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Federal Election Commission
1050 First Street NE Washington, DC 20463

VIA E-MAIL: cela@fec.gov

Re: MUR 8111: Response to Amended Complaint for Congressman Cory Mills, Cory Mills for Congress, and David Satterfield

We write on behalf of Congressman Cory Mills, Cory Mills for Congress, and David Satterfield, in his official capacity as Treasurer (“Respondents”), in response to the amended complaint (the “Amended Complaint”) filed by Michael Don Johnson (the “Complainant”) on December 15, 2023. The Respondent’s response to the initial Complaint is hereby incorporated herein by reference.

Akin to the initial Complaint, the Amended Complaint’s lack of coherence makes it difficult to discern the allegations. From what can be surmised of the Amended Complaint, it fails to remedy the fatal defects of the initial Complaint. It appears to be the same collection of conspiracy theories, legal conclusions unsupported by facts, and allegations outside the scope of the Federal Election Commission’s (the “Commission”) jurisdiction. This iteration of the Complaint also includes a bizarre new allegation related to joint fundraising activity. To be clear, there is no factual or legal basis for the allegations in the Amended Complaint.

As the Commission has long made clear, “[t]he Commission may find ‘reason to believe’ only if a complaint sets forth sufficient specific facts, which, if proven true, would constitute a violation of the FECA.”¹ 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.”² Unwarranted legal conclusions from asserted facts or mere speculation will not be accepted as true.³

¹ MUR 4960 (Hillary Rodham Clinton For U.S. Senate Exploratory Committee, Inc.), Statement of Reasons of Commissioners David M. Mason, Karl J. Sandstrom, Bradley A. Smith, and Scott E. Thomas at 1.

² *Id.*

³ *Id.*

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The Commission should promptly dismiss the Amended Complaint because it fails to meet the standard needed to be a valid complaint and provides zero evidentiary support or personal knowledge to substantiate the allegation that the Respondents violated campaign finance law. These allegations are directly refuted by the Respondents' responses, publicly available information, and even the sources cited in the Amended Complaint. "Purely speculative charges, especially when accompanied by a direct refutation, do not form the adequate basis to find reason to believe that a violation of [the Act] has occurred."⁴

Additionally, the Commission should dismiss the Amended Complaint because it raises troubling due process concerns. The Amended Complaint fails to meet the Commission's standard that a complaint must contain a "clear and concise recitation of the facts" describing a violation of campaign finance laws. 11 C.F.R. § 111.4(d)(3). The Amended Complaint is drafted in a manner so incoherent that a Respondent could not reasonably be able to decipher specific allegations being leveled against them. As a result, the Amended Complaint fails to provide sufficient information to allow the Respondents to meaningfully respond. This alone is sufficient for the Commission to dismiss the Amended Complaint in its entirety.

I. Joint Fundraising Transfers are Accurate and Properly Reported

In an apparent lack of understanding of Federal Election Law, the Amended Complaint alleges violations related to Joint Fundraising Committee transfers to Corey Mills for Congress. A simple review of the reports quickly dispels this allegation and shows all contributions and expenditures are reported in compliance with the law and the Commission's guidance. The legal theory (to the extent there is one) behind this allegation is incorrect, and it should be promptly dismissed by the Commission.

II. The Personal Loans to the Campaign were from Congressman Mill's Personal Assets

The Amended Complaint realleges a straw donor scheme. The Complainant provides zero evidentiary support for its claim that "unknown individuals or corporations may have illegally funneled money to Mills' campaign." The "true source" of the Respondent's loans to his Campaign was his personal assets, and the loans were properly disclosed in accordance with the law.

As "evidence" of this scheme that "*may*" have occurred, the Amended Complaint cites Congressman Mills' Personal Financial Disclosure Reports ("PFD"). The Complainant's

⁴ MUR 5467 (Michael Moore), First General Counsel's Report at 5.

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conspiracy theory quickly falls apart after a quick review of Schedule A of Congressman Mills' PFD, which takes just a basic understanding of how to read a PFD.

There are two places to look when determining the income of a PFD filer. The first is Schedule A. On Schedule A of a PFD, a filer is required to list all assets that have a value that exceeds \$1,000. Schedule A also requires "Unearned income" from these assets to be reported. Unearned income is passive income received as a return on investment, such as the rent from real property, income from an ownership interest in a privately held company, or dividends. "Earned income," on the other hand, is income resulting from "the fruit of [a filer's] labor," such as a salary. Earned Income is required to be reported on Schedule C of the report.

The Complainant's entire straw man theory rests on misreading Congressman Mills' reports. Moreover, the Complainant ignores Schedule A to conclude that Congressman Mills "had only \$115,000 to \$315,000 to his name in 2021, and according to his most recent Financial Disclosure Report filed May 2023, he had only \$100,000 to \$200,000 of his own funds." These claims are false and directly refuted by the reports.

In 2021, Congressman Mills reported \$800,000 of Earned income for him and his wife on Schedule C. The report also shows the same amount was earned in 2020. On Schedule A, Congressman Mills reported multiple assets, including a bank account with \$100,000-\$250,000 and a rental property that generated \$100,000 to \$1,000,000 of Unearned income in both 2021 and 2020. Thus, the earned income listed in Schedule C combined with the earned income in Schedule A exceeds the amount Congressman Mills loaned his Campaign.

Blinded by an apparent vitriol for Congressman Mills, the Complainant conjures erratic allegations about "unknown individuals" and foreign banks. When in reality, Congressman Mills' successful business ventures allowed him to help fund his Campaign.

Given that the Complainant provides zero specific facts or personal knowledge to support its allegations and the allegations are directly refuted, the Commission should not waste its limited resources investigating this conspiracy theory. The cataclysmic consequences of failing to dismiss this allegation are not lost on the Respondent. By finding reason to believe, the Commission would set the untenable precedent that every candidate that provides funds to their campaign has opened the door to endless complaints and investigations based on nothing more than conjecture and unsubstantiated conspiracy theories. This would collide with Congressional intent and the Commission's regulations and guidance that permit this activity.

III. The Referenced Expenditures were Made and Reported in Compliance with the Law

The Amended Complaint alleges personal use violations and expands on a series of speculative and convoluted claims related to the Respondent's expenditures. The Amended

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Complaint provides no evidence of a violation, let alone meets the standard to warrant further investigation. The only basis for these allegations is the Complainant's vivid imagination paired with a misunderstanding of the Commission's reporting requirements.

As we addressed in our Initial Response, the expenditures to Derick Agustin, a campaign staffer, were for reimbursements for legitimate campaign expenses and were reported correctly. The Complainant wastes much ink on speculations on where Congressman Mills was living, could have been living, or might have been living, mechanic liens, and whether a building was furnished with "wash rags and toilet paper." This is nothing more than incoherent filler. No campaign funds were used to pay Derick Agustin for rent. A quick review of the disbursements at issue quickly refutes the Amended Complaint's allegations of campaign finance violations. The reporting statements clearly show that Derick Agustin was reimbursed for typical campaign expenses listed as memo items following the "SEE MEMO Items" entries. In more recent reports, the current Treasurer's memo entry descriptions are even clearer, stating, "EXPENSE REIMBURSEMENTS: SEE ITEMIZATION BELOW."

The Complaint further alleges that certain expenditures were "luxury" and are, therefore, personal use violations. There is no prohibition on "luxury" expenditures to be found in law. Instead, the Commission will apply the "irrespective test" to differentiate legitimate campaign and officeholder expenses from personal expenses to determine whether an expense would exist irrespective of the candidate's Campaign or responsibilities as a federal officeholder. 11 C.F.R. 113.1(g). Here, each cited expenditure was directly related to campaign activities, such as airfare, travel expenses, and lodging for campaign events.

To be clear, a Complainant declaring that, in his opinion, certain expenditures are "luxury" is not relevant to the analysis of a personal use violation. The expenditures cited by the Complainant are analogous to expenditures for other Campaigns. Directly contradicting his theory of a personal use allegation, the Complainant cites a chartered airplane expenditure. The Complainant fails to acknowledge—even though it is included in a chart in the Amended Complaint—that the commercially chartered airplane was paid for by Congressman Mills and then properly reported as an in-kind contribution.

As a result, the Commission should promptly dismiss this allegation because the Amended Complaint provides zero specific facts or personal knowledge to support its allegations, and the allegations are directly refuted.

IV. Conclusion

The Commission should promptly dismiss the Amended Complaint because it fails to meet the requirements to be deemed legally sufficient, and it fails to provide the facts necessary to meet the standard needed to warrant an investigation. Reason to believe is "no rubber

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stamp”⁵— complaints based on mere speculation or conclusory statements have not, and should not, be the basis for an investigation. The Amended Complainant provides no evidence that the Respondent knowingly accepted a contribution in the name of another, used campaign funds for personal use, or violated any other law. Therefore, we respectfully ask the Commission to find no reason to believe and close the file on this matter.

Respectfully submitted,



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Congress, and David Satterfield*

⁵ Statement of Reasons by Vice Chairman Allen Dickerson and Commission James “Trey” Trainor III at 3, MURs 7427, 7497, 7524, 7553, 7560, 7621, 7654, 7660 and 7558 (NRA, et. al).