



How One Guy Stood Up to the Koch Brothers and Won!

Derek Cressman lit the match that led to a \$1 million fine.

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It's rare that campaign finance reformers win in our era of billionaires bankrolling elections and political campaigns. But that's exactly what happened this week as the California Fair Political Practices Commission announced \$16 million in penalties, including a \$1 million fine for secretive groups funded by the right-wing Koch brothers.

During the 2012 presidential election, California political circles were shocked to learn that two Arizona-based non-profits were [poised](#) to spend \$15 million to try to defeat Gov. Jerry Brown's ultimately successful tax hike, Proposition 30, and to support an ultimately unsuccessful measure, Proposition 32, which would have crippled labor union organizing.

At the time, the big mystery was who bankrolled the secretive Arizona groups and the California political committees [receiving](#) the windfall? This week, a lot of praise went to the FPPC's Chairwoman, Ann Ravel, who announced a legal settlement naming [some](#) of the donors and the fines. She soon heads to Washington as one of two new Federal Election Commission members.

But the penalties—the largest in California history—only came because public-interest advocates led by [Derek Cressman](#) at Common Cause's Sacramento office filed the complaint with the FPPC to require the groups to disclose their donors. Cressman is one of three Democrats running for California secretary of state. On Friday, he recounted how he and others followed hints and ended up with a multi-million dollar fine against some of the country's richest Republicans.

The quest began by seizing a flagrant violation of state campaign law—unknown operators who refused to identify their donors.

"I was the vice-president for states for Common Cause and based in California. We were in the final weeks before the 2012 elections and we started seeing press accounts of this \$11 million that flew in out of nowhere—into two California ballot measures. The source that was reported was that it came from this Arizona organization. So we started poking around a bit and found that this organization had zero track record of having any interest or activity in California politics. And more significantly, the size and scale of its operations had been much smaller in the past. It was inconceivable that this group could have been sitting on \$11 million that it decided to spend in the last weeks of an election in Arizona."

The secretive Arizona groups, Americans for Responsible Leadership and the Center to Protect Patient Rights, were tight-lipped. But their filings did offer some clues, Cressman said, which led to David and Charles Koch, the billionaire Republican donors.

"We dug a little bit more and noticed that some of the attorneys that had been involved had done legal work for the Kochs. There was this individual, Sean Noble, involved, who had a track record of being involved in the Kochs. We didn't know back then, for certain, that it was the Kochs, but it had all the hallmarks of a Koch operation—a highly sophisticated Virginia law firm whose expertise was creating shell organizations and hiding the money. Their basic trademark, or operating mode, was going to great lengths to conceal who they are—not just Charles and David Koch—but who these 300 or so billionaires who they invite to their conferences twice a year are. I think they know that if people were aware of their identities, they'd be much more skeptical of their messaging."

In many states, filing a complaint with regulators to enforce campaign finance rules is often a futile task. Oversight panels almost never act before Election Day, and reform groups often grouse that whatever rebuke follows is too little, too late. But Cressman and Common Cause went ahead anyway at California's FPPC.

"We filed a complaint and to my pleasant surprise, the Commission acted on it almost immediately. They said at the time that it wasn't initially an enforcement action; it was an audit so they could discern where this money had come from. And they said in court, and in the press, it wasn't like they were on a witch hunt or going after them. They were simply responding to a complaint. It was clear that had we not filed the complaint, nothing would have happened."

That complaint gave others in state government an opening to step up, Cressman said. Attorney General, Kamala Harris "provided additional legal resources and clout to the Political Practices Commission," he said. "And literally the day before Election Day the front group from Arizona was forced to disclose where it had gotten its funds from. It was on the front page of the newspapers on Election Day—that they had received money from two other shell organizations that they had failed to disclose."

Then, this week, almost a year after the FPPC complaint was filed, California's regulators announced the multi-million settlement. Two Koch-backed groups will pay \$1 million in fines. And two campaign committees in California will pay \$15 million to the state, what they [received](#) in donations from well-known Republicans like Charles Schwab, the Fisher family that own Gap clothes, Los Angeles businessman Eli Broad and casino mogul Sheldon Adelson. Needless to say, Thursday was a good day for Cressman.

"Yesterday was certainly a gratifying day. It's nice to see that when you take an action that it can succeed and that people can be brought to justice. And it's particularly gratifying in that for my whole career, I've had to deal with cynics and skeptics who basically say, "Campaign finance laws never work." "They can always find a way around them." "They're never enforced." Well, here's cases where they did work and they were enforced. So that's gratifying."

But in politics, nobody gets everything they want. The Koch's non-profits may be paying big fines, but the settlement still keeps their donors' names secret. That was discouraging, Cressman said, adding that were it not for the brazen tactic of appearing out of nowhere before Election Day with millions to spend—the secretive groups might have gotten away with it.

"On the flip side, it appears to me, based on what the Commission released yesterday, that they almost got away with it. And had they been slightly less clever, or pushed the envelope a little bit less than they did, that they would have succeeded. So, while it's gratifying, it's clear that we need to continue to push to tighten up these [campaign] disclosure laws in California."

There is little doubt that the Koch brothers are not going away and will be more careful—and secretive—next time. But for now, in an era where elections have become an extreme sport for the richest Americans, this is a public-interest victory worth savoring. And it happened because campaign finance advocates stood up and state regulators took notice.