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Investigative Reporting on Business

by Rian Bosse / July 14, 2020



By Rob Wells

Investigative reporting allows you to reveal unethical business behavior that is harming investors and society at large. This guide by Rob Wells, Ph.D., a University of Arkansas journalism professor and a longtime business journalist at Dow Jones/The Wall Street Journal, Bloomberg News and The Associated Press, will introduce you to key skills and techniques for reporting and producing an in-depth story.

Introduction

Investigative journalism often is 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 meat packing and pharmaceutical industries, which led to passage of the 1906 Pure Food and Drug Act, the precursor to the Food and Drug Administration.

Despite the seminal reporting by Tarbell and Sinclair, investigative reporting of business has a weak and uneven history. Business journalists, until recently, haven’t challenged executives in the same fashion as political reporters. Numerous academic studies have found business reporters were reactive and unwilling to challenge the business agenda.

Another issue curtailing investigative business reporting is the expense and potential legal exposure from such gritty journalism. News companies have cut back on investigative reporting teams over the years, in part due to the expense: “A three-person I-team in a midsize market might cost more than \$500,000 annually,” according to Broadcasting and Cable magazine.

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However, many journalism scholars believe investigative journalism is essential for survival of traditional news media in our splintered and chaotic information society. Investigative business reporting has been practiced for years in the trade press, for example, publications that serve a narrow audience such as bankers or computer manufacturers. It is the ultimate “news you can use” that provides value to readers and society at large. For example, Stanford University professor James T. Hamilton found that “each dollar invested by a newspaper in an investigative story can generate hundreds of dollars in benefits to society from changes in public policy.”

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 Inc.](#) or online educational outlets such as [DataCamp](#) or [Lynda.com](#), which can be offered through your local library. Also look for free online courses offered by the [Knight Center for Journalism in the Americas](#), often taught by leading journalists.

Reuters published an excellent example of how these data tools can uncover important trends. Reuters journalists teamed up with Columbia University Law School’s DataLab in 2017 to extract bulk data from a securities industry regulatory website and report an important story about repeated offenders on Wall Street.

Public Companies

When it comes to business journalism, there is no substitute for digging into the source financial documents. The [Securities and Exchange Commission’s Edgar website](#) contains a trove of corporate information, ranging from employment contracts for top executives to details about lawsuits to pending government investigations. Investigative journalists tend to analyze these documents for trends over long time periods to see evolution of business strategies, for example. The Reynolds National Center for Business Journalism website has a number of tutorials on how to navigate corporate documents, including:

- The 8-K or “current reports” which contain breaking news on market-moving events. [See this tutorial](#). Pro Tip: Press releases may offer a narrow or distorted view of an issue that’s more fully explained in a quarterly or annual filing.
- The 10-Q or quarterly filing which contains financial statements, details on lawsuits, investigations and emerging risks. [See this tutorial](#). Pro Tip: See how “risk factors” have changed over time by comparing the current report to the prior quarter or previous years.
- The 10-K or annual report which contains audited financial statements, employment contacts and details about properties. [See this tutorial](#). Pro tip: The good stuff is buried in the footnotes. Read the financial statement footnotes and compare the notes to previous years.
- The S-1 and related filings that spell out a company’s initial stock offering and provide a public glimpse of their finances. [See this tutorial](#). Pro tip: See the distribution of shares to corporate insiders and determine who will control the company after the stock offering.
- The proxy statement, or Def-14, which contains details on executive pay, biographies of directors and officers and special executive perks. [See this tutorial](#). Pro tip: Look for housing allowances, security expenses and gym memberships in the footnotes for the CEO’s executive pay package.

Private Companies

There are approximately 3,600 companies listed on U.S. Stock exchanges, but some eight million firms are privately held. Small and privately-held firms employ more than half of the workforce and account for more than half of the country’s economic output. Learning about the ownership and operations of private companies is difficult and time-consuming, but some basic details can be discerned.

I recommend a “staircase” approach, where you start with the business charter and property tax records. What is the address for the person who incorporated the company? Look it up with the Secretary of State’s office, which usually has a corporate records division. Does this name match the person named on the property tax records? Find the property owners through a county assessor’s office. Then check the tax records, which sometimes can be in a separate tax collector’s office. See if the names match for the people who incorporated the company and the people who paid the taxes. If



keep) an audience

Audiences these days are fickle. I’m talking about digital audiences,

March 3, 2022



The NFL is leaning into streaming platforms, with more live sports close behind

For years, as Netflix, Hulu, Amazon Prime and over-the-top (OTT)

February 24, 2022

not, find out why.

Next, determine where this business intersects with the government and find the relevant records. Restaurants are inspected by the health department. Get those records. Banks are inspected by the state banking commission. Find those records. Most states have occupational licensing boards and commission to allow hairdressers, real estate agents and doctors to operate legally. Find those records, piece together the names, run them through legal databases and figure out the network surrounding a business. Here is a [useful portal to public records websites](#).

The U.S. Occupational Safety and Health Administration, or OSHA, keeps detailed records about inspections, workplace accidents, injuries, deaths and similar incidents. You can search by company name, state, city or zip code. ~~The National Labor Relations Board~~ investigates employment disputes. Cases can be reviewed by company name, region and other details. These cases contain significant details about a company's operations.

Some startup private companies sell securities to outside "accredited" investors (banks, insurance companies or sophisticated investors) through venture capital, private placements and similar arrangements. In many cases, you can learn some basic details about the amount invested and names and addresses of the company's senior management. You can find these Form D filings on the [SEC's Edgar website](#) or on [FormDs.com](#), which breaks down the filings by major city.

Brokers and Money Managers

You can learn whether registered stock brokers and money managers have been arrested or fined for misusing investors' money by checking the [BrokerCheck database](#). BrokerCheck, maintained by an industry regulator, the Financial Industry Regulatory Authority or FINRA, holds records on more than 630,000 current and former professionals and some 4,700 firms. The broker records show employment history and can provide clues about whether someone was forced out of a company. They provide details on investor complaints and, in some cases, details from arbitration proceedings.

In addition, FINRA and the SEC publish lists of brokers and investment managers who were penalized for wrongdoing. The [FINRA monthly lists are here](#) and the SEC's [administrative proceedings are here](#). Learn more about researching stock brokers by looking at this [detailed tutorial here](#).

To investigate investment companies, look at state pension meeting documents, which can unlock details of these secretive companies such as investment information, company demographics, hirings and firings. States with the larger pension plans tend to release more information.

Open Records Requests and FOIA

The federal Freedom of Information Act or FOIA, created in 1966, is an indispensable tool for any reporter to learn how the government operates and its interactions with businesses. FOIA requests can provide invaluable insight about communications between government officials and corporate executives, or politicians acting on their behalf. The [Reporters Committee for Freedom of the Press](#) describes the latest developments involving state and federal open records laws. The Reporters Committee created the [iFOIA tool](#) to help journalists file more effective open records requests. Not all state laws are equal and the [National Freedom of Information Coalition](#) has a good guide on how to navigate specific laws by state.

Here's my best tip for a successful open records request: do your basic shoe-leather reporting. Try to see who else has covered a similar issue. Work to narrow and focus your request. Spend a little time browsing the FOIA website of the agency in question to see what has been released. And then pick up the telephone to speak to the FOIA officer about what you are seeking — or better yet, visit in person. This outreach and research can save days and weeks of waiting and will minimize frustration.

Reach Out To Targets

Veteran Wall Street Journal reporter John Emshwiller, who helped unravel the Enron Corp. fraud, offers some important advice about investigative stories. "Reality rarely comes in just black and white," Emshwiller wrote. "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." It is a best practice in news gather to reach out to the target of your story with enough time for them to respond in detail. If they blow you off, then send detailed, written questions covering "anything critical that's going to be included in the story about that person or entity," he writes. Bottom line: test your premises early and often.

Resources and Reading

There are vast resources for investigative business reporting online and in print. Below is list of some essential resources.

[Edgar – Public Company Data](#)

This site hosted by the U.S. Securities & Exchange Commission allows you to find detailed financial and company data on public companies. EDGAR can be searched by keyword for free going back four years. To get into the weeds, use the numerous Edgar headers to search down to the zip code, filing and industry type using the Boolean search engine.

Footnoted

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

SEC Action Lookup

This site allows you to find enforcement cases against individuals. Test it out: type in “Holmes”

SEC Investment Adviser Search

This search will help you find broker and brokerage firm information.

BrokerCheck

See if a stock broker or Wall Street firm has been slapped with a regulatory penalty or fine. Data is collected by the Financial Industry Regulatory Authority, or FINRA, a securities industry self-policing organization.

North American Securities Administrators Association

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

EMMA – Municipal Bonds

Learn the financial details, background and major players behind sports stadiums, sewer projects, or hospitals financed by municipal bonds. Site is hosted by the Municipal Securities Rulemaking Board, an industry self-regulatory organization created by Congress. [Overview is here.](#)

National Association of Insurance Commissioners

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

SEDAR

This site of the Canadian Securities Administrators allows you to research Canadian public companies.

Federal Audit Clearinghouse

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.

Public Access to Court Electronic Records (PACER)

This is the go-to website for federal court filings. It charges a small fee, but it allows you to read tens of thousands of civil, criminal, bankruptcy and appellate court filings.

Fedspending.org

The Project on Government Oversight guide provides useful context on how billions of federal dollars are spent.

TRAC

A database maintained by Syracuse University professors that provides “comprehensive information about staffing, spending, and enforcement activities of the federal government.” Much of this information is gleaned from FOIA requests.

OpenSecrets.org

This is a go-to site to trace political contributions and lobbying activity at the federal level.

FollowtheMoney.org

A guide to political contributions in state elections.

Search Engines for People, Businesses

[Nuwber](#) [Pipl](#) Who is John Doe – and where to get the paper on him [AnyWho](#)

A variety of 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 these websites. Buyer beware

Foreign Agents Registration Unit

A Justice Department site for finding information on registered foreign agents.

Investigative Reporters and Editors (IRE)

The Investigative Reporters and Editors site provides a deep archive of data and story tip sheets that can save hours of time as you refine your reporting.

Wayback Machine

If a company or person pulls down a website, you might be able to find a cached version here. A useful tool to check the before and after on a company's website if they tried to scrub it.

Guidestar

This site provides tax returns of non-profit organizations, known as a Form 990, that reveal financials and players at charities, public hospitals and other entities.

FlightAware

This site allows you to track airplane flights. This 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.

FRED – Economic Data

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

Society for Advancing Business Editing and Writing

This group, known as Sabew, provides training and resources for its members ranging from shooting mobile video to digging into health care data.

Major government databases

Our friends at Journalist's Resource at Harvard University compiled this terrific one-stop website for major administrative datasets in the U.S. government.

Social Media

Twitter is a great resource to monitor companies and competitors, as well as other media coverage. **Create separate Twitter lists** to monitor topics, beats, companies. Use **Tweetdeck** to display the lists in discrete columns.

LinkedIn to find current and former employees of a company. Remember the former workers typically are freer to talk. Cross-reference LinkedIn searches with the **BrokerCheck** database helps run down former workers at Wall Street firms.

Recommended Reading

Houston, Brant (2008) *Investigative Reporter's Handbook*, Boston: Bedford/St. Martin's; Fifth edition

This 576-page guide, written by the former executive director of the Investigative Reporters and Editors Inc., is a gold mine of tips and tricks of the trade.

Smith, Rebecca, and John R. Emshwiller (2003) *24 Days: How Two Wall Street Journal Reporters Uncovered the Lies That Destroyed Faith in Corporate America*, New York: HarperBusiness, 2003.

This is a highly readable and interesting account about how exactly journalists cover a major corporation and how they discovered the strands of a multi-billion dollar fraud.

Carreyrou, John (2018) *Bad Blood: Secrets and Lies in a Silicon Valley Startup* New York: Knopf

This Wall Street Journal reporter exposes the fraud underlying Theranos, its magnetic founder Elizabeth Holmes and her unproven technology to make blood tests faster and easier. This is a major work exposing the hype behind Silicon Valley technology start-ups.

Hetherington, Cynthia (2010) *Business Background Investigations: Tools and Techniques for Solution Driven Due Diligence*, Tempe, AZ: Facts On Demand Press., 2nd edition

This guide by a specialist in corporate intelligence and investigations describes how to check on financial and criminal problems of businesses.

Waisbord, Silvio (2013) *Watchdog Journalism in South America: News, Accountability and Democracy*.

New York: Columbia University Press

This study by George Washington University professor Silvio Waisbord describes investigative reporting challenges outside of the United States, ranging from lack of public records to cultural barriers. An important book to understand investigative reporting in a global context.

International Consortium of Investigative Journalists

This group led the Pulitzer-Prize winning Panama Papers investigation and several other high impact projects. It is a network of 220 investigative reporters from 83 countries and territories.

ProPublica

This independent and nonprofit newsroom produces a wide range of innovative investigative journalism. Their data journalism is an industry standard. Julia Angwin's reporting about Facebook's misuse of private information was well ahead of the pack. The site partners with legacy media outlets for complex investigations.

Center for Public Integrity

One of the oldest and largest nonprofit news outlets in the country. "Our mission is to protect democracy and inspire change using investigative reporting that exposes betrayals of the public trust by powerful interests."

Bartlett & Steele Awards for Investigative Business Journalism

Since 2007, the Reynolds Center has recognized some of the best investigative business journalism is recognized each year with this contest, named after legendary reporters Donald Bartlett and James Steele. Reading the award-winning entries is illuminating and inspiring.

Corporate Research Project

This site unearths critical information about corporate welfare, employment discrimination and similar topics. It is produced by the Washington, D.C.-based Good Jobs First, which describes itself as a national policy resource center for grassroots groups and public officials.

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