



Nothing Really Compares to the Koch Brothers' Political Empire

By Paul Blumenthal

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As billionaire conservatives Charles and David Koch become a focus of Democratic Party attacks for their big spending in the 2014 elections, conservatives have argued back that the Kochs' "dark money" is puny compared to the shadowy funds spent by an array of wealthy liberal interests and individuals.

Fingers have been pointed at labor unions, billionaire investor George Soros, billionaire environmentalist Tom Steyer and the Tides Foundation as the supposed liberal counterparts to the Kochs.

But the numbers just don't add up. And these progressive groups tend to operate in the sunshine of public disclosure, unlike the Kochs' semi-secret political empire.

Let's start with the misunderstanding — or the deliberate expansion — of the term "dark money."

Coined in October 2010 by Bill Allison, editorial director at the Sunlight Foundation, "dark money" was meant to describe the funds spent on elections and election-related issue ads by political nonprofits that are not required to disclose the names of their donors. This money skyrocketed following the Supreme Court's 2010 Citizens United decision.

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"Cato [Institute], Heritage [Foundation] and Center for American Progress aren't dark money groups, and neither is the March of Dimes, which also does not disclose donors," Allison said via

email. “I think of Dark Money as the money from undisclosed donors spent to influence the outcome of an election.”

What kinds of nonprofits does the term cover? Mainly, “social welfare” nonprofits (organized under section 501(c)(4) of the tax code) and trade associations (organized under section 501(c)(6)), when they spend money to influence electoral outcomes. It can also cover shell corporations that spend on elections and have no other apparent purpose.

Those not included under the “dark money” moniker: public interest nonprofits (organized under section 501(c)(3)), which may be involved in shaping policy but are forbidden to engage in electoral activity and labor unions (organized under section 501(c)(5)), which can participate in elections but must disclose their donors to the Labor Department.

The Koch brothers run most of their political empire through a network of 501(c)(4) and 501(c)(6) nonprofits, the majority of which spend money directly on elections or fund those that do.

In total, the Koch political empire marshaled \$400 million in the 2012 election cycle toward groups and efforts that spent money directly in the electoral arena. Not every group that received money from the empire reported spending on elections, but the vast majority of that money went to groups that spent tens of millions on electoral ads — which must be reported to the Federal Election Commission — and even more on issue ads that targeted candidates but didn’t advocate their electoral victory or defeat — which is not reported. Koch players included Americans for Prosperity, the American Future Fund and the 60 Plus Association.

Already, Koch-linked dark money groups have spent more than \$30 million on ads targeting vulnerable Democratic congressional candidates running in the 2014 midterms.

It is the electoral focus of the Koch nonprofits and their sophisticated efforts to shield donors’ identities — plus the vast sums of money they move — that has brought them the unwanted attention of both Democratic Senate leadership and reporters.

There exists no outside network or organization supporting Democratic Party candidates in elections, while not disclosing its donors, that spends money in comparable amounts.

Take the Tides Foundation, a longstanding liberal donor fund that provides money to nonprofits working on the environment, labor issues, immigrant rights, gay rights, women’s rights and human rights. Conservative blogs blasted the foundation as far more influential than the Koch brothers as early as 2011.

But according to tax records accessed through CitizenAudit.org, the Tides Foundation allocates little of its money to groups that engage in FEC-reportable spending on elections. Tides gave just \$3.1 million of its \$136 million in 2011-2012 grants to 501(c)(4) nonprofits that are permitted to engage part-time in politics. An even smaller sum went to such groups that actually reported election spending — i.e., dark money groups.

Some of those recipient groups reported spending large sums on elections, but they received very little of that from Tides: The League of Conservation Voters, which spent \$11.2 million on elections, received just \$150,000 from Tides. The Michigan League of Conservation Voters spent \$860,237 but received only \$15,000. Planned Parenthood spent \$6.7 million and received \$110,000. And VoteVets.org spent \$3.2 million and received \$82,500.

The Advocacy Fund, a former Tides organization that is still run out of the same office, gave more to 501(c)(4) nonprofits in the last election cycle: \$11.5 million. But only \$5.7 million went to those dark money groups that actually spent money on the elections. Recipients that engaged in electoral spending included America Votes (\$1.8 million from the Advocacy Fund), the Campaign for Community Change (\$1.3 million), the League of Conservation Voters (\$2 million), the National Wildlife Federation Action Fund (\$125,000), the NRDC Action Fund (\$80,000) and the Sierra Club (\$278,000).

So if the Tides Foundation is supposed to be the liberal equivalent of the Kochs, it's a pale shadow of the conservative juggernaut. Combined, the money from Tides and the Advocacy Fund falls well short of the amounts amassed by the Koch operation.

Another favorite target of conservative comparison making is George Soros, who is indeed a major progressive political donor and operates a large network of nonprofit funds to push his vision of an "open society." This network holds assets in the billions of dollars.

But again, the Soros foundations direct only a tiny fraction of their funds to groups spending money to directly influence elections. The Open Society Policy Center and the Fund for Policy Reform, the main Soros groups donating to 501(c)(4) nonprofits, gave \$12.9 million to those nonprofits in the 2012 cycle, of which just \$1 million went to the subset that spent money in elections. Soros himself has publicly stated his opposition to funding attack ads.

In addition, Soros was personally a major donor to Democratic super PACs in the last election, including \$1 million to American Bridge 21st Century, \$1 million to Priorities USA Action, \$675,000 to House Majority PAC and \$100,000 to Senate Majority PAC. He has also donated \$25,000 to the Ready for Hillary PAC. But unlike whatever funds the Koch brothers pour into their political empire, the Soros donations to super PACs are not "dark," for they are all disclosed to the FEC in publicly accessible records.

As for Tom Steyer, the former hedge fund investor turned super-environmentalist, the majority of his spending this election cycle has gone through a super PAC, which discloses its donors — or in Steyer's case, its donor.

Other liberal donor funds — including the Atlantic Advocacy Fund, the Green Tech Action Fund and the Public Interest Projects Action Fund — donated approximately \$35 million to 501(c)(4) nonprofits during the 2012 election. But only 19 percent of that went to groups that actually spent money on elections.

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or in Steyer's case, its donor. So far, his CE Action Committee has spent more than \$1 million to help Senator Ed Markey (D-MA) secure victory in a 2013 special election and more than \$8 million to help Virginia Governor Terry McAuliffe (D) win his race.

Steyer has declared that he intends to spend up to \$100 million in the 2014 elections. Although that would no doubt make him the largest political donor among those backing Democratic candidates, it remains to be seen whether he will follow through. The Los Angeles Times said as much when it wrote that Steyer "may" be the liberal answer to the Kochs.

In the meantime, the Kochs' dark money empire is not merely a future threat or a possible hope. It is a reality, controlled by two billionaires who chose to operate, as much as they can, in the political shadows.