resolve the situation: go to court, or go back to Congress... If the NRA wins the suit, and I hope it does, it will determine that the NRA's [view of the law] is correct." The NRA later lost the case.

At the NRA's annual meeting in 1985 in Seattle, Arnett received an impassioned endorsement speech from Congressman Dingell and easily defeated Neal Knox in the election for executive vice president, 2,014 to 881. Since the vote was for a five-year term, it appeared to end Knox's quest for control of the NRA.

During the NRA board of directors meeting the following day, James Reinke was elected first vice president. Also, at Arnett's request, a motion was passed that Carter "be retained as a consultant to the NRA for a five-year term at a compensation level of \$40,000 for the first year and \$30,000 per year for the next four years, after which his contract [would] be reviewed and renewed on terms and conditions to be mutually determined."

ARNETT HAD MANAGED to quash the Knox rebellion, but he was unprepared

for an attack that came from another quarter. Just four days after his election a recall petition was filed against him by two of the NRA's benefactor/life members, Theodore and Françoise Gianoutsos of Arlington, who are among only three couples in the organization to have such status.

The son of a Greek immigrant, Ted Gianoutsos is a brawny man of 43 with dark features and a Boston accent who received his master's degree in public administration from USC. His wife is a slim, bespectacled senior personnel specialist for the federal government with a doctorate in education, who gave up her French citizenship to become an American citizen. There's no question about their devotion to the NRA: they carry a \$300,000 life insurance policy that names the association as the beneficiary. Neither one is aligned with any of the political factions within the organization, but they had their own reasons for disliking Arnett.

Ted Gianoutsos is a former GS-14 management analyst who worked in the Department of the Interior under Arnett. He never sought protection as a whistleblower after prompting an investigation by the department's inspector general that revealed \$2.5 million in waste and \$4.7 million in lost savings, as well as gross financial mismanagement, and was fired in September 1983. The month before he was fired, Gianoutsos charged that Arnett and another department official had offered him a higher position in exchange for his silence. Arnett admitted having offered Gianoutsos another job, but denied that it was a bribe.

Arnett says, "We offered him a lateral transfer from a GS-14 to GS-14, doing essentially the same thing. We had every administrative courtesy given to him that an employee has when he gets canned. I had nothing to do with his getting fired."

Gianoutsos spent long hours collecting signatures and writing letters. In the recall petition he and his wife charged that Arnett had been the beneficiary of "a midnight transfer of power" at the January board meeting, and reiterated their bribery allegations.

In a memo sent out on NRA stationery, Arnett formally denied the Gianoutsos' charges, dismissing them as just "another figment of [Ted] Gianoutsos's warped and over-fertile imagination." He called Gianoutsos a "Kennedy liberal Democrat," and accused him of "seizing every platform to rail against the Reagan administration."

(The Gianoutsoses do not deny being upset with the Reagan administration, which, along with the Interior Department, originally opposed their plan to create the National Fish and Wildlife

Foundation, a nonprofit conservation organization. After it was unanimously sanctioned by both the U.S. House and Senate, the Reagan administration not only embraced the foundation, but publicly took credit for its creation.)

Enjoying the full support of the NRA board and staff, Arnett was able to laugh off the Gianoutsoses' charges—until he tripped himself up in October 1985 in Northampton County, Virginia.

Arnett was observed by federal and state game wardens shooting at clapper rails (often called marsh hens) from a motorboat under power, which is a violation not only of federal game laws but of a resolution NRA itself passed in 1970. Ironically, at the time of the violation Arnett was in the midst of filming an "I'm the NRA" commercial. The camera was not confiscated; it is not known whether the incident was preserved on film.

Six of Arnett's companions were also cited. A spokesman for the NRA said that Arnett's boat motor was running because he was in pursuit of a wounded bird and wanted to finish the kill as quickly as possible. Charges stemming from the incident were filed with the U.S. attorney's office in Norfolk. Arnett pleaded guilty and paid a \$100 fine.

The address Arnett gave the court showed that he was still sharing an apartment in Arlington with the NRA's former president, Howard Pollock—a point worth noting since Pollock had had a similar citation issued against him two years earlier in Delaware. Pollock was charged with hunting waterfowl over an already baited area with the aid of bait. The U.S. attorney in Delaware eventually decided not to prosecute him.

Ironically, before being cited in Delaware, Pollock had called for stiff penalties for such violations of game laws, and urged that the penalties "not be subject to suspension or waiver."

ARMED WITH NEARLY 1,000 petition signatures and the record of Arnett's Virginia hunting violation, Ted and Françoise Gianoutsos turned up the heat under Arnett. They demanded not only his removal as the NRA's chief executive officer but his expulsion from the NRA. Charging that he had violated the NRA's Hunter's Code of Ethics, they cited a measure passed at a board of directors meeting just three weeks earlier at which a life member of the NRA from Odessa, Texas was expelled for violating federal and state game laws.

In December 1985, seven months after filing the petition, the Gianoutsoses received a letter from the NRA's secretary, Warren Cheek, informing them that the petition was invalid. Cheek had disqualified just enough

signatures to nullify it.

The Gianoutsoses immediately appealed, charging that "we have submitted many more signatures... than Cheek has accounted for in the enclosed letter of notice of invalidation." They also filed charges with Robert Abrams, the attorney general of New York State, where the NRA was incorporated. That act made the NRA's board see red.

The Gianoutsoses then sent a letter directly to Arnett to demand his resignation. A copy of the letter was also sent to the board.

During a two-day closed-door executive session in January 1986 the board voted unanimously—with one abstention—to invalidate the Gianoutsoses' recall petition. The couple sat outside during the meeting, but they were never asked to document their charges against Arnett.

"Do you realize what you have done?" the Gianoutsoses asked afterward in a letter of protest. "Do you realize what message you have sent to our friends and enemies? What will they think when they see the shocking spectacle of the entire NRA leadership, the full board and all the officers, so afraid of two NRA members armed only with the truth that they had to retreat with knees knocking and hands trembling behind closed doors to hold an executive session! Is this the mighty NRA in action? What have our enemies to fear from such an organization?"

In an apparent attempt to win the hearts of NRA purists, the following month Arnett advocated the private ownership of machine guns. At the time a congressional ban on the sale of these weapons was under discussion. Arnett wrote, "One hundred five thousand machine guns are registered and legally owned in the United States. The number of incidents involving criminal misuse of any of these firearms by their licensed owners is virtually zero."

During the debate on Capitol Hill the Bureau of Alcohol, Tobacco, and Firearms reported that more and more violent criminals, especially drug traffickers and extremist groups, are using machine guns. ATF confiscated 2,042 illegal machine guns in 1985, up from only 530 seized in 1984. Arnett's support for the personal ownership of machine guns may have strengthened his standing among some NRA members, but it served to antagonize numerous law enforcement officials—many of whom normally support the NRA.

None of this seemed to hurt Arnett's political standing. In March he received a letter from Vice President Bush informing him that Bush and his wife would attend the NRA's annual meeting in New Orleans on April 25. Bush's

letter added, "The membership of the NRA has been a tremendous source of support for our administration on a broad range of issues."

When the Gianoutsoses heard about the vice president's letter, they wrote to Bush and asked for his support in their attempt to unseat Arnett. The letter, a copy of which was sent to President Reagan, also included an attack on Howard Pollock for an alleged violation of federal game regulations in Delaware. The Gianoutsoses charged that Pollock was never prosecuted because of his connections in the Reagan administration.

The couple received a reply, but not from Reagan or Bush. Attorney George Webster, a partner in Webster Chamberlain & Bean, a firm that represents more than 600 associations, including the NRA, wrote them less than two weeks later. Webster's letter said, "Several of the statements in that letter concerning Mr. Arnett are untrue, defamatory of Mr. Arnett, and legally actionable as libel per se in that they accuse Mr. Arnett of violations of criminal law which he did not commit and are damaging to his reputation." Webster demanded that the Gianoutsoses issue "a full retraction... as well as a written apology."

Late one night that same month Ted Gianoutsos says he received a telephone call from a law enforcement agent who had learned he was gathering data on Arnett. According to Gianoutsos, the source informed him that Arnett had written a character reference letter on behalf of a Minnesota-based drug dealer, Duane Wendall Larson, after his conviction for cocaine trafficking in Minneapolis.

Described by federal law enforcement authorities as "a major drug dealer from Tucson to Minneapolis for years," Larson, nicknamed "The Duke," lived in Kosota, Minnesota, and was considered a major catch by federal narcotics agents. In February 1984 he was convicted of trafficking three pounds of cocaine.

On April 10, 1984 Arnett, then the U.S. Interior Department's assistant secretary for fish and wildlife and parks, wrote a letter to Chicago attorney Raymond Smith in response to a letter Smith had written Arnett six days earlier asking for a character reference for Larson. According to Illinois law enforcement officials, Smith is a former assistant U.S. attorney in Chicago who has represented numerous Chicago organized crime figures since leaving the government.

Arnett's letter said that he had first met Larson "in 1977 or 1978 when he became a member of the World Beefalo Association. At that time I was the WBA executive vice president."

Arnett stated that his relations with Larson had been "cordial and honor-

able," and added that Larson's "integrity and honesty were exemplary; he was a valued member and a person with whom it was always a pleasure to associate. Based upon the experience I had with Mr. Larson, I can vouch for his character and honesty without equivocation or mental reservation."

Evidently Arnett's letter wasn't much help. On May 5, 1984 Larson was sentenced to 10 years in prison and fined \$25,000 for cocaine trafficking. At the time of his arrest, narcotics agents discovered that Larson was carrying two money orders, worth nearly \$107,000, payable to offshore banks in the Cayman Islands. He was also convicted of money laundering and tax evasion, and later sentenced to an additional 15 years.

Several days after getting the midnight phone call, Gianoutsos received a copy of Arnett's letter in a plain brown envelope in the mail.

Arnett admits that he wrote the letter and says, "I knew Larson through the association. I don't know what he did. He had something to do with drugs. I don't know him that well. I think he had a cement factory or did something with cement work. He had a very nice wife, and he was a very pleasant guy. I got a couple of letters from [his wife], and I didn't even know he was in jail."

THE GIANOUTSOSSES ARRIVED at the annual meeting in New Orleans later that month loaded for bear. Not long after they checked into their hotel they received a call from an intermediary—a former NRA director from Oregon who Ted Gianoutsos says was sent "to muzzle us." The intermediary talked openly about Arnett's letter on behalf of Larson and, according to Gianoutsos, said, "Give us until after the congressional elections. Arnett will be out by the end of the year."

The Gianoutsoses stood firm. They wanted Arnett's resignation and told the intermediary they were prepared to fight for it on the floor.

A second meeting was held that night between the Gianoutsoses and the intermediary. This time they were asked to wait only two or three weeks for Arnett's resignation. The Gianoutsoses again declined, stressing Arnett's relationship with the cocaine dealer.

The next day Bush delivered an enthusiastic keynote address. "I've come here today," he said, "not just to say we're making progress in the war against crime, but to extend to you my personal thanks for the tremendous assistance you have given the administration and all of law enforcement in the war against crime."

Later that day, despite Ted Gianoutsos's public demand for Arnett's resigna-

tion, Arnett was given an overwhelming vote of confidence and received a standing ovation from the members. Fearing reprisals, Gianoutsos didn't mention the character reference letter for Larson.

The day after the annual meeting ended, the Gianoutsoses began to circulate a second recall petition against Arnett. Their efforts might have had no more impact than before had Arnett not pulled a power play barely two weeks later that was to prove his undoing.

On the morning of May 7 Arnett dismantled the NRA's public education division and fired its 15-member staff—including its director, John Aquilino, who had been vacationing in California and was ordered to return to Washington. "It was very bizarre," says Aquilino. "Arnett read this laudatory memo describing what I had done for the NRA over a decade and what the division had done. Then he said, 'For economic reasons, we're disbanding you.' Arnett's people called all of my people together and told them they had two hours to get the hell out of the building, because they were changing the locks. They treated us like we were the Lindbergh kidnappers. We were almost thrown out of the building."

Arnett immediately replaced the division with a Washington public relations firm, Ackerman & McQueen. Ironically, just the day before the mass firing the McClure-Volkmer bill, also known as the 1986 Firearm Owners Protection Act, had been signed by President Reagan. The legislation, which permitted interstate handgun sales and generally weakened the 1968 Federal Gun Control Act, had been nursed through bitter, protracted legislative battles by the public education staff, as well as the ILA.

"No doors were locked," says Arnett. "They weren't thrown out with a pistol to their backs." He adds that he was concerned about the lack of "professionalism" in the public education division. "The people in that office were hired to put out magazines and little newspaper articles. If somebody had to have a spokesman, we could send one there to defend the NRA's position. It was always a defensive thing, nothing on the offensive, nothing on the proactive. It was reactive. . . . I said to myself, Here's a department that's probably costing me \$700,000 to \$900,000 a year, and what the hell am I getting for it?"

Arnett says that he discussed the move with NRA officers in general terms in New Orleans, which James Reinke, the NRA's president, confirms. But Reinke claims the move was presented to the board as a *fait accompli*, without the specific details being approved by the board in advance.

The tension between Arnett and the

public education division had been building for months, but it intensified when the 61-year-old Arnett became involved with an attractive 32-year-old female staff member of the division in early 1986, according to NRA documents. The NRA board of directors had decided to create a part-time job in the association's general operations division for the woman, who was intelligent and well-qualified for the position. But problems arose when the job was expanded and her salary substantially increased. Gossip about the two was already circulating, since Arnett had occasionally traveled with her on NRA business.

Both Arnett and the woman have denied that they were romantically involved. "I was not having an affair with her," Arnett says. "I was shooting with her. I knew and liked her mom and dad. I liked her as a person. She was a smart kid and a fine skeet shooter."

After Arnett's unilateral destruction of the public education division, resentment of and rumors about him, groundless or not, exploded into a full-scale revolution within the NRA. Morale among staff members was devastated. Arnett's management style was openly criticized and his habitual absences from the office were documented. A new, perhaps exaggerated, image of Arnett was created, which portrayed him as being distrustful and paranoid.

"Arnett's elimination of the public education division brought everything into sharp focus," says a top NRA officer.

Meanwhile, Gianoutsos was continuing his own efforts to unseat Arnett. Two days after the firings he visited relatives in Miami and had lunch with NRA member Bill Stegkemper, who had several friends on the board of directors. "I knew that the NRA board would put up with a lot from Arnett—but not his defense of a drug dealer. NRA members would have no sympathy for that," Gianoutsos says. "So I gave Bill a written summary of Arnett's letter on behalf of Larson, knowing that he would pass it along."

Stegkemper, a former police officer who lives in Vero Beach, Florida, confirms this meeting and says, "I then informed a board member about Arnett's letter. She was furious. Later she told me that she personally gave this information to other members of the board."

By that time, however, the NRA high command had enough on Arnett to justify dumping him without revealing what had become known about his relationship to Duane Larson.

A WEEK AFTER Gianoutsos's meeting with Stegkemper, Reinke, two vice presidents, and several members of the executive committee met in a hotel room

in Washington to discuss Arnett's future. Draft resolutions were prepared by attorney Stephen Shulman, who advised Reinke that under the NRA's by-laws, the board of directors couldn't remove the executive vice president from office; only the membership could officially do that. But there were other ways to strip Arnett of his position.

Reinke explains: "Before any action was taken, I made up my mind that I was not going to do anything that could be reversed in a court of law. I was very careful and reviewed all the actions with the attorney. I made absolutely certain that we did everything in a legal manner. . . . The real concerns that we had were that the guy was not doing his job properly; that he wasn't exercising his responsibilities; and that he had delegated responsibility to those who were not qualified and not designated by the board to exercise those responsibilities."

After the meeting Reinke called Arnett, whom he had known for 15 years, and told him that he had been charged with six general categories of abuse of power, failure to comply with board directives, and negligence. There were also, Reinke said, two extremely serious charges against Arnett. One stated, "Mr. Arnett has neglected his duties as executive vice president by frequent absence from Washington, DC on hunting and other personal trips and has used funds of the association for his personal enjoyment in connection with these trips." The second claimed, "Mr. Arnett has made personnel decisions on the basis of his personal interest rather than in the interests of the association." There was no reference to the letter Arnett had written on behalf of Duane Larson.

Arnett angrily told Reinke that the charges against him were groundless and that a suspension would be illegal.

"Why didn't they ever come to me and say, 'Arnett, we don't like what you're doing?'" he says now. "Not once in a year and a half did they object to one thing that I did. I was at that goddamn office from six o'clock in the morning until 10 or 11 o'clock at night. I did as much travel with sportsmen's groups as I could, trying to build up the membership. If you listen to [the NRA board], you'd think I was on some safari over in Africa for three weeks at a time."

The next day, May 17, Reinke called the NRA executive committee into emergency session. Arnett was present with his attorney for a portion of the meeting and addressed the committee twice during the session. He denied all the charges against him. Nonetheless, according to a memorandum dated the following day, the committee took the following actions:

- Arnett was suspended as the NRA's executive vice president and chief executive officer effective immediately and without pay. He was also forbidden to use any of the NRA's facilities.

- Cassidy was appointed acting executive vice president. (Once again Gary Anderson, the executive director of the NRA's general operations, didn't fill the vacancy—as stipulated by the NRA's bylaws.) Cassidy refused to accept Arnett's \$150,000-a-year salary and said he would do the job for \$77,500, his salary as the director of the ILA. Replacing Cassidy as the head of the NRA's lobbying division was Wayne LaPierre.

- The law firm of Webster Chamberlain & Bean—which Arnett had retained—was terminated as outside counsel and replaced by Cadwalader Wickersham & Taft and its partner Steve Shulman.

- Three of Arnett's top assistants were also fired: staff director Morton Mumma 3d, administrative services director John Bartholf, and personnel director Fred-eric Smith. None of these three men were charged with any wrongdoing.

- The contract with the public relations firm of Ackerman & McQueen was ordered reexamined. Cassidy, with the board's approval, decided to continue the commitment.

- Eight of the 15 employees fired from the public education division were reinstated, either as part of the staff of Ackerman & McQueen or in other divisions of the NRA. Aquilino was not asked to return. The woman Arnett had befriended was fired.

- Former executive vice president Harlon Carter was asked to return to Washington "to assist the acting executive vice president in his new duties."

Arnett says, "I was told to defend myself when I didn't even know I had to defend myself. I didn't know I was going to be the lamb led to slaughter. As far as I was concerned, I came there that morning to talk about the elimination of the public education division, not the firing of Arnett by the executive committee. Nobody had said that to me. They had already sandbagged me the night before. I didn't have a chance. If you're supposed to have due process in America, by God, I was denied that by my friends. I think that's what hurt more than anything else."

In a statement released two days later—which virtually no press organization picked up—Arnett called the charges against him "broad and unsubstantiated." He added, "I don't think the NRA was ever intended to be run by a small group of individuals serving their own personal interests and agenda. If the majority of the NRA's membership didn't want me to hold this position, I would

step down." Arnett predicted that NRA's three million members would be "enraged" by his suspension. "I walked into a kangaroo court. It's a travesty and I expect to see the action overturned."

Arnett also threatened to file suit against the NRA, but instead he negotiated a settlement from the association in return for his resignation. According to the agreement, he received a \$150,000 cash payment, the use of his Lincoln Town Car and other fringe benefits for one year, and \$40,000 for attorneys' fees. Arnett's three fired aides, whose combined salaries totaled \$135,250, were given lump sum settlements totaling nearly \$39,000. The positions created for them at the NRA were abolished.

Reinke says, "In reviewing the matter, some lawyer told me, 'A medium settlement is better than a good lawsuit.'"

If Arnett was innocent of the charges, why did he settle? "Because I couldn't afford not to," he says. "I had already run up \$40,000 worth of legal fees. If I had had deep pockets, unlimited resources, I would've fought it for sure. But time was running out, and they had filed a suit against me. To save myself a lot of time, trouble, and money, I settled—right or wrong."

The NRA's official publications tried hard to make Arnett's resignation look like business as usual. Arnett himself was allowed a brief, innocuous resignation letter to the membership. Beneath Arnett's farewell the magazines ran a short letter from Reinke that praised Arnett's work and concluded, "I know the board joins me in expressing appreciation for the contribution you have made to the NRA. We wish you well in the future."

But penetrating questions about Arnett were being asked by even the most loyal members of the NRA—particularly with regard to the large settlement paid for his resignation. Reinke tried to place the settlement in a positive light with a gingerly worded statement in the NRA's magazines. He wrote, "Mr. Arnett's term of office would have run through April 1990. From June 1, 1987, when the year provided by the settlement expires, his salary would have continued at the rate of \$150,000 per year. If the salary of his successor averages \$100,000 per year during that period—which I believe is most likely—a savings [of] over \$145,000 will be realized. That provides a net savings to the NRA of more than \$57,000 after payment of the one-year salary for Mr. Arnett. Beyond that, the savings from the \$135,250 total salaries of the abolished positions will amount to almost \$395,000 during the period from June 1, 1987 to the expiration of Mr. Arnett's term." ▶

Reinke concluded, "It is apparent that the actions of the executive committee—including the settlement reached with Mr. Arnett—boil down to a substantial savings, not an expense, for NRA."

NOT SURPRISINGLY, Arnett's demise revived the ambitions of the ousted Neal Knox, who promptly published an editorial in a commercial gun magazine charging that the board's actions against Arnett violated the NRA's bylaws.

Harlon Carter, seeing his rival back in form, says, "I was the most disappointed guy in the NRA when Arnett fouled up, but he had to go. I knew that [the problem of] Neal Knox would be exacerbated, and it would be endless."

Trying to quell the opposition that still seethed in other quarters, Reinke invited Ted and Françoise Gianoutsos to lunch at the University Club. According to the Gianoutsoses, during the meeting Reinke said, "I've known Ray Arnett for 15 years, have hunted with him, and consider him a good friend. But I must admit that I made a big mistake about Ray."

Reinke, they say, appeared relaxed revealing that Arnett had begun misusing his authority "the day after his election in Seattle" in April 1985. Reinke added that the board had relented on Arnett's federal game law violation, because Arnett had "put up such a fuss." Reinke also confided that after his suspension "[through one of his attorneys] Arnett demanded \$1 million for his resignation and threatened 'blood on the floor' if he didn't get it." The Gianoutsoses brought up Arnett's relationship with Duane Larson during the lunch, but Reinke brushed the subject off, saying that he hadn't heard anything about it.

The Gianoutsoses still were not satisfied. They sent President Reagan another letter, this time summarizing the events that led up to Arnett's dismissal and informing him of Arnett's letter on behalf of Larson.

Other players were unhappy with Arnett's fate as well, though for different reasons. Pollock, still a member of the NRA's executive council, wrote a letter to first vice president Gilbert Shelton about the removal of Arnett. At the top of the letter ran the notice: PRIVATE AND CONFIDENTIAL. NOT FOR PUBLICATION NOR DISSEMINATION EXCEPT TO MEMBERS OF THE NRA BOARD OF DIRECTORS.

"For a good number of weeks now," Pollock wrote, "I have been sorely troubled about the sudden and summary action taken by the NRA executive committee. . . . It is my deep-seated conviction that the executive committee acted too hastily, acted improperly, and ex-

ceeded its authority. . . . Ray's rights to due process were grievously violated."

Pollock's statement continued: "When the legal fees of Steve Shulman and the costs of travel, food, and lodging of the executive committee, the executive council, and the pay of staff are added to the settlement made to Ray, including payment of his attorneys' fees, continuing salary, insurance, car, etc., it is obvious that the total costs will exceed \$400,000. Somehow, if Ray was so wrong, such a liberal settlement does not seem warranted; and I find myself wondering again why it had to be done under such a questionable summary procedure, at such great expense, and with such wrenching consequences at national headquarters."

Pollock's candid letter had unexpected repercussions when it was leaked to supporters of Neal Knox around the time of the September 1986 board of directors meeting. A resolution was passed at that meeting proposing that the membership surrender its right to elect the executive vice president. If NRA members agree to do so, they will be giving up one of the major reforms won in the 1977 Cincinnati revolt.

Knox's partisans are furious, viewing the board's action as a means of shutting out their candidate. They charge that the NRA board has employed heavy-handed tactics to ensure a favorable vote—such as the blatantly partisan use of NRA publications—and have written to the New York State attorney general's office to ask whether the membership referendum on the proposed bylaw change and, if necessary, the April selection of the executive vice president may be enjoined.

Reinke, who believes that Knox is trying to turn the membership against the board of directors, says, "We don't feel they have any legal basis to enjoin the election. We've researched everything." Reinke is running for reelection to the NRA board, and if he is elected, he says he intends to seek reelection as its president.

Mail ballots appeared in the February issues of NRA publications for the association's 1.1 million eligible voters. NRA officials predict that the success or failure of the proposed bylaw change will be known by April 15.

"The ballot issue has infuriated so many NRA activists that there is a tremendous ground swell," says Aquilino, now the editor-in-chief of *The Insider Gun News*, a newsletter that tracks the NRA and other pro- and antigun groups. "If that ignites to the point where the majority of votes cast go against the board of directors, then you're going to see a real fight in Reno. If, on the other hand, apathy wins, and the board

of directors seizes the franchise, that will be dangerous. The true activists will become resentfully apathetic. And that's when NRA will end up losing the 10 years that Harlon Carter built in activism and legislative successes. [Then] the NRA is going to have to build a whole new base of activists."

If the proposed bylaw change passes, insiders believe that the NRA's board will name Cassidy the official executive vice president. Some believe the board might opt for a dark horse candidate. If, however, the membership votes to retain its right to elect the executive vice president—which would pit Knox against Cassidy in Reno—the board might be forced to nominate a compromise candidate, or even a reluctant Harlon Carter, now in his mid 70s, once again.

The unreluctant Cassidy hopes to be retained as executive vice president. He says, "I believe and have advocated that the proper place for the selection of executive vice president is with the board of directors. The membership is so widespread that the only people who have the proper surveillance and oversight over this position are the directors. That's how I'm going to vote on my ballot."

A top NRA officer and supporter of Cassidy agrees. "The Knox people are grabbing at anything they can. We made a mistake with Ray Arnett, but we learned from it. Arnett knew that he was elected to a five-year term and could only be removed by membership vote. Consequently, he treated the board rather shabbily. He was not really accountable to the board, and, in the end, he was not accountable to the membership either."

Knox remains skeptical. He says, "The party line is that I'm in the process of destroying the NRA. The board of directors said exactly the same thing when we went to Cincinnati in 1977."

Ray Arnett, who will not be in Reno, concludes, "The NRA is a \$100 million corporation that's run like a mom-and-pop grocery store. The vast majority of the NRA's members don't know about all this infighting and frankly don't care. They belong to the NRA because they like to shoot, and because it's done a good job protecting their right to keep and bear arms."

"NRA always needs an ox to gore. You keep any special interest group alive by nurturing the crisis atmosphere: 'Keep sending those cards and letters in. Keep sending money.'"

Regardless of which faction wins, the once powerful and feared National Rifle Association could be seriously crippled by the events in Reno. It should be a shoot-out no one will want to miss. □