

# Holtzman Vogel

HOLTZMAN VOGEL BARAN TORCHINSKY & JOSEFIAK PLLC

**April 7, 2023**

Roy Q. Lockett  
Acting Assistant General Counsel  
Complaints Examination &  
Legal Administration  
Federal Election Commission  
Office of General Counsel  
1050 First Street, NE  
Washington, DC 20463

**Re: MUR 8111**

Dear Mr. Lockett:

This response is submitted by the undersigned counsel on behalf of PACEM SOLUTION INTERNATIONAL LLC; PACEM DEFENSE LLC; 1198 WINDROCK LLC; PACEM ESTATE HOLDINGS LLC; and ALS, INC. (the “PACEM Respondents”), in response to your letters dated February 22, 2023, with respect to the enforcement matter designated Matter Under Review 8111 (the “Notification Letters”).<sup>1</sup>

The Complaint filed in this matter fails to articulate a coherent allegation of a campaign finance violation by any of the PACEM Respondents. On its face, it appears to be nothing more than a confused recitation of non sequiturs that distill down to the Complainant’s unsupported assertion that Congressman Cory Mills “could not have” loaned his campaign over \$1.8 million during the 2022 election because his claimed source of income is “vague, uncorroborated, and non-credible.”<sup>2</sup> While no clear allegation of a campaign finance violation by the PACEM Respondents can be deciphered from the Complaint, the Complainant possibly makes an unfounded general assertion that one or more of the PACEM Respondents was an “unknown person” who made straw donations through Congressman Mills to the Mills Campaign Committee.<sup>3</sup> To the extent this is alleged, the Complainant is incorrect and any such allegation is unsupported by the “evidence” contained in the Complaint.

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<sup>1</sup> For clarification, the entity to which Complainant refers as PACEM Solutions International LLC is filed with the Virginia State Corporation Commission as PACEM Solution International LLC. PACEM Solution International LLC operates as PACEM Solutions International. To avoid any confusion, this response uses the name PACEM Solutions International to respond to any allegations made against PACEM Solution(s) International LLC.

<sup>2</sup> Complaint ¶ 3.

<sup>3</sup> *Id.* at ¶¶ 43, 62.

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**I. The Complaint Fails To Allege A Campaign Finance Violation By Any Of The PACEM Respondents**

The Commission’s regulations prescribe certain minimum standards that a Complaint must meet. Among these requirements a Complaint must “clearly identify as a respondent each person or entity who is alleged to have committed a violation,” and “contain a clear and concise recitation of the facts which describe a violation of a statute or regulation over which the Commission has jurisdiction.”<sup>4</sup> The Complaint in this matter fails in both respects.

Rather than “clearly identify[ing]” each entity that is alleged to have committed a violation within the jurisdiction of the Commission, the Complaint merely lists the PACEM Respondents in its heading, and then neglects to identify them in the Complaint as having committed any violation. For example, both of the “Causes of Action” captioned in the Complaint omit specific allegations against the PACEM Respondents. Count I is a general allegation that “Mills knowingly and willfully served as a straw donor for unknown persons to make contributions in the name of another to the Mills campaign committee.”<sup>5</sup> And, Count II similarly fails to clearly identify any of the PACEM Respondents as having committed a campaign finance violation, alleging only that “Mills illegally used campaign funds to pay for personal expenses, including ‘room mate rent’ [sic] disguised as memo items.”<sup>6</sup> It is unclear from the Complaint how any of the PACEM Respondents factor into either “Cause of Action.”

Compounding this failing, the Complaint does not contain any “clear and concise recitation of the facts” describing a violation of campaign finance laws by the PACEM Respondents. Indeed, the closest the Complaint comes to alleging a potential campaign finance violation implicating the PACEM Respondents is to allege that: “Cory Mills has not revealed the sources of his cash he loaned to his campaign on January 9, 2022 for his 2021 and 2022 filing periods on his Federally mandated Financial Disclosure Report [sic] Cory Mills has failed to report all his assets, reported incorrectly his assets, failed to report liabilities, failed to report income from his companies, and he failed to report his positions with 4 LLCs and a [sic] Incorporation he is part owner of.”<sup>7</sup> However, even this speculative assertion fails actually to allege any violation of campaign finance laws by a PACEM Respondent. Additionally, the Complainant appears to admit that his assertions are all merely speculative and arise from a general lack of knowledge as to how Congressman Mills may have received sufficient income to fund loans to his campaign.<sup>8</sup>

These basic deficiencies in the Complaint raise serious due process concerns for the PACEM Respondents who are forced to respond to conjecture and assumptions about potential violations OGC may presume from the Complaint instead of clear and concise statements of fact

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<sup>4</sup> 11 C.F.R. §§ 111.4(d)(1) and (3).

<sup>5</sup> See Complaint ¶¶ 43-62.

<sup>6</sup> See *id.* at ¶¶ 63-67.

<sup>7</sup> *Id.* at ¶ 62.

<sup>8</sup> See *id.* at ¶ 56 (“It is unclear how Mills reports his Pacem Solutions International LLC, Pacem Estate Holdings LLC and his ALS, Inc. dba Pacem Defense LLC on his Federal and State Income Taxes.”).

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and allegations of concrete campaign finance violations.<sup>9</sup> This is the precise type of harm the Commission’s regulations requiring sufficient detail in a Complaint are intended to guard against.

For this reason alone, the Complaint should be dismissed pursuant to the “reason to believe” standard set forth in MUR 4960 (Clinton). No “reason to believe” finding is possible where a complaint fails to “set[] forth sufficient facts, which, if proven true, would constitute a violation of the FECA.”<sup>10</sup> Additionally, “Complaints not based upon personal knowledge must identify a source of information that reasonably gives rise to a belief in the truth of the allegations presented.”<sup>11</sup> The present Complaint does not do so. Finally, “[u]nwarranted legal conclusions from asserted facts ... or mere speculation ... will not be accepted as true.”<sup>12</sup> Here, the Complaint consists solely of unwarranted legal conclusions and mere speculation.

### II. PACEM Respondents Did Not Contribute To The Mills Campaign

The only potential allegation in the Complaint that we can discern against the PACEM Respondents is that they somehow participated in a straw donor scheme through which their assets were contributed to the Mills Campaign in the name of another and/or they made excessive or illegal contributions to the Mills Campaign.<sup>13</sup> To the extent the Complaint actually makes either allegation, or is charitably read to make either or both allegations, those allegations are false.

The PACEM Respondents are a successful and well-known business venture providing risk management, training, and defense product services. One of the PACEM Respondents is licensed as a Broker, and another is licensed as a Manufacturer and Exporter through the Department of State’s Directorate Defense Trade Control.<sup>14</sup>

As founder, Congressman Mills held an ownership interest in PACEM Solutions International, PACEM Defense, and PACEM Estate Holdings throughout 2021 and 2022.<sup>15</sup> Additionally, in 2021 Congressman Mills was named Executive Chairman of PACEM Solutions

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<sup>9</sup> See *Sessions v. Dimaya*, 138 S. Ct. 1204, 1225 (2018) (Gorsuch, J., concurring) (“Perhaps the most basic of due process’s customary protections is the demand of fair notice.” See *Connally v. General Constr. Co.*, 269 U. S. 385, 391 (1926); see also Note, Textualism as Fair Notice, 123 Harv. L. Rev. 542, 543 (2009) (‘From the inception of Western culture, fair notice has been recognized as an essential element of the rule of law’).); see also *FCC v. Fox TV Stations, Inc.*, 567 U.S. 239, 253 (2012) (“A fundamental principle in our legal system is that laws which regulate persons or entities must give fair notice of conduct that is forbidden or required.”).

<sup>10</sup> MUR 4960 (Clinton), Statement of Reasons of Commissioners Mason, Sandstrom, Smith, and Thomas.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*; see also MUR 5467 (Moore), First General Counsel’s Report at 6 (“the instant complaint presents nothing more than idle, unsupported speculation”).

<sup>13</sup> See Complaint ¶¶ 1, 32-33, 35-36; 52 U.S.C. § 30122.

<sup>14</sup> See generally PACEM Solutions International, available at <https://www.pacem-solutions.com>; PACEM Defense, available at <https://www.pacem-defense.com>; ALS, available at <https://www.lesslethal.com>.

<sup>15</sup> Affidavit of Tarun Handa ¶ 2 (attached). Although the Complaint also names 1198 Windrock LLC as a Respondent, that LLC was not established until November 15, 2022, after Congressman Mills’ campaign had concluded. See Commonwealth of Virginia Certificate of Organization, 1198 Windrock LLC (filed Nov. 15, 2022) (attached). Additionally, Respondent ALS, Inc. is a wholly owned subsidiary corporation of PACEM Defense.

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International.<sup>16</sup> Consistent with his positions with the PACEM Respondents, the PACEM Respondents compensated Congressman Mills for his work and services throughout the period at issue. This compensation included ordinary W-2 compensation as well as deferred compensation payments from PACEM Solutions International. Mr. Mills also received distributions from PACEM Estate Holdings.<sup>17</sup> All compensation payments and distributions were made to now-Congressman Mills personally and not to any account owned or controlled by Congressman Mills' campaign committee.<sup>18</sup> The PACEM Respondents did not make any loans to Congressman Mills or his campaign committee.<sup>19</sup>


There is no actual evidence presented in the Complaint that any PACEM Respondent provided or diverted funds, or otherwise made any contribution, to Congressman Mills' campaign committee. To the extent that any such allegation is discerned from the Complaint, this Response provides a more than adequate refutation of those allegations under the standard set forth in MUR 4960.

**III. Conclusion**

The Complaint fails to allege adequately a campaign finance violation by any of the PACEM Respondents. Moreover, to the extent any violation can be surmised from the Complaint there is no evidence that any of the PACEM Respondent committed a violation of campaign finance laws.

For the reasons set forth above, the Complaint should be dismissed as to the PACEM Respondents.

Sincerely,



Jason B. Torchinsky  
Michael Bayes  
Andrew D. Watkins  
*Counsel to PACEM Respondents*

Attachments

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<sup>16</sup> See Sydney Lake, *Falls Church Consultancy Names Executive Chairman, Vice Chairman*, Virginia Business (Jan. 25, 2021), <https://www.virginiabusiness.com/article/falls-church-consultancy-names-executive-chairman-vice-chairman>.

<sup>17</sup> Affidavit of Tarun Handa ¶¶ 3-4.

<sup>18</sup> *Id.* at ¶ 5.

<sup>19</sup> *Id.* at ¶ 6.

**AFFIDAVIT OF TARUN HANDA**

PERSONALLY came and appeared before me, the undersigned Notary, the within named TARUN HANDA, and makes this his Statement and General Affidavit upon oath and affirmation of belief and personal knowledge that the following matters, facts, and things set forth are true and correct to the best of his knowledge:

1. I am Tarun Handa. I currently serve as Chief Financial Officer of PACEM Solutions International, and have served in this position since August 2021.
2. Throughout 2021 and 2022, Cory Mills held an ownership interest in PACEM Solution International LLC, PACEM Defense LLC, and PACEM Estate Holdings LLC.
3. During 2021 and 2022, for his work and service as Executive Chairman of PACEM Solutions International, Cory Mills was paid ordinary compensation that was reported on Form W-2. During that same period, Cory Mills received deferred compensation payments from PACEM Solutions International.
4. Cory Mills received distributions from PACEM Estate Holdings LLC throughout 2021 and 2022.
5. All payments paid by the PACEM companies to Cory Mills during 2021 and 2022 were paid to his personal deposit accounts and were not paid to any account owned or controlled by Cory Mills' campaign committee.
6. To the best of the PACEM companies' knowledge, Cory Mills did not use or leverage any PACEM company assets or resources to make any contributions or loans to his campaign committee. Additionally, Cory Mills did not receive any loans from PACEM companies during 2021 or 2022.

DATED this 4<sup>th</sup> day of April 2023.

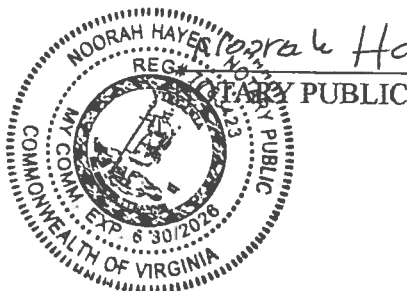
Signature of Affiant, Tarun Handa

Sworn to and subscribed before me this 4 day of April 2023.

[Seal]

My Commission Expires:

6/30/26



**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION**

AT RICHMOND, NOVEMBER 15, 2022

The State Corporation Commission has found the accompanying articles of organization submitted on behalf of

**1198 WINDROCK LLC**

to comply with the requirements of law, and confirms payment of all required fees. Therefore, it is ORDERED that this

**CERTIFICATE OF ORGANIZATION**

be issued and admitted to record with the articles of organization in the Office of the Clerk of the Commission, effective November 15, 2022.

The limited liability company is granted the authority conferred on it by law in accordance with the articles of organization, subject to the conditions and restrictions imposed by law.

STATE CORPORATION COMMISSION

By

A handwritten signature in black ink, appearing to read "Judith Williams Jagdmann". The signature is fluid and cursive, with a large initial "J" and "W".

Judith Williams Jagdmann  
Commissioner