



January 30, 2009

Ms. Bernadette Jiron, Secretary-Treasurer
Teachers, AFL-CIO, State Federation, Colorado
901 West 14th Avenue, Suite 1
Denver, CO 80204

LM File Number: 513-309
Case Number: [REDACTED]

Dear Ms. Jiron:

This office has recently completed an audit of Teachers, AFL-CIO, (AFT) State Federation (SFED), Colorado 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 Cheryl Reiling, David Sanger, and Bruce McDonald on January 29, 2009, 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

The audit disclosed the following reporting violations.

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-2 filed by AFT, SFED for fiscal year ending June 30, 2008, was deficient in the following areas:

1. PAC Funds

Item 11 of the LM-2 report, (During the reporting period did your organization have a political action committee (PAC) fund?) was incorrectly answered, "No." AFT State Federation had four PAC accounts during 2008. As stated in the LM-2 report instructions, PAC funds kept separate from your union's treasury need not be included in your union's LM report if publicly available reports on the PAC funds are filed with a federal or state agency. However, the audit revealed that AFT, SFED, Colorado contributed approximately \$250,000 in PAC funds to various

entities and received over \$220,000 in PAC funds which were not reported to the state. Therefore, the financial activities of the PAC fund must be included in AFT, SFED, Colorado's LM-2 report or be disclosed to the appropriate state agency.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. AFT, SFED, Colorado amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

I am not requiring that AFT, SFED, Colorado file an amended LM report for 2008 to correct the deficient items. A copy of AFT, SFED's constitution and bylaws has now been filed. AFT, SFED, Colorado has agreed to amend PAC fund reports with the State agency or furnish OLMS with an amended LM-2 report for fiscal year ending 2008.

Other Issues

1. Information not Recorded in Meeting Minutes

During the audit, Mr. Sanger advised OLMS that the executive board authorized and approved an annual budget for the fiscal year ending June 30, 2008, and that any expenses outside the budget are approved by the executive board at quarterly meetings. However, the minutes of several executive board meetings do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Bonding

The audit revealed that AFT, SFED, Colorado's officers and employees are bonded for \$100,000, but the union reported a bond of \$1,000,000. AFT, SFED has agreed to correctly report its bonding coverage on all future LM reports.

I want to extend my personal appreciation to Teachers, AFL-CIO, SFED, Colorado for the cooperation and courtesy extended during this compliance audit. I strongly

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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,



Investigator

cc: Mr. David Sanger, President