

REPORTS ANALYSIS DIVISION REFERRAL

TO

ALTERNATIVE DISPUTE RESOLUTION OFFICE

DATE: September 17, 2013

ANALYST: Paul Stoetzer

- I. COMMITTEE: America's Next Generation LLC D/B/A The Next Generation
C00491373
Lance Davis, Treasurer (10/15/12 – Present)
Matthew Palumbo, Treasurer (9/26/12 – 10/14/12)
George Anderson, Treasurer (7/31/11 – 9/25/12)
7023 Mill Road
Suite 1
Brecksville, OH 44141
- II. RELEVANT STATUTE: 2 U.S.C. §434(b)(8)
11 CFR §104.3(d)
- III. BACKGROUND:

Failure to Provide Supporting Schedules (Failure to Disclose All Financial Activity)

America's Next Generation LLC D/B/A The Next Generation ("the Committee") amended its 2012 July Quarterly Report to disclose additional debts of \$143,010.20 that were not disclosed on the original report. The Committee also amended its 2012 12 Day Pre-General Report to disclose additional debts of \$89,884.34 that were not disclosed on the original report (Attachment 2).

2012 July Quarterly Report

On July 13, 2012, the Committee filed the original 2012 July Quarterly Report covering the period from April 1, 2012 through June 30, 2012. The report disclosed \$0.00 debts on Line

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10 (Debts and Obligations Owed by the Committee) of the Summary Page (Image 12971427462).

On March 21, 2013, the Committee filed an Amended 2012 July Quarterly Report. The report disclosed \$143,010.20 in debts on Line 10 of the Summary Page, a total increase in new debts incurred during the reporting period of \$143,010.20 (Image 13961218903).

On the same day, the Committee filed another Amended 2012 July Quarterly Report. The report disclosed no change in debts from the previous amendment (Image 13961219291).

On April 15, 2013, a Request for Additional Information (RFAI) was sent to the Committee referencing the Amended 2012 July Quarterly Report, received March 21, 2013. The RFAI requested clarification regarding the substantial increase in debts disclosed on the Amended 2012 July Quarterly Report that were not disclosed in the original filing (Image 13330028970).

On May 16, 2013, Paula Edwards, a consultant for the Committee, called the Reports Analysis Division (RAD) Analyst regarding the RFAI. She explained that the Committee had incurred some liability as of June 30, 2012 that had not been originally reported, but that she was not sure if the totals were accurate and that she would have to re-visit the issue. The Analyst advised her to file a Miscellaneous Electronic Submission ("Form 99") to explain the reason the debts were not originally disclosed and file an amendment to correct any errors in disclosure, if necessary. She stated that she would do so (Attachment 3).

On May 20, 2013, the Committee filed a Form 99 which stated, in part:

"The increase in Schedule D, Line 10 - Debts and Obligations Owed by the Committee arose from an examination of invoices that were created by the vendor and received by the Committee after the filing date of the [2012] July Quarterly Report. These invoices were dated in July, 2013 and referenced work performed in June, 2013. Under the Committee's contract with the vendor, the charge for this work was not calculated until the invoices were created. In accordance with accrual basis accounting, the Committee included these charges on the amended [2012] July Quarterly Report" (Image 13940765672).

2012 12 Day Pre-General Report

On October 25, 2012, the Committee filed the original 2012 12 Day Pre-General Report covering the period from October 1, 2012 through October 17, 2012. The report disclosed \$94,475.01 in estimated new debts incurred owed to "Infocision Management Corporation" on Schedule D, supporting Line 10 (Debts and Obligations Owed by the Committee) of the Summary Page (Image 12940737961).

On April 3, 2013, the Committee filed an Amended 2012 12 Day Pre-General Report. The report disclosed \$314,379.71 in estimated new debts incurred owed to "Infocision Management Corporation" and \$89,884.34 in estimated new debts incurred owed to "Rapid

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Response Television” on Schedule D, supporting Line 10 of the Summary Page, a total increase in new debts incurred during the reporting period of \$309,789.04 (Images 13961242714-7).

On April 23, 2013, a Request for Additional Information (RFAI) was sent to the Committee referencing the Amended 2012 12 Day Pre-General Report, received April 3, 2013. Among other issues, the RFAI requested clarification regarding the substantial increase in debts disclosed on the Amended 2012 12 Day Pre-General Report that were not disclosed in the original filing¹ (Image 13330029736).

On May 28, 2013, the Committee filed a Miscellaneous Electronic Submission (“Form 99”) which stated, in part:

“The original disclosures contained on Schedule D, Line 10 - Debts and Obligations Owed by the Committee were based on good faith estimates of uninvoiced amounts owed to the vendor as required under Section 104.11. The increase arose from an examination of invoices that were created by the vendor and received by the Committee after the filing date of the [2012 12 Day] Pre-General Report. Under the Committee's contract with the vendor, the charge for this work was calculated and paid when the invoices were created. In accordance with accrual basis accounting, the Committee included these charges on the amended [2012 12 Day] Pre-General Report” (Image 13962720157).

On the same day, the Committee filed another Amended 2012 12 Day Pre-General Report. The report disclosed no change in debts from the previous amendment. The report still disclosed \$89,884.34 in new debts incurred owed to “Rapid Response Television/Take 2 Direct” for which no estimate had been disclosed on the original report (Image 13962719998).

On June 14, 2013, the Reports Analysis Division (RAD) Analyst called Paula Edwards, a consultant for the Committee. The Analyst informed Ms. Edwards that the Committee would be referred for further action due to the substantial increase in debts disclosed on the Committee’s amended reports. Ms. Edwards stated that the Committee was following standard accounting procedures to report the debts when they were incurred despite the balances not being available at the time of filing. The Analyst advised Ms. Edwards to file a Form 99 if the Committee had any further information to disclose regarding the activity. The Analyst also advised her to file amended reports if any of the activity was disclosed incorrectly. She stated that she would do so if necessary (Attachment 3).

To date, no further communication has been received from the Committee regarding this matter.

¹ The RFAI cited an increase in debts totaling \$304,939.04. This was the net change in total debts including a debt, which was removed from the amended report.

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