

# ST. LOUIS POST-DISPATCH

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## David Koch steps down from influential conservative network he helmed with his brother

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June 6<sup>th</sup>, 2018

David Koch, one of two billionaire brothers whose powerful conservative network transformed Republican politics, is retiring from business and political life because of declining health, potentially testing the staying power of an organization that was already changing in dramatic ways.

Charles Koch announced in a letter to employees of Koch Industries on Tuesday that his brother's health had deteriorated since a hospitalization last summer. He was not specific about the illness, though his brother is a cancer survivor. David Koch will retire from his family's conglomerate and step down as chairman of the Americans for Prosperity Foundation.

"Unfortunately, these issues have not been resolved and his health has continued to deteriorate," Charles Koch wrote in the letter, a copy of which was obtained by The Washington Post. "As a result, he is unable to be involved in business and other organizational activities. . . . David has always been a fighter and is dealing with this challenge in the same way."

David Koch's departure comes at a pivotal time for one of the most active and well-funded political forces in the country. For years, it has helped set the Republican agenda, and it was instrumental in securing and maintaining GOP majorities in Congress and in state legislatures across the country.

The brothers' reach has been so wide that they became a household name - and have often been the subject of attack ads paid for by liberal groups that highlighted the scale of their contributions.

In recent months, however, the libertarian-leaning network had sought to remake itself as independent of the GOP.

On Monday, it announced a multiyear, multimillion-dollar campaign to oppose tariffs imposed by the Trump administration on imports. Through the allied Libre Initiative and Freedom Partners, it recently launched a campaign aimed at pushing congressional leaders to protect "dreamers" - people brought into the country illegally as children.

And last week, Americans for Prosperity unveiled a digital ad buy in North Dakota to thank a Democrat, Sen. Heidi Heitkamp, who is in a tough reelection fight, for voting to roll back elements of the Dodd-Frank financial-services law. That show of independence privately irritated congressional Republicans, but in a show of just how powerful the Kochs have grown, those Republicans have said little in public.

Frank Baxter, a longtime Koch donor from California, described the Koch network as "evolving." He likened it to a "teenager" during the early years of the tea party revolution, when securing Republican majorities was the top priority. "Now, it has grown up and realized that life's a lot more complex," he said. "To really accomplish our goals of improving society, there are other things that we need to do."

Baxter also said he had no doubt that the network will continue to thrive without David Koch. "My heart goes out to the family, but certainly the movement isn't going to be mortally wounded or even wounded at all," he said. "The movement now transcends the Kochs."

Through a constellation of aligned groups, the network still plans to spend between \$300 million and \$400 million on politics and policy during the 2018 election cycle. That is up from \$250 million in the 2016 elections.

David Koch, 78, and Charles Koch, 82, are tied as the country's eighth-richest men. According to Forbes magazine, each is worth about \$60 billion.

There are now 700 members of the Koch network, whose formal name is the Seminar Network. Each commits at least \$100,000 per year to Koch-affiliated groups. The brothers refer to them as "investors" - not donors - because they view the contributions as an investment in politics.

Pooling their money this way has increased their power. Last year, the network almost single-handedly killed a tax on imported goods, known as the border-adjustment tax, that House Speaker Paul Ryan, R-Wis., wanted to use to pay for cuts to corporate and individual tax rates. Then, Americans for Prosperity spent more than \$20 million to help pass the version of the tax bill that the Kochs liked, one that brought the corporate rate down from 35 percent to 21 percent. Several former staffers of the Koch network now work in the Trump administration, including White House legislative liaison Marc Short, ensuring that the allied groups have a seat at the table.

After pointedly declining to support Donald Trump during the 2016 campaign, the Koch brothers decided to embrace pieces of the administration's policy agenda after he won the election. In addition to the tax cuts, they also benefited from major deregulation and the appointment of scores of business-friendly judges.

But they have become more outspoken in recent months as President Donald Trump has followed through on some of the protectionist and populist rhetoric that made them leery of him in the first place.

David Koch, who now lives in New York, was raised in Wichita. He earned two degrees in chemical engineering from the Massachusetts Institute of Technology in the early 1960s. He and his wife, Julia Flesher Koch, have been married more than 20 years and have three children.

He was diagnosed with prostate cancer 25 years ago, and he has given vast sums toward cancer and medical research since then. He provided \$217 million to the Memorial Sloan Kettering Cancer Center, including \$150 million for a new outpatient medical facility. He gave \$128 million to New York-Presbyterian Hospital, \$26.5 million to the University of Texas MD Anderson Cancer Center, \$26.2 million to the Hospital for Special Surgery in New York, \$20 million to Johns Hopkins University, \$10 million to Mount Sinai Medical Center and \$10 million to the children's hospital at Stanford University for allergy research.

According to an official bio, he has pledged or contributed more than \$1.3 billion to assist various causes, including educational, arts and cultural institutions and public policy organizations. The money has come through personal gifts and the David H. Koch Foundation.

His representatives say he has provided more than \$300 million in additional charitable support, beyond the \$1.3 billion, for other causes - including help for victims of Hurricane Harvey last year.

But while the Koch name is on a lot of buildings, David Koch is best known for wading heavily into politics. In 1980, he was the Libertarian Party's nominee for vice president. His ticket, with Ed Clark, received just 1 percent of the popular vote. Ronald Reagan won.

Several of the ideas Koch ran on that year, then seen as fringe, have subsequently become GOP orthodoxy. And the investments that the Kochs have made to build up think tanks, including the Cato Institute, and promote libertarian-leaning scholars at universities are an important part of the story of how the right moved their way.

Charles Koch, who will stay on as chairman and chief executive of Koch Industries, said his brother was "instrumental" in expanding the business they inherited from their father "1,000 fold" and branching out beyond energy into a host of other products. The company, with annual revenue of \$100 billion, operates pipelines, produces fertilizer and manufactures products such as Dixie cups and Quilted Northern toilet paper. It is the second-largest privately held company in the United States. Charles Koch said David Koch will now hold the title of "Director Emeritus."