CHAPTER 9
INVESTIGATIVE

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Investigative journalism is often defined as "the journalism of outrage." This type of reporting seeks some type of change by uncovering information a business leader or politician wants to keep secret. It appeals to society's sense of morality and fairness.

One pioneer of investigative business reporting was Ida Tarbell, who in 1902 started publishing a 19-part series that unraveled the corrupt and unethical business dealings of oil titan John D. Rockefeller. Tarbell's reporting preceded a major federal antitrust lawsuit and a U.S. Supreme Court decision that broke up Standard Oil in 1911. Another pioneer was Upton Sinclair, who exposed filth and fraud in the meatpacking and pharmaceutical industries, which led to the passage of the 1906 Pure Food and Drug Act, the precursor to the Food and Drug Administration.

Investigative business reporting isn't a traditional beat. Unlike someone who covers an industry, such as autos or retailing, an investigative business reporter doesn't have a natural flow of stories generated by a company or governmental body. Essentially, investigative reporting involves looking for the information those bodies aren't announcing – and in some cases are trying to bury.

Investigative business reporting is also flexible in that it can be a daily story sparked by a sentence buried in a document. Or it can be a months-long project that entails reading and analyzing thousands of pages of documents and talking to dozens of individuals.
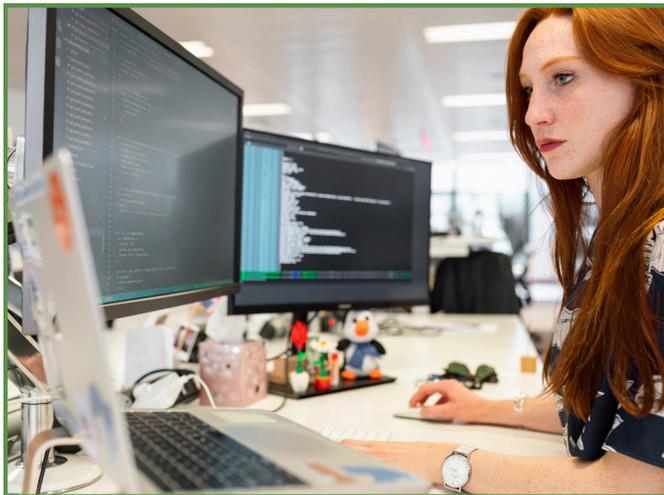
The great thing about investigative business reporting is that any reporter has the capacity to do it. Some of the best investigative journalism has been done by beat reporters, who in the course of their routine beat work ran across a document or a source that opened a door to a hidden compartment that produced a treasure trove.

WHERE TO BEGIN

The obvious initial challenge is finding those overlooked nuggets. There is no "Scandals Ready to be Broken" website to consult and no oracle to tell you where to find the next Watergate or Enron.

Still, there are things a reporter can do to maximize their chances of finding such a story. If you are covering a business beat with publicly traded companies (or an investigative reporter looking to learn more about a particular company), the EDGAR database of corporate filings kept by the U.S. Securities and Exchange Commission (SEC) should be a regular stop. A company's 10K (its annual report), its 10Q (quarterly report) and its 14A (proxy statement for the annual meeting) can be great sources of information and leads. So too can an 8K filing, which a company must make when it experiences a "material event" that requires disclosure to the public before its next 10K or 10Q report. See more on how to interpret these reports in Chapters 19, 20 and 21.

Another area always worth reading is the "related-party transactions" section. Here, the company must report any outside business/financial dealings it has had with a company executive or director – i.e. transactions that could represent a conflict of interest.

The seeds of Enron's spectacular late 2001 collapse into bankruptcy and scandal could be found in the company's related-party disclosures regarding its massive financial dealings with the partnerships run by its chief

Most of the information in corporate filings is mundane and written in a mind-numbingly dull style by lawyers. A particularly good area of the reports to focus on is the litigation section. Lawsuits involving the company can often be great sources of information for investigative pieces.

financial officer, Andrew Fastow. Those disclosures had been buried, largely unread and certainly unnoticed by the press and public, for two years in Enron's SEC filings. When The Wall Street Journal discovered and started writing about these partnerships, Enron was in bankruptcy a month and a half later. The main pieces in that series were essentially daily stories, with the next one often sparked by a tip generated by the previous story.

Of course, investigative business journalism often involves a much longer time period. While there's no single blueprint for finding and reporting these stories, it can certainly help to choose some broad topics to follow. The choices can be determined by areas that you decide are particularly important to your readers. For example, if you're in a major port city, what goes on at the port is often a major ongoing business story and a potential source of good investigative pieces. Stories could range from smuggling operations to worker-safety issues to corruption in handing out contracts for work at the port.

Whatever the broader topic, get to know and stay in touch with some of the major players in the field. Periodic conversations, ideally done in person, can often produce a lead. Find out who the major regulatory bodies are in that field and get to know as many of the current and former workers as you can. The ones that are able and willing to talk can be great sources of ideas and information. Also, find out what filings the regulators and companies in the particular area routinely have to make and make a habit of reading them. If the field is followed by academic researchers, they can also be very fruitful sources.

In other words, find a couple of smaller areas to follow and then cast a wide net within those areas.

MAKE IT LOCAL

Localizing an investigative business story – assuming it isn't a piece that starts and ends in your backyard – often involves picking some broader national or even international subject and then finding a hook close to home.

Given that companies are involved in practically every aspect of life, there is a wide field to choose from. While there's no single database or set of databases to point you to, examples from other investigative business journalists can help and are a great place to start brainstorming ideas of where to look in your local community.
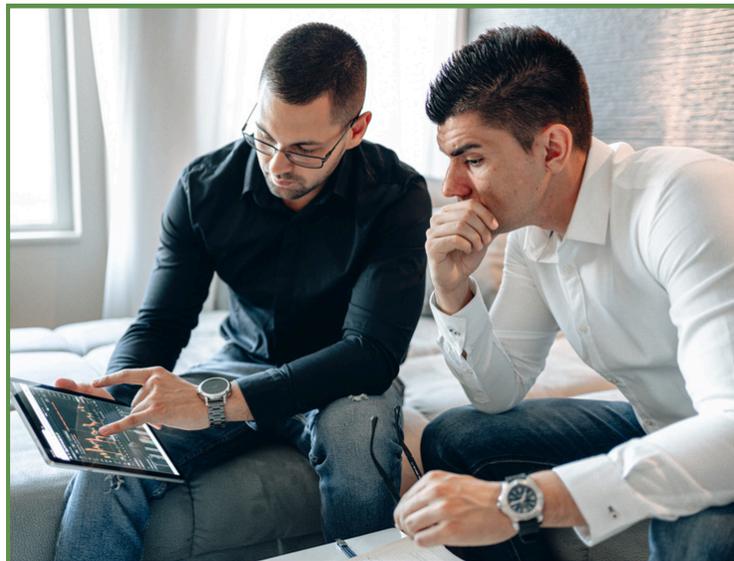
EXAMPLE
FOREIGN AGENTS CONDUCTING LOCAL BUSINESS

Being based in Los Angeles, I got interested in how many agents representing the Chinese government were in Southern California and, more importantly, what they were doing. I managed to find a list from a source in the U.S. labor movement who had a particular interest in Chinese affairs. If you don't have a source, the Foreign Agents Registration Act maintains a website under the Department of Justice (justice.gov/nsd-fara) where you can browse agent filings and public disclosures that are required by certain agents of foreign countries.

With my list of names, addresses, and phone numbers, I got in my car and drove to each of the six locations. The first five were dead ends – either the firm had moved, or inquiries about the agent were met by shrugs. The last stop turned out to be a nightclub that hadn't yet opened for the evening. I called the number I had and asked for the Chinese agent by name. "Oh, he's up at the ammunition factory," I was told.

As it turned out this Chinese agent, who ran the nightclub, had just opened an ammunition factory, which just happened to open around the time that President Clinton banned the importation of Chinese rifles and ammunition. As an added point of interest, he'd opened it in one of the more corrupt little towns in Southern California.

The eventual story about the ammunition factory drew a good deal of attention and caused the foreign agent to take an extended trip back to China.

RESOURCES

The resources for investigative business reporting are as vast and varied as the topics that a reporter pursues. Below are some of the government websites that could be useful for many different kinds of investigations.

ADMINISTRATIVE OFFICE OF U.S. COURTS

uscourts.gov

The purpose of this site is to provide information from and about the Judicial Branch of the U.S. Government. This site includes lots of information on caseloads in federal courts around the country.

EMMA - MUNICIPAL BONDS

emma.msrb.org

Learn the financial details, background and major players behind sports stadiums, sewer projects, or hospitals financed by municipal bonds. The website is hosted by the Municipal Securities Rulemaking Board, an industry self-regulatory organization created by Congress. An overview presentation can be found here.

FEDERAL AUDIT CLEARINGHOUSE

fac.gov

A database of audits of local, state governments and nonprofits – any group that takes in more than $750,000 a year in federal money. Reports stretch back to 1997.

FINANCIAL INDUSTRY REGULATORY AUTHORITY

finra.org

A securities industry self-policing organization, allows you to look up brokerage firms and brokers to see what, if any, regulatory problems they've had.

FOREIGN AGENTS REGISTRATION UNIT

justice.gov/nsd-fara

Government website for finding information on registered foreign agents.

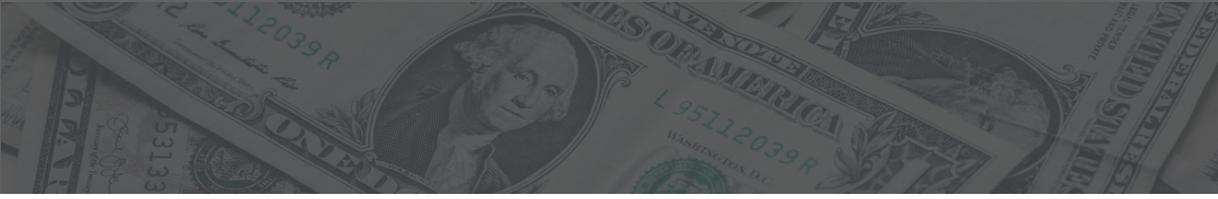## FRED - FEDERAL RESERVE ECONOMIC DATA

fred.stlouisfed.org

An easy-to-use site run by the Federal Reserve Bank of St. Louis, where you can make quick charts from employment and other economic data to provide context for stories.

GOVERNMENT ACCOUNTABILITY OFFICE

gao.gov

For various reports.

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION

nasaa.org

A portal for securities regulators for all 50 states. Some state regulators are quite aggressive and unearth frauds well ahead of the SEC. It's worth making contact with your state's regulator.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

naic.org

Find your state's insurance regulator and learn about their enforcement activities.

PACER - PUBLIC ACCESS TO COURT ELECTRONIC RECORDS

pacer.uscourts.gov

The PACER website, provided by the federal judiciary, does cost money, but it's an incredible bargain. After setting up an account, you can pull down and read tens of thousands of civil, criminal, bankruptcy and appellate court filings for just 8 cents a page, with a $2.40 per document maximum charge. You can either search in a particular federal court or do a nationwide search of all federal courts.

SEDAR

sedarplus.ca

This site of the Canadian Securities Administrators allows you to research Canadian public companies similar to the SEC's EDGAR.

UNITED STATES ATTORNEY'S OFFICES

justice.gov/usao

Department of Justice site with links to all the websites of U.S. Attorneys offices in the county.

U.S. SECURITIES & EXCHANGE COMMISSION

sec.gov

The main webpage for the SEC contains lots of information on securities, laws, and regulations as well as enforcement cases brought by the agency. Within this website is the EDGAR database, which contains the filings of thousands of publicly traded companies. EDGAR can be keyword searched for free going back four years. To get into the weeds, use the numerous EDGAR headers to search down to region, filing, and industry type using the Boolean search engine.
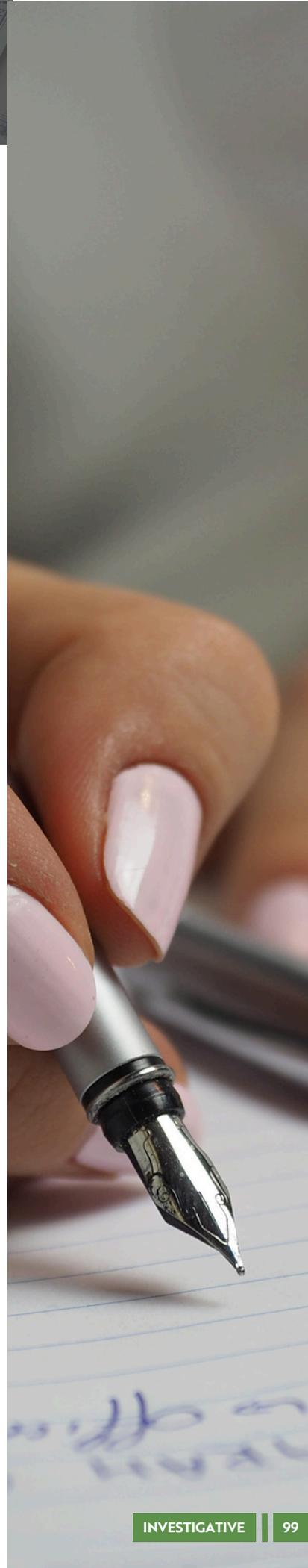
HELPFUL WEBSITES

FLIGHTAWARE
flightaware.com

Website for tracking airplane flights. Can be useful if you are trying to find out where a corporate jet has been going – as long as you have the plane's tail number. You can also track planes flying overhead in real-time.

FOOTNOTED*
footnoted.com

A website that tracks SEC filings and highlights buried nuggets of corporate news.

GUIDESTAR
guidestar.org

A source for information on political contributions and lobbying activity at the federal level.

OPEN SECRETS
OpenSecrets.org

A source for information on political contributions and lobbying activity at the federal level.

PEOPLE FINDERS

There are many websites for finding U.S. people, addresses, phone numbers and other relevant information. Pro tip: first run a search on yourself to test the accuracy of the websites. Buyer beware.

PROFNET
profnet.co

For getting in touch with experts and sources.

WHOIS LOOKUP
whois.domaintools.com

For nonprofit organization records.

WAYBACK MACHINE
wayback-api.archive.org

This website allows you to view past versions of websites. Can be useful in seeing what information a company or entity used to have on its website – and possibly removed in hopes that nobody would find it.

DATA TOOLS

Many investigative reporting projects involve digging through large datasets to uncover stories. Powerful data analysis software such as Python, QGIS and R are essential tools for this type of work. R and Python are programs that can scrape websites and help host interactive data visualizations. QGIS allows journalists to create interactive maps.

Many of these software options are free and/or open-source, and can run on standard laptops – a significant change from the computer-assisted reporting from the 1980s and 1990s that used more expensive commercial software.

Even some commercial software companies provide robust free versions, such as Tableau Public, a powerful and intuitive data visualization program. With today's technology, much of the expense involves the time and training to learn the programs.

Reporters should look to the Investigative Reporters and Editors (IRE) for a vast array of resources on using data software. There are also many other online educational outlets, such as Datacamp, which may be offered through your local library.

You can also look for free online courses offered by the Knight Center for Journalism in the Americas, frequently taught by leading journalists.

GROUPS AND BEST PRACTICES

BARLETT & STEELE AWARDS

businessjournalism.org/awards
For recent examples of excellent investigative journalism.

CENTER FOR PUBLIC INTEGRITY

publicintegrity.org
Investigative journalism in the public interest.

INVESTIGATIVE REPORTERS AND EDITORS

ire.org

A journalism group that for over 35 years has been encouraging and providing helpful guidance on investigative reporting. They regularly provide training, webinars, and resources for investigative reporters. They also regularly update their "Investigative Reporter's Handbook." This guide is a gold mine of tips and tricks of the trade. Find the latest edition on their website.

NFOIC - NATIONAL FREEDOM OF INFORMATION COALITION

nfoic.org
For sample Freedom of Information Act request letters. They also have a letter generator.

PULITZER PRIZE WINNERS

pulitzer.org
For examples of excellent investigative journalism.

TWO COMMON CHALLENGES

HOW MUCH INFORMATION IS TOO MUCH INFORMATION?

I once helped edit an investigative piece looking at the checkered business career of an important governmental figure. The reporter had spent months on the piece and had dug up some really solid and damning information about the person's practices and conduct with other parties in business deals.

But it also turned out that a couple of this person's victims also acted less than ethically in some of the deals. The reporter initially resisted including that information, arguing that these were minor characters and that mentioning their failings would simply confuse readers. But after a while, the reporter finally agreed that the information should be included.

This is an example of a common mistake when doing investigative reporting: a desire to paint things as much as possible in terms of good versus bad, rather than highlighting the moral complexities that often exist.

It's an understandable mistake. After all, investigative reporting is often powered by the desire to uncover wrongdoing. And, generally, for an investigative project to work, sufficient evidence of misdeeds needs to be found.

However, reality rarely comes in just black and white. A reporter should always seek out information that could challenge or modify the story's basic theme. If the basic premise of a story is solid and has sufficient evidence to back it up, adding a certain amount of nuance and complexity often enhances its credibility – and potential impact – rather than hurts it.

KNOWING WHEN TO REACH OUT TO THE SUBJECT

Generally, the best place to get information that could challenge or modify the current story is from the subject of the investigation, be it a person or entity. The effort to get such information should be genuine and not just a hasty 11th-hour call. Even if you get a "no comment" at first, it could be a good idea to send detailed, written questions.

The questions should cover anything critical that's going to be included in the story about that person or entity. Sometimes such an overture will shake loose relevant information. Even if it doesn't, you at least know the subject of your piece has had a chance to respond to everything.

Depending on the story, it's often a good idea to contact the subject of the investigation earlier rather than later in the reporting process. Of course, if the subject interferes with your reporting – such as a company threatening employees who talk – then you may have to find the right time to reach out. But often, the subject can't do that much to slow down your reporting.

Early contact can serve two purposes: One, it sometimes gives the impression that you are genuinely interested in getting the subject's side before writing the majority of the story, which will make them want to talk to you. Two, it can save lots of time reporting if the basic theme ultimately turns out not to be supported by the facts. Whatever path you take on reporting the story, it's vital to keep testing your main premises early and often.