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By OGC-CELA at 3:56 pm, Jan 05, 2023

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January 5, 2022

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

Via Federal Express and email: cela@fec.gov

Re: Advanced Enterprise Solutions

Dear Mr. Lockett and Ms. Ross:

Thank you for your letter of November 10, 2022, and for your gracious extension of time for Advanced Enterprise Solutions LLC (“AES”) to reply to the Commission.

As permitted under the Federal Election Campaign Act of 1971, 52 U.S.C. § 30101 *et seq.*, AES would like to take the opportunity to demonstrate that no action should be taken against that company and submits the following factual and legal materials to that end. AES appreciates the Commission’s assurance of the confidentiality of this response, pursuant to Section 30109(a)(4)(B).

AES shares Complainant’s concern for the integrity of the United States’ democracy and the laws and regulations pertaining thereto. The gravamen of his Complaint is that former United States congressional candidate Joe Kent, in his filings with the Commission and the House of Representatives’ Committee on Ethics, (1) misstated the name of his employer as “American Enterprise Solutions” instead of “Advanced Enterprise Solutions,” and (2) variously reported his annual income from AES as being between \$105,000 and \$122,110 in the years 2021 and 2022.

Complainant further alleges, based upon media reports, that (3) AES is not an actual ongoing business; (4) Mr. Kent provided no labor or work product to AES; and (5) AES illegally supported Mr. Kent’s campaign, including by paying for polling research, which was not reported by Mr. Kent as required by law and regulation.

As an initial matter, allegations (1) and (2) regarding reported misstatements of the name of Mr. Kent’s employer and his annual salary, are allegations against the candidate, not the

company, and require no response from AES as the company lacks knowledge of Mr. Kent's filings with the Commission and the Committee. Inasmuch as it matters, as shown on the attached dually executed offer of employment, Mr. Kent was initially hired as a salaried employee by AES on August 16, 2019 at a rate of pay of \$100,000 per year. *See* Exh. A.

As further evidenced by Mr. Kent's attached 2019 AES W2, he resided in Portland, Oregon when he was hired, far in advance of Mr. Kent's decision to seek election to a Washington State-based House seat in 2022. AES subsequently paid Mr. Kent \$114,999 in 2020 and \$128,299 in 2021 (inclusive of year-end bonuses), for providing bona fide employment services to AES completely independent of his candidacy. *See* Exh. B, J. Kent W-2 forms for 2019-21. Similarly, Mr. Kent's 2022 AES base rate pay is \$120,750.

Moreover, of the four AES employees paid to provide services similar to those provided by Mr. Kent (inclusive of Mr. Kent), he is only compensated more than one other AES employee, who has less seniority than Mr. Kent. The two other comparable AES employees that are paid more than Mr. Kent each possess an additional engineering background. AES pays all of these employees on a salaried basis and not an hourly basis.

Allegation (3), that AES is not an actual business, is false. AES is registered as a limited liability corporation in Delaware, per Exh. C. It is a for-profit business: attached please find the company's federal tax return Form 1065 for 2021, Exh. D. Mr. Kent's statement to the press that AES "collects research/intelligence throughout the world on cellular infrastructure which is then sent to telecommunications firms who are pursuing contracts to upgrade that infrastructure, most recently involving the transition to 5G technology," is accurate.¹

As is evident from the above employment discussion, allegation (4), that Mr. Kent did no work for AES, is also false. Mr. Kent is simply employed on a salaried project basis, not an hourly basis. Mr. Kent's description to the press of his work role as hiring and overseeing "contractors around the world who conduct the research on the ground and then to validate that research with AES engineers and turn it into a marketable product," is accurate.²

Mr. Kent's disgruntled and dismissed campaign manager, cited in the Complaint, has a motive to speak ill of former candidate, and no knowledge of AES' business operations. As intimated above, Mr. Kent's work for AES required that he be engaged on projects around the world, working remotely with people in different international time zones. Mr. Kent's work therefore cannot be placed neatly within a typically American eight hours a day, five days per week business schedule. Put bluntly, AES did not provide Mr. Kent a "no show" job to underwrite his campaign. Rather, Mr. Kent used his unique background to render the relevant services for which he was specifically hired to carry out, and for which he was paid a fair and reasonable wage, similar to what any other individual with his unique skill sets were paid.

¹ *See, e.g.,* L. Ellenbecker, *3rd Congressional District candidate Kent tied to firm not named by campaign*, THE COLUMBIAN (Nov. 2, 2022), available at <https://www.columbian.com/news/2022/oct/26/joe-kents-employment-comes-under-scrutiny/>.

² *Id.*

As such, the salary AES paid to Mr. Kent in 2019 through 2022 should not be considered contributions because his salary satisfied each of the three regulatory factors of 11 C.F.R. § 113.1(g)(6)(iii). First, Mr. Kent's 2021 and 2022 compensation resulted from his "bona fide employment" as a uniquely qualified specialist, whose services to AES were "genuinely independent" of his candidacy. Section 113.1(g)(6)(iii)(A). Second, Mr. Kent's compensation was "exclusively in consideration of services provided by [him] as a part of" his employment with AES. Section 113.1(g)(6)(iii)(B). Mr. Kent was compensated only for duties rendered to AES, and not for any activities he undertook as a candidate or on behalf of any other organization. His entire compensation was in consideration of the services he provided to AES. Third, Mr. Kent's compensation did not exceed the comparative amount paid to any other similarly qualified person for the same work over the same period. Section 113.1(g)(6)(iii)(C). The amount of Mr. Kent's compensation was no more than AES was paying any other similarly situated employee with his level of knowledge and experience.

Allegation (5) is that (a) AES illegally supported Mr. Kent's campaign by paying for polling research, which (b) was unreported by Mr. Kent. Allegation (5)(b), similar to allegations (1) and (2), regards Mr. Kent's alleged noncompliance with candidate reporting requirements, not those of AES, which lacks knowledge of his campaign's filings

Allegation 5(b) is false as well. AES did not pay for a poll for Mr. Kent as an undisclosed, in-kind corporate campaign contribution. Rather, AES' chief executive officer, Sean Reed, paid between \$15,000 to \$22,000 from personal funds to become a member of the Trafalgar Group. He did so for three reasons.

First, membership in Trafalgar allowed Mr. Reed to recommend races about which to conduct polls. Second, to see if AES was likely to lose a uniquely skilled and difficult-to-replace employee in the event Mr. Kent won the election. And third, because Mr. Reed wished Mr. Kent success in his endeavor. *See* Exh. E, declaration of S. Reed.

While the Complaint forwarded by the Commission concerns AES as a business, counsel would like to further explain while neither AES nor its CEO Mr. Reed committed a campaign law violation in either corporate or personal capacities.

Mr. Kent competed in a "jungle primary" in his bid to win election to the House, which means that it was an open primary. Mr. Reed, on his own initiative, recommended that the Trafalgar Group poll a single data point: how Mr. Kent ranked among voters at a precise moment in time. Mr. Reed never released the results of the poll directly to anyone, but rather authorized the Trafalgar Group to release the results. Presumably, Mr. Kent's campaign gathered the poll result from what the Trafalgar Group published, but Mr. Reed never released the poll results directly to Mr. Kent or his campaign.

We understand that 11 C.F.R. § 109.20 defines coordination as an act "made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate's authorized committee, or a political party committee" and that a coordinated expenditure for a poll may be an in-kind contribution to a candidate or PAC that is reportable under Section 109.21. We also understand that in determining coordination, "FEC regulations provide for a three-pronged test to determine whether a communication is coordinated," and a

“communication must satisfy all three prongs of the test to be considered a coordinated communication (and as a result, count against contribution limits).”

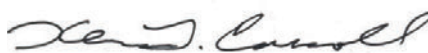
The three prongs of the Commission’s test regarding coordination consider (1) the source of payment, (2) the subject matter of the communication, and (3) the interaction between the person paying for the communication and the candidate or political party committee. All three prongs must be satisfied for a coordinated communication to result in a reportable in-kind contribution.³

In this case, Mr. Reed paid for membership in the Trafalgar Group, and recommended that they take a poll ranking Mr. Kent’s candidacy in an open primary, satisfying the first two prongs of the test. Yet Mr. Reed did not coordinate the poll he recommended to Trafalgar with Mr. Kent or his PAC. Mr. Reed did not recommend that Trafalgar conduct the poll at the request or suggestion of Mr. Kent or his PAC—he did it at his own initiative. Neither were Mr. Kent nor his PAC substantially involved in creating the content of the poll or selecting its audience, for example. The third prong of the test for coordination is not met in Mr. Reed’s case.

In authorizing Trafalgar to publish the poll he recommended, which was then gathered independently by Mr. Kent or his PAC, any assistance Mr. Reed’s action may have supplied Mr. Kent’s campaign was even more attenuated than that of the Respondent in *In re: Senator Claire McCaskill, et al.*, MUR 6958 (Feb. 28, 2017). Mr. Reed authorized the publication of the broadest generality, a candidate’s ranking. The poll did not contain detailed, underlying raw data generated from a poll such as the cross-tabulations, questions asked, and methodology sufficient for Mr. Kent or his PAC to make independent use of the poll or its results. Reiterating a point of significance, Mr. Reed did not share the results of the poll data directly with Mr. Kent or his PAC. Of note, Mr. Reed is a former servicemember and businessman, not a political campaign professional. Even if, assuming arguendo, Mr. Reed had in some way coordinated the poll with Mr. Kent or his PAC, Mr. Reed did not share granular enough information from the poll to trigger a reporting requirement for an in-kind contribution.

Thank you, and we hope this information helps the Commission resolve this matter.

Sincerely and respectfully,



Kevin Carroll

cc: Advanced Enterprise Solutions LLC
13800 Coppermine Road, Suite 399
Herndon, Virginia 20171

³ See *Coordinated Communications*, Federal Election Commission, available at <https://www.fec.gov/help-candidates-and-committees/candidate-taking-receipts/coordinated-communications/>.

January 5, 2023

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

Via email: cela@fec.gov

Re: MUR 8087

I, SEAN REED, hereby declare:

1. I am over eighteen years of age and am fully competent to testify to the facts set forth in this declaration.
2. I am the Chief Executive Officer of Advanced Enterprise Solutions LLC (“AES”). I am also a former military servicemember, not a political campaign professional.
3. I supported former United States congressional candidate Joe Kent’s election campaign by paying for polling research from my personal funds. I did so for three reasons: First, membership in Trafalgar allowed me to recommend races about which to conduct polls. Second, to see if AES was likely to lose a uniquely skilled and difficult-to-replace employee in the event Mr. Kent won the election. And third, because I wished Mr. Kent success in his endeavor.
4. Mr. Kent competed in an open, “jungle primary” in his bid to win election to the House. I, on my own initiative, paid \$15,000 to \$22,000 to the Trafalgar Group and recommended that it poll a single data point: how Mr. Kent ranked among voters at a precise moment in time. I never released the results of the poll directly to anyone—

including Mr. Kent and his campaign—but rather authorized the Trafalgar Group to release the results.

5. I did not commission the poll at the request or suggestion of Mr. Kent or his PAC. Nor did I coordinate the poll I commissioned with Mr. Kent or his PAC. For example, neither Mr. Kent nor his PAC were substantially involved in creating the content of the poll or selecting its audience.
6. Moreover, the poll did not contain detailed, underlying raw data generated from a poll such as the cross-tabulations, questions asked, and methodology.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and accurate to the best of my knowledge, information, and belief.

Executed on January 5, 2023.



Sean Reed
CEO, Advanced Enterprise Solutions LLC

Exhibit

A

Advanced Enterprise Solutions, LLC
203 NE Front Street Suite 101
Milford, DE 19963

August 15, 2019

Joe Kent



Dear Joe,

It is with great pleasure that we offer you a position as Program Manager with Advanced Enterprise Solutions, LLC. Through your interview process it is apparent that you are uniquely qualified for this role in our company.

Your start date will be August 16, 2019. The starting salary is \$100,000 per year and is paid on a monthly basis. A separate sales commission package will be presented after beginning with the company.

An initial payment of \$5,000 will be provided to cover any individually acquired benefit plans. Starting January 1, 2020, you will be eligible for any company employee benefit plans.

If you choose to accept this offer, please sign and return this offer letter.

We look forward to welcoming you aboard. Please do not hesitate to contact us with any questions or concerns.

Sincerely,
Sean Reed
CEO/Advanced Enterprise Solutions

Signatures

Company Representative Signature

SEAN REED

Printed Name

8/15/19

Date

Applicant Signature

Joseph Kent

Printed Name

8/15/19

Date

Exhibit

B

Exhibit

C

State of Delaware
Secretary of State
Division of Corporations
Delivered 05:09 PM 01/31/2019
FILED 05:09 PM 01/31/2019
SR 20190648951 - File Number 7262816

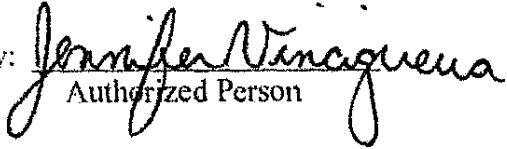
STATE of DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE of FORMATION

1. **FIRST:** The name of the limited liability company is Advanced Enterprise Solutions LLC.

2. **SECOND:** The address of its registered office in the State of Delaware is 203 NE Front Street, Suite 101, Milford, Kent County, DE 19963. The name of its registered agent at such address is Registered Office Service Company.

3. **THIRD:** The name and address of the Authorized Person is Jennifer Vinciguerra, Paralegal, 2700 Kelly Road, Suite 300, Warrington, PA 18976.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on the 31st day of January, 2019.

By: 
Authorized Person

Name: Jennifer Vinciguerra

Exhibit

D

Form **1065**
Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

OMB No. 1545-0123

2021

For calendar year 2021, or tax year beginning _____, 2021, ending _____, 20_____.
Go to www.irs.gov/Form1065 for instructions and the latest information.

A Principal business activity	Type or Print	Name of partnership ADVANCED ENTERPRISES SOLUTIONS LLC	D Employer identification number 30-1173556
B Principal product or service		Number, street, and room or suite no. If a P.O. box, see instructions. 13800 COPPERMINE RD	E Date business started 01/01/2019
C Business code number 541600		City or town, state or province, country, and ZIP or foreign postal code HERNDON, VA 20171	F Total assets (see instructions) \$ 12,993,275.

G Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return

H Check accounting method: (1) Cash (2) Accrual (3) Other (specify) ▶ _____

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **2**

J Check if Schedules C and M-3 are attached.

K Check if partnership: (1) Aggregated activities for section 465 at-risk purposes (2) Grouped activities for section 469 passive activity purposes

Caution: Include **only** trade or business income and expenses on lines 1a through 22 below. See instructions for more information.

Income	1a Gross receipts or sales	1a	13,813,720.		
	b Returns and allowances	1b			
	c Balance. Subtract line 1b from line 1a	1c		13,813,720.	
	2 Cost of goods sold (attach Form 1125-A).	2		3,856,488.	
	3 Gross profit. Subtract line 2 from line 1c	3		9,957,232.	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement).	4			
	5 Net farm profit (loss) (attach Schedule F (Form 1040)).	5			
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6			
7 Other income (loss) (attach statement)	7				
8 Total income (loss). Combine lines 3 through 7	8		9,957,232.		
Deductions <small>(see instructions for limitations)</small>	9 Salaries and wages (other than to partners) (less employment credits)	9		3,359,197.	
	10 Guaranteed payments to partners.	10		440,000.	
	11 Repairs and maintenance	11		745.	
	12 Bad debts	12			
	13 Rent	13		38,576.	
	14 Taxes and licenses.	14	SEE STATEMENT. 1.	63,473.	
	15 Interest (see instructions)	15			
	16a Depreciation (if required, attach Form 4562).	16a	84,768.		
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b			
	16c		84,768.		
	17 Depletion (Do not deduct oil and gas depletion.)	17			
18 Retirement plans, etc.	18				
19 Employee benefit programs	19		903,490.		
20 Other deductions (attach statement)	20	SEE STATEMENT. 1.	834,572.		
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21		5,724,821.		
22 Ordinary business income (loss). Subtract line 21 from line 8	22		4,232,411.		
Tax and Payment	23 Interest due under the look-back method - completed long-term contracts (attach Form 8697).	23			
	24 Interest due under the look-back method - income forecast method (attach Form 8866)	24			
	25 BBA AAR imputed underpayment (see instructions)	25			
	26 Other taxes (see instructions)	26			
	27 Total balance due. Add lines 23 through 26	27			
	28 Payment (see instructions).	28			
	29 Amount owed. If line 28 is smaller than line 27, enter amount owed.	29			
	30 Overpayment. If line 28 is larger than line 27, enter overpayment	30			

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than partner or limited liability company member) is based on all information of which preparer has any knowledge.

MANAGING MEMBER SEAN REED		Date
▶ _____ ▶		
Signature of partner or limited liability company member		

May the IRS discuss this return with the preparer shown below? See instructions. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
--

Paid Preparer Use Only	Print/Type preparer's name NICK DULO	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P01320215
	Firm's name ▶ BDO USA, LLP	Firm's EIN ▶ 13-5381590			
	Firm's address ▶ 8401 GREENSBORO DRIVE, #800 MCLEAN, VA 22102	Phone no. 703-893-0600			

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:				Yes	No
a	<input type="checkbox"/>	Domestic general partnership	b	<input type="checkbox"/>	Domestic limited partnership
c	<input checked="" type="checkbox"/>	Domestic limited liability company	d	<input type="checkbox"/>	Domestic limited liability partnership
e	<input type="checkbox"/>	Foreign partnership	f	<input type="checkbox"/>	Other ▶

2 At the end of the tax year:					
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership			X	
b	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership			X	

3 At the end of the tax year, did the partnership:					
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below				X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below					X
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(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

4 Does the partnership satisfy all four of the following conditions?				Yes	No
a	The partnership's total receipts for the tax year were less than \$250,000.				
b	The partnership's total assets at the end of the tax year were less than \$1 million.				
c	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.				
d	The partnership is not filing and is not required to file Schedule M-3. If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065; or item L on Schedule K-1.				X

5	Is this partnership a publicly traded partnership, as defined in section 469(k)(2)?		X
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6	During the tax year, did the partnership have any debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
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7	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		X
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8	At any time during calendar year 2021, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country ▶		X
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9	At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		X
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10 a	Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		X
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b	Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
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Schedule B Other Information (continued)

	Yes	No
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
11 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>		
12 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
13 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs), enter the number of Forms 8858 attached. See instructions. ▶		
14 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership ▶		X
15 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		
16a Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions	X	
b If "Yes," did you or will you file required Form(s) 1099?	X	
17 Enter the number of Forms 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return ▶		
18 Enter the number of partners that are foreign governments under section 892 . . . ▶		
19 During the partnership's tax year, did the partnership make any payments that would require it to file Form 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474)?		X
20 Was the partnership a specified domestic entity required to file Form 8938 for the tax year? See the Instructions for Form 8938		X
21 Is the partnership a section 721(c) partnership, as defined in Regulations section 1.721(c)-1(b)(14)?		X
22 During the tax year, did the partnership pay or accrue any interest or royalty for which one or more partners are not allowed a deduction under section 267A? See instructions If "Yes," enter the total amount of the disallowed deductions ▶ \$		X
23 Did the partnership have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions		X
24 Does the partnership satisfy one or more of the following? See instructions a The partnership owns a pass-through entity with current, or prior year carryover, excess business interest expense. b The partnership's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$26 million and the partnership has business interest. c The partnership is a tax shelter (see instructions) and the partnership has business interest expense. If "Yes" to any, complete and attach Form 8990.		X
25 Is the partnership attaching Form 8996 to certify as a Qualified Opportunity Fund? If "Yes," enter the amount from Form 8996, line 15 ▶ \$		X
26 Enter the number of foreign partners subject to section 864(c)(8) as a result of transferring all or a portion of an interest in the partnership or of receiving a distribution from the partnership. . . . ▶ _____ Complete Schedule K-3 (Form 1065), Part XIII, for each foreign partner subject to section 864(c)(8) on a transfer or distribution.		
27 At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8?		X
28 Since December 22, 2017, did a foreign corporation directly or indirectly acquire substantially all of the properties constituting a trade or business of your partnership, and was the ownership percentage (by vote or value) for purposes of section 7874 greater than 50% (for example, the partners held more than 50% of the stock of the foreign corporation)? If "Yes," list the ownership percentage by vote and by value. See instructions. Percentage: By Vote By Value		X
29 Is the partnership electing out of the centralized partnership audit regime under section 6221(b)? See instructions. If "Yes," the partnership must complete Schedule B-2 (Form 1065). Enter the total from Schedule B-2, Part III, line 3 ▶ _____ If "No," complete Designation of Partnership Representative below.		X

Designation of Partnership Representative (see instructions)

Enter below the information for the partnership representative (PR) for the tax year covered by this return.

Name of PR ▶ REED HOLDINGS, INC

U.S. address of PR ▶ 43207 MAPLE CROSS ST CHANTILLY, VA 20152	U.S. phone number of PR ▶ (703) 606-0424
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If the PR is an entity, name of the designated individual for the PR ▶ SEAN REED

U.S. address of designated individual ▶ 43207 MAPLE CROSS ST CHANTILLY, VA 20152	U.S. phone number of designated individual ▶ (703) 606-0424
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Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	4,232,411.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss) 3a		
	b Expenses from other rental activities (attach statement) 3b		
	c Other net rental income (loss). Subtract line 3b from line 3a 3c		
	4 Guaranteed payments: a Services 4a 440,000. b Capital 4b		
	c Total. Add lines 4a and 4b. STMT. 1. 4c		440,000.
	5 Interest income SEE STATEMENT. 1. 5		11,145.
	6 Dividends and dividend equivalents: a Ordinary dividends 6a		
	b Qualified dividends 6b c Dividend equivalents 6c		
	7 Royalties 7		
8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 8			
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) 9a			
b Collectibles (28%) gain (loss) 9b			
c Unrecaptured section 1250 gain (attach statement) 9c			
10 Net section 1231 gain (loss) (attach Form 4797) 10			
11 Other income (loss) (see instructions) Type ▶ 11			
Deductions	12 Section 179 deduction (attach Form 4562) 12		
	13a Contributions SEE STATEMENT. 2. 13a		62,300.
	b Investment interest expense 13b		
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶ 13c(2)		
d Other deductions (see instructions) Type ▶ 13d		55,247.	
Self-Employment	14a Net earnings (loss) from self-employment 14a		
	b Gross farming or fishing income 14b		
	c Gross nonfarm income 14c		
Credits	15a Low-income housing credit (section 42(j)(5)) 15a		
	b Low-income housing credit (other) 15b		
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable) 15c		
	d Other rental real estate credits (see instructions) Type ▶ 15d		
	e Other rental credits (see instructions) Type ▶ 15e		
	f Other credits (see instructions) Type ▶ STMT 2 R&D 15f		146,803.
International Transactions	16 Attach Schedule K-2 (Form 1065), Partners' Distributive Share Items-International, and check this box to indicate that you are reporting items of international tax relevance. <input type="checkbox"/>		
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment 17a		
	b Adjusted gain or loss 17b		
	c Depletion (other than oil and gas) 17c		
	d Oil, gas, and geothermal properties - gross income 17d		
	e Oil, gas, and geothermal properties - deductions 17e		
	f Other AMT items (attach statement) 17f		
Other Information	18a Tax-exempt interest income 18a		
	b Other tax-exempt income. 18b		
	c Nondeductible expenses 18c		
	19a Distributions of cash and marketable securities 19a		3,446,000.
	b Distributions of other property 19b		
	20a Investment income SEE STATEMENT. 2. 20a		11,145.
	b Investment expenses 20b		
c Other items and amounts (attach statement) SEE STATEMENT 2			
21 Total foreign taxes paid or accrued 21			

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 21		1	4,566,009.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)
a General partners			
b Limited partners	4,566,009.		

Schedule L Balance Sheets per Books

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		3,406,773.		12,141,606.
2a Trade notes and accounts receivable	1,417,000.			
b Less allowance for bad debts		1,417,000.		
3 Inventories				35,565.
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach statement)	STMT 3	380,835.		231,629.
7a Loans to partners (or persons related to partners)				
b Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets	395,682.		203,494.	
b Less accumulated depreciation		395,682.	28,900.	174,594.
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12a Intangible assets (amortizable only)	NONE		482,008.	
b Less accumulated amortization		NONE	73,922.	408,086.
13 Other assets (attach statement)	STMT 3	1,795.		1,795.
14 Total assets		5,602,085.		12,993,275.
Liabilities and Capital				
15 Accounts payable		726,031.		321,121.
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)	STMT 3	594,500.		7,853,064.
18 All nonrecourse loans				
19a Loans from partners (or persons related to partners)				
b Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach statement)				
21 Partners' capital accounts		4,281,554.		4,819,090.
22 Total liabilities and capital		5,602,085.		12,993,275.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: The partnership may be required to file Schedule M-3. See instructions.

1 Net income (loss) per books	3,983,536.	6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize): STMT 3	386,237.	a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)	384,753.	7 Deductions included on Schedule K, lines 1 through 13d, and 21, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 21 (itemize):		a Depreciation \$	62,082.
a Depreciation \$		<u>SEE STATEMENT 3</u>	198,102.
b Travel and entertainment \$		8 Add lines 6 and 7	260,184.
<u>SEE STATEMENT 3</u>	71,667.	9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	4,566,009.
5 Add lines 1 through 4	4,826,193.		

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year	4,142,456.	6 Distributions: a Cash . . . STMT. 4 . . .	3,446,000.
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) (see instructions)	4,181,256.	8 Add lines 6 and 7	3,446,000.
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	4,877,712.
5 Add lines 1 through 4	8,323,712.		