



## After Tough 2012, Conservative Koch Brothers Regroup

By: Peter Overby - February 28, 2013

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The network of political groups headed by conservative industrialists David and Charles Koch spent millions of undisclosed dollars in last year's elections. Now, after failing to help Republicans win the White House or the Senate, the Koch brothers are re-examining the network, its goals and strategies.

The Koch brothers rank among the most influential money men in conservative circles. Twice a year, they convene other wealthy conservatives to strategize and pledge money. They've also built a network of cause-oriented organizations over the years, ranging from the libertarian think tank Cato Institute to the not-quite-political organization Americans for Prosperity.

But last fall, despite a carefully coordinated campaign to thwart Obama's re-election bid through advertising, organizing rallies and outreach, their efforts failed. And they could be drawn into an investigation in California that threatens to pierce the veil of secrecy of donors behind \$11 million in secret contributions. The \$11 million went to an obscure California-based political committee, the Small Business Action Committee PAC, which was advertising on two ballot questions there. It caught the attention of the state Fair Political Practices Commission.

"We are bound by our statute, the Political Reform Act, to require disclosure in campaigns, and that is exactly what we're doing," says Ann Ravel, the commission's chairwoman.

It turned out the money had moved quickly along a chain of tax-exempt, so-called social-welfare groups from Virginia to Arizona to California. One group was the Center to Protect Patient Rights, which is run by a political strategist, Sean Noble, with long-standing ties to the Kochs.

Pass-throughs like this are common among politically active social welfare groups, and under IRS rules, social welfare groups keep their donors secret. But California law is tougher than federal law. Disclosure of campaign contributions means saying where the money originated; anything less is considered money laundering.

Ravel says the commission hopes for results by mid-year. "We still don't know who the actual donors are to the patient rights organization or to the others."

Noble didn't respond to an NPR query.

Koch Industries has said the Kochs were not involved, directly or indirectly, in the ballot initiative battles. A company spokeswoman said they would not respond to questions for this story.

As the California probe continues, the Koch brothers postponed their winter money-and-strategy gathering. They cited the need to rethink goals and strategies. The conference is now set for April.

"The only way the long term actually is successful is if you measure yourself and evaluate yourself, year in, year out. So we've done that after '12, just like we do it every year," says Tim Phillips, president of Americans for Prosperity.

AFP ran more than 51,000 ads in the presidential campaign, almost all of them attacking Obama. But Phillips says the real action was in ground organizing, where they couldn't match the Obama campaign.

"It's maybe not sexy. It takes a lot of time, but we have seen — ruefully so — what happens when you don't have a ground game," Phillips says.

Most of AFP's field staff was laid off after the election. Not because AFP was playing partisan politics, Phillips says; that would violate tax laws. He says it just makes sense to get out and talk issues with voters when they are paying attention.

In this political off-season, two new Koch groups are ramping up.

The Association for American Innovation is set up as a business league. There are indications it will promote free-market bills in state legislatures, much as the American Legislative Exchange Council does now.

American Commitment, another social welfare group, aims to carve out a messaging niche in between think tanks like the Cato Institute, where Koch allies sit on the board, and front-line groups like AFP.

"What we're trying to do is take kind of the best research and analysis, and get it into a form that's more appropriate to a mass audience, things like columns and talking points, blog posts, op-eds," says Phil Kerpen, head of American Commitment.

Kerpen says it makes sense that the Koch brothers would re-examine the 2012 game plan. He says any good businessmen would look at what was spent and what they got for it.

Next time, the Koch brothers intend to get more.