

Koch target and New Yorker journalist Jane Mayer discusses dark money

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Investigative journalist Jane Mayer is relaxed as she talks about her new book, *Dark Money*, a book about libertarian oil billionaires David and Charles Koch and other wealthy individuals who have been channeling anonymous donations through nonprofit groups in order to influence American opinion on everything from politics to climate change.

She seems eerily calm for someone whose writing has upset the fifth richest people in the U.S. — not long after she wrote the famed New Yorker feature that pushed the reclusive Republican funders into the national spotlight in 2010, the Kochs allegedly hired a former police chief to find "dirt" on her private life.

"I couldn't believe they'd gone to so much trouble," she said, laughing over the phone. "It was ridiculous."

Her latest book on the Kochs uncovers how they — and other billionaires in a tangled web of right-wing nonprofit groups — worked to downplay climate change as an issue of public concern.

An oil refinery for the Nazis

As a political reporter for the *New Yorker* in Washington in 2010, Mayer knew a bit about David Koch and saw that the Kochs were beginning to fund the libertarian Tea Party movement. She set out to find out what was going on and contacted a Koch spokesperson, who denied any connection of the businessman to the Tea Party.

Mayer then turned up at a conference the Koch group was sponsoring, and discovered that they were giving seminars to the Tea Party people on how to become effective activists.

"I realized that there was a contradiction between what the party line was from the company and what they were doing politically.

"That piqued my curiosity, and I just kept digging."

What Mayer found was, as she describes it, just the tip of the iceberg. She'd stumbled into the astonishing network of interlocking, nonprofit groups now known as the Kochtopus. Mayer said

the brothers poured money into those groups to create “huge opposition to anything that was remotely progressive in America.”

“It became a subterranean network that I was unearthing.”

Mayer’s *Dark Money* — the phrase used to describe anonymous political donations— is full of revelations. One of the most explosive, which became news in mid-January, was the allegation that Fred C. Koch, the patriarch of the family, helped build the third largest oil refinery in Nazi Germany.

Mayer describes the refinery as the third largest in Nazi Germany during the time. She notes that according to the numerous historians of German and industrial history she interviewed for the book, the refinery was very important to the Nazi war machine because it was capable of refining the high-octane fuel needed for the military aircraft.

The top executive of the refinery was a "notorious American Nazi sympathizer" named William Rhodes Davis, Mayer details, noting that eventually because of his extensive business dealings with Hitler, Davis would face accusations from a federal prosecutor that he was an "agent of influence" for the Nazi regime. Davis lined up American financing for the deal and then went after Germany's backing.

One of the meetings Mayer describes took place between Davis and the chairman of I.G. Farben, the chemical company that would produce the gas for the concentration camps' death chambers. Davis opened the meeting with a Nazi Heil Hitler salute, but failed to secure the deal, after which he approached Hitler directly.

In 1934, Davis enlisted Fred Koch's company, Winkler-Koch, to help build the refinery, which was finished under Fred Koch's direction in 1935. "The development of the German fuel industry 'was hugely, hugely important' to Hitler's military ambitions, according to Northwestern University professor Peter Hayes" Mayer writes.

On their website, the Kochs have published a long denial of Mayer's allegations.

“Ms. Mayer’s recent book, like much of her reporting over the last several years on the Koch family and Koch Industries, relies on questionable sourcing and a misrepresentation of the facts in order to further a partisan, agenda-driven storyline that is often grossly inaccurate,” asserts David Robertson, president and COO of Koch Industries on the website.

But Mayer responds: “What the Kochs had said was Fred Koch only designed part of the refinery, the cracking unit, which is the part that refines the oil, and that in essence what they’ve said is many companies were involved in working for Hitler in 1935.”

Mayer also documents that Fred Koch built refineries for Russian dictator Joseph Stalin's regime. "In 1930, his company, then called Winkler-Koch, began training Russian engineers and helping Stalin's regime set up fifteen modern oil refineries under the first of Stalin's five-year plans. The

program was a success, forming the backbone of the future Russian petroleum industry," writes Mayer.

"The oil trade brought crucial hard currency into the Soviet Union, enabling it to modernize other industries. Koch was reportedly paid \$500,000, a princely sum during America's Great Depression. But by 1932, facing growing domestic demand, Soviet officials decided it would be more advantageous to copy the technology and build future refineries themselves. Fred Koch continued to provide technical assistance to the Soviets as they constructed one hundred plants, according to one report, but the advisory work was less profitable."

Looking for "dirt, dirt, dirt"

As a result of her investigative journalism, Mayer herself has been on the receiving end of unwelcome treatment from the Kochs.

Several company operatives worked with an outside investigator to delve into her life and see if they could find anything after she published her first piece on the brothers in the *New Yorker* in 2010.

"I was told by a source they were looking for dirt, dirt, dirt," Mayer told *National Observer*.

They tried to shop around a story to other media alleging that Mayer had plagiarized work and that was aimed at hurting her professional reputation. But the story was false, and failed to take in any headway in the media.

Mayer said the book tells the story of a kind of ideological war that began to be waged around 1971.

"It's about all these different nonprofit organizations that are funded by this small handful of people to push free-market ideology and to demonize the government and particularly environmental regulations. It's broader than their trying to buy politicians. It's really they're trying to fund and propagate a world view."

Mayer said every major Republican candidate other than Donald Trump has gone to the Kochs and their network to beg for funding. But Trump is thumbing his nose at them, according to Mayer, who said the real estate mogul sent out a tweet about the other candidates that questioned: "Puppets?"

Mayer believes part of Trump's appeal to the non-billionaire members of the Republican Party is that he's not owned by anyone. "I think at this point there's so much suspicion about this handful of huge donors in American politics that it's an asset for Trump not to be needing their backing."

Fueling climate change denial

Dirty fuel and dark money seem to go hand-in-hand, and nowhere do the two collide more than in the activities of the American billionaires.

“They have tremendous interests in the fossil fuel business,” Mayer said of the Koch brothers to *National Observer*. “They have been deeply, deeply invested for the last 10 or 15 years in funding the denial of climate change.”

Part of *Dark Money* is the unsettling story of how incredibly wealthy climate change deniers anonymously funneled money to nonprofit groups to do their dirty work of discrediting climate change science for them.

According to the book, the Kochs funded climate change denial groups to the tune of nearly \$25-million between 2005 and 2008 and spent another \$20-million lobbying Washington between 2004 and 2008.

At the same time, the Kochs fuelled the “crown jewel” of their empire, the Pine Hill Refinery in Rosemount, Minnesota with heavy “garbage” crude from Alberta’s tar sands while spewing emissions into the air.

“With ownership of refineries, pipelines, a coal subsidiary (the C. Reiss Coal Company), coal-fired power plants, fertilizer, petroleum coke manufacturing, timber, and leases on over a million acres of untapped Canadian oil sands, Koch Industries alone routinely released some 300 million tons of carbon dioxide into the atmosphere a year,” Mayer writes.

Mayer managed to trace the money back to such U.S.-based think tanks as the Cato Institute in Washington, a libertarian think tank that Charles Koch founded and which issued reports such as "Apocalypse Not: Science, Economics, Environmentalism and the Climate of Fear: Why We Shouldn't Worry about Global Warming."

The Charles G. Koch Charitable Foundation, with funds from ExxonMobil and the American Petroleum Institute, helped pay for a non-peer reviewed study that claimed climate change wasn't endangering polar bears.

(The Kochs have also donated hundreds of thousands of dollars to the Canadian right-wing think tank, the Fraser Institute, according to [previous stories](#) in the *Vancouver Observer*.)

Talking to *National Observer*, Mayer made it clear that the Kochs alone weren't responsible for the funding of the climate deniers, but rather, that they are among “a handful of billionaires whose private foundations have really been at the root of climate change denial in America.”

Among the others she cites are Richard Mellon Scaife, heir to the Gulf Oil fortune; and John Olin, an industrialist whose companies, among other things, at one time manufactured DDT.

Mayer writes that coal, oil and gas magnates formed the nucleus of the Koch donor network. The group included Corbin Robertson Jr., who owned - by one count - 21-billion tons of coal reserves; Harold Hamm and Larry Nicols, two of the most successful pioneers of fracking; and oilmen and coal company owners from a number of states.

The \$25-million between 2005 and 2008 that went into funding dozens of different organizations fight against climate reform outspent what was then the world's largest public oil company, ExxonMobil, by a factor of three, Kert Davies, a director of research at Greenpeace found.

Greenpeace declared Koch Industries the "kingpin of climate science denial."

Robert Brulle, a Drexel University professor of sociology and environmental science, discovered that between 2003 and 2010 over half a billion dollars had been channeled to climate change denial groups.

His research, constituting the first peer-reviewed academic study on the topic, "examined the tax records of more than a hundred nonprofit organizations engaged in challenging the prevailing science on global warming.

"What it found was, in essence, a corporate lobbying campaign disguised as a tax-exempt, philanthropic endeavour. Some 140 conservative foundations funded the campaign, Brulle found. During the seven-year period he studied, these foundations distributed \$558 million in the form of 5,299 grants to ninety-one different nonprofit organizations. The money went to think tanks, advocacy groups, trade associations, other foundations, and academic and legal programs." Mayer details in *Dark Money*.

Hackers and death threats

But these groups didn't just attack climate change science.

Mayer told *National Observer* that subsidized opponents of climate change reality made a "living hell" out of early climatologist Michael Mann's life, whom she interviewed for the book.

Mann was a co-author of a study in 1999 that included a now-iconic graph known as the hockey stick. The hockey stick showed that the earth's temperature "hovered in a more or less straight line for nine hundred years but then shot sharply upward, like the blade of a hockey stick, in the twentieth century," Mayer writes in *Dark Money*.

"What came to be known as the hockey stick graph was so powerfully persuasive it gained iconic status within the climate debate," Mayer writes in the book's chapter entitled *The Fossils*.

In 2009, as Tea Party rallies, right-wing radio hosts and Republicans in congress attacked climate change proponents on every front, a hacker gained access to a British university's website and uploaded thousands of internal emails detailing the private communications of the University of East Anglia's Climatic Research Unit.

"The climatologists at the British university had been in constant communication with those in America, and now all of their unguarded professional doubts, along with their unguarded and sometimes contemptuous asides about their opponents, stretching all the way back to 1996, were visible for the entire world to read," Mayer wrote.

Climate change deniers seized upon misconstrued wording in one of the emails referring to Mann and his research. The Republicans in Congress who were recipients of Koch campaign donations demanded an investigation into Mann and sent threatening letters to Penn State, where he was a tenured professor.

According to *Dark Money*, “by New Year’s Eve 2009, Mann was feeling under attack from all sides. Conservative talk radio hosts lambasted him regularly. Contrarian Web sites were lit up with blog posts detailing his iniquity. A self-described former CIA officer contacted colleagues in Mann’s department offering a \$10,000 reward to any who would provide dirt on him, ‘confidentiality assured.’”

Another think tank in Pennsylvania successfully lobbied Republicans in the state legislature to threaten to withhold Penn State’s funding until the school took action against Mann while at the same launching a campaign of attack ads in the university’s daily newspaper and organizing an anti-Mann campus protest.

Mann received death threats and, one day, opened a letter, releasing a cloud of white powder. As it turned out, the powder wasn’t anthrax and harmless, but Mann told Mayer: “It felt like there was a very calibrated campaign of vilification to the extent where the crazies might go after us.”

Ultimately, Mann was exonerated, but the scientist said the incident left a chilling effect, particularly among younger researchers who may worry that they’d be threatened.

Emissions from Pine Bend Refinery

There’s good reason for oil billionaires to be nervous about climatologists and environmental advocates.

Take the Kochs’ money-maker, Pine Bend. As *National Observer’s* Bruce Livesey has also documented, by 2015, the oil refinery was processing some 350,000 barrels of Canadian crude daily.

The refinery handles an estimated 25 per cent of the 1.2 million barrels of oil the U.S. imports each day from Canada’s tar sands. But as Mayer points out, “The Kochs’ good fortune, however, was the globe’s misfortune, because crude oil derived from Canada’s dirty tar sands requires far greater amounts of energy to produce and so is especially harmful to the environment.”

Nor was that the only problem. In 1996, a Koch Industries environmental technician, Sally Barnes-Soliz, discovered the refinery was releasing 15 times more than the legal limit of benzene into the atmosphere. She told *Bloomberg Markets* magazine: “The refinery was just hemorrhaging benzene into the atmosphere.”

Mayer recounts that Barnes-Soliz had worked with Koch Industries for five years at that point and loved her job. But the bosses were unhappy with her findings and she came under increased pressure to change the numbers. When she wouldn’t, it was done for her.

The report submitted by Koch to the Texas authorities falsified the benzene emissions by 1/149th of the amount she'd calculated. Barnes-Soliz blew the whistle on the company.

Ultimately, Mayer details, Koch Industries pleaded guilty to one felony charge of concealment of information about its benzene emissions, paid \$10 million in fines and another \$10-million for projects to improve the environment in Corpus Christi.

For having alerted the authorities, Barnes-Soliz was given an empty office with no email access. Mayer writes that Barnes-Soliz eventually quit, suing the company for harassment. In 1999, the company paid her an undisclosed amount in a sealed settlement.