

Bloomberg

Koch Brothers Sue Widow of Cato Chairman Emeritus Over Stock

By Andrew Harris - Mar 1, 2012 8:32 PM ET

Billionaire brothers Charles G. Koch, co-founder of the [Cato Institute](#), and David H. Koch sued the free-market advocacy group, and the widow of Chairman Emeritus William Niskanen seeking control of his shares.

Niskanen's October death triggered an obligation for his wife and estate representative, Kathryn Washburn, to offer his shares to the institute and, if it declined to buy them, then to the surviving shareholders, according to a copy of the complaint obtained by Bloomberg News.

Cato President Edward H. Crane, a defendant, responded by calling the case a "hostile takeover" attempt by the Koch brothers to advance their political agenda, an allegation Charles Koch later denied.

"Almost four months after Niskanen's death, defendant Washburn has not offered to sell the Niskanen shares to the corporation," in accordance with the shareholders' agreement, the brothers allege in the complaint.

The Washington-based organization has been a supporter of litigation challenging President [Barack Obama](#)'s 2010 health-care reform legislation. The Koch brothers, principals of the closely held refining and chemical company Koch Industries Inc., have been active in Republican Party fundraising. The company headquarters is in Wichita, [Kansas](#).

The filing of the complaint couldn't be immediately confirmed in a search of online records at the Johnson County, Kansas, District Court in Olathe, about 22 miles southwest of [Kansas City, Missouri](#).

\$1 a Share

Niskanen died at age 78, according a [statement](#) on the institute's website. He led President Ronald Reagan's Council of Economic Advisers, and was director of economics at [Ford Motor Co. \(F\)](#) and a defense analyst at the Rand Corp.

He acquired 16 shares of Cato stock for \$1 a share, according to the complaint.

The brothers seek a court order compelling Washburn to offer her late husband's shares to Cato and declaring that if the organization declines to buy them, that the right passes to the surviving three shareholders, the Koches and Crane.

In an e-mailed statement to Bloomberg News, Crane said he and Cato see the case as a attempted "hostile takeover" of the organization that he and Charles Koch co-founded in 1977.

"Mr. Koch's actions represent an effort to transform Cato from an independent, nonpartisan research organization into a political entity that might better support his partisan agenda," Crane said.

Koch Denied Allegations

[Charles Koch](#) denied those allegations in his own e-mailed statement.

"We support Cato and its work," he said. "We are not acting in a partisan manner, we seek no 'takeover' and this is not a hostile action."

Koch said he and his brother were seeking to hold everyone to the shareholders' agreement and ensure that the institute "stay true to its fundamental principles of individual liberty, free markets and peace."

Washburn couldn't immediately be located for comment.

The case is Koch v. Washburn, 12-cv-01749, Johnson County District Court, 10th Judicial District (Olathe).