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November 5, 2013

VIA E-MAIL AND FIRST CLASS MAIL

Lynn M. Fraser
Director
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Re: *ADR 662 (RAD 13L-40)*
America's Next Generation LLC DBA The Next Generation and Lance Davis, Treasurer

Dear Ms. Fraser:

I represent America's Next Generation and Lance Davis, Treasurer (the Committee). As indicated, my clients are interested in resolving this matter through the Commission's Alternative Dispute Resolution Office (ADR Office).

The matter referred to your office by Report Analysis Division (RAD) involves two reports filed by the Committee (2012 July Quarterly Report and the 2012 12-day Pre General Report). These reports were amended disclosing significantly additional debts to a single vendor. The Committee filed amended 2012 July Quarterly Reports on March 31, 2013 that disclosed additional debts of \$143,010.20. The Committee filed an amended 2012 12-day Pre-General Report on April 3, 2013 that disclosed additional debts of \$89,884.14.

The original quarterly and pre-general report disclosures contained on Schedule D, Line 10 - Debts and Obligations Owed by the Committee were based on good faith estimates by the Committee of the amounts owed to a single vendor, InfoCision. The increased debt disclosure arose from an examination of InfoCision invoices received by the Committee after the filing date of the October Quarterly Report. These invoices were dated in October, 2012 and referenced work performed in September, 2012. Under the Committee's contract with the vendor, the charge for this work was calculated, due and then paid when the invoices were created in October. However, in accord with accrual basis accounting, the Committee included these charges on its amended October Quarterly Report.

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The Committee raises most of its funds by utilizing InfoCision as a telemarketing vendor. It is necessary to have a brief understanding of the vendor services to understand the reporting issues for the Committee. A successful InfoCision fundraising call can result in two different types of "Yes" responses from a contributor. A donor can contribute by credit card or an individual may commit to make a donation and receive a follow-up mailing to fulfill their pledge.

If a donor says "Yes I'll give you \$100," and they put it on a credit card, the funds are received and processed immediately by the vendor. Alternatively, if they do not use a credit card, they receive a letter in the mail with return information for their contribution. This mail procedure can take anywhere from a week to several months. The agreement with InfoCision requires that InfoCision must wait until a donation is actually received by the Committee before invoicing for their work. Therefore, as an example, work performed in June may not be invoiced until July or even August if payments are based on mail returned contributions.

The Committee has estimated the charges in order to timely disclose. InfoCision sends the Committee a list of contributors and expenses withdrawn. The vendor also gives the Committee an estimate of the amount of outstanding debts from estimated future donations. The problem for reporting was that the vendor billing was so far behind that the payments were actually for work done two months before, and their estimates of amounts outstanding in many cases did not include the work that had already been disclosed in the 24/48 hour reports. The Committee did not discover the discrepancies until it attempted to reconcile the reports. In order to reconcile its reports, the Committee's FEC accounting consultant Paula Edwards created a dataset with the dates the work was performed from all the InfoCision invoices and then tracked that against the payment applications and the 24/48 hour reports. The Committee amended its report so that the 24/48 hour reports agree with the actual expenditures and amounts outstanding.

There is clearly no attempt by the Committee to hide any finance activities. The issue of actual estimated expenses versus actual costs present in the InfoCision fundraising contract is not expressly anticipated by the Commission's regulations.

In conjunction with its accounting consultant, the Committee has developed a plan to prevent this event from occurring again by tracking the dates the work is performed on the invoices, the payment application data, and getting work-in-process files from InfoCision showing un-invoiced work that has been performed during the reporting period. Even with these efforts the amounts outstanding will always be estimates because of the nature of the InfoCision agreement with payment based in part on collections rather than pledges. The Committee is, in effect, recording a contingent liability, but the exact amount of the liability may not be known for months after it has been estimated because the contingency is based on the response of the people solicited.


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Nonetheless, the efforts described above should result in far more accurate estimates of the outstanding liabilities and much smaller adjustments, if any are required, when the actual billings are received.

We are prepared to answer any questions you may have regarding the Committee's activities and provide any additional materials you need. Also, we are prepared to meet with you at your convenience if you believe it would be useful to resolve the matter.

Sincerely,



Mark Braden

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