



March 17, 2015

Anthony Gurrera, Treasurer  
Local 3860, American Federation of Government  
Employees  
P.O. Box 642  
Otisville, NY 10963

Case Number: 130-6003687 [REDACTED]  
LM Number: 514111

Dear Mr. Gurrera:

This office has recently completed an audit of Local 3860, American Federation of Government Employees, under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on March 16, 2015, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

**Reporting Violations**

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed violations of this requirement. The Labor Organization Annual Report (Form LM-3) filed by Local 3860 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Line 25 of the Form LM-3, Cash, requires that you enter the total of all your organization's cash on hand and on deposit at the start and end of the reporting period in Columns (A) and (B), respectively. Our audit disclosed that your checking account balance at the beginning of the year was \$117,059, and that the balance in your certificate of deposit account for the entire year was \$13,283. Adding these two figures, your cash at the beginning of the year was \$130,342. Similarly, the audit determined that your checking account balance at the end of the year was \$122,440. Adding the \$13,283 from your certificate of deposit account to this figure, your cash at the end of the year came to \$135,723.

Your local's Form LM-3 reported just \$60,415 for cash at the beginning of the year and \$66,434 for cash at the end of the year. It is clear that these reporting errors were simply the result of a misunderstanding as to what was being asked for in Line 25. You

mistakenly inserted the figure of \$60,415 from Line 55, Total Disbursements, into Line 25A, and the figure of \$66,434 from Line 44, Other Receipts, into Line 25B.

2. Line 38, Dues, requires that you enter the total dues received by because your total reported receipts in Line 44 were \$66,434, and your total reported disbursements your organization. The voluntary premium deductions of those members who choose to participate in your dental plan are not dues, and should not be reported as such, even though they reach you from the AFGE National Office together with dues as a bi-weekly lump sum. For reporting purposes, you must separate the regular membership dues from the voluntary deductions that are intended to be transmitted by you to the dental plan on behalf of the participants.

From the records provided to you for each pay period from the AFGE National Office, you must calculate the total amount that has been voluntarily deducted from members' paychecks for the dental plan. You must then subtract that amount from the total lump sum amount that the AFGE has sent you. The remainder will be the total amount of actual membership dues that you have received. The total of these membership dues received during the year should be reported in Line 38. The total of dental plan deductions received for the year should be reported under "Other Receipts" in Line 43.

Local 3860 must file an amended Form LM-3 for the fiscal year ended December 31, 2013, to correct the deficient items discussed above. I encourage Local 3860 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than March 31, 2015, or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

#### Other Violations

The audit disclosed the following other violation:

1. Inadequate Bonding

Pursuant to 29 C.F.R. Section 458.35, officers and employees of any labor organization subject to the CSRA are required to be bonded in accordance with Section 502(a) of the LMRDA. This provision requires that union officers and employees be bonded for no less than 10% of the total funds those individuals or their predecessors handled during the preceding fiscal year.

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Local 3860's officers and employees are currently bonded for \$15,000, but they must be bonded for at least \$20,000. Local 3860 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than March 31, 2015.

I want to extend my personal appreciation to Local 3860, American Federation of Government Employees, for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[REDACTED]  
Senior Investigator

cc: Donald Drewett, President, Local 3860  
J. David Cox, National President, AFGE