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## Former Cato employees describe years of harassment

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Three former employees of the famed Cato Institute say they were sexually harassed by Ed Crane, the 73-year-old co-founder and president emeritus of the think tank and one of the most recognizable figures in the libertarian movement.

One former employee said Crane asked her to take off her bra. Another said he compared her breasts to pornographic images on his computer. A third said he sent her an email on breast augmentation. Crane also settled an additional sexual harassment claim by a former employee in 2012, her lawyer confirmed to POLITICO.

Crane, who served as president and CEO of the libertarian think tank for more than 30 years before becoming president emeritus after a dispute with Cato shareholders Charles and David Koch, denied several of the incidents or said he didn't recall them before ending a brief interview. He declined to comment on whether he was involved in a legal settlement in 2012.

Peter Goettler, who has served as Cato's president and CEO since 2015, also declined to comment on specific incidents of alleged sexual harassment during Crane's tenure at Cato.

James Davis, a spokesperson for the Koch brothers, said they found out about the 2012 sexual harassment settlement in the midst of their dispute with Crane, at a time when they were already seeking to remove him as president.

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Crane retains the title of president emeritus at Cato and was paid more than \$400,000 annually from the powerful think tank in the years after he left, but a Cato spokesperson said his consulting contract has ended and he is no longer employed by the think tank.

"This is ridiculous," Crane said, when confronted with the complaints. He added that he had a stroke last year, which affected his memory.

But former Cato employees, including the three women who say Crane harassed them, and five other men and women, described an atmosphere in which Crane — the undisputed boss of the think tank — felt little hesitation about bringing up sexual topics with female employees. Among the specific incidents:

- Crane settled a sexual harassment dispute with then-Director of External Affairs Carey Lafferty in 2012 after he allegedly made unwanted sexual comments, according to two people who say Lafferty told them about the legal battle and one person who heard about the settlement directly

from Crane. Lafferty's lawyer confirmed the settlement happened, but declined further comment. Crane also declined to comment on the case.

- One former Cato employee during the late 1990s recalled visiting Crane's office on multiple occasions and finding him viewing pornography on his computer. On one occasion, Crane told the employee she resembled a woman in one of the pictures and on another occasion told her he would like to see how her breasts measured up to the images on his screen. She said Crane made dozens of sexual comments to her during her time at Cato. She said she complained about Crane's behavior to a senior Cato official, who told her he would raise the matter with Crane. Crane's behavior didn't change, the woman said. The senior official, now retired, did not respond to requests for comment. Crane said, "I have no idea what she's talking about."
- A former research assistant said that shortly after she started working at Cato in 2003, when she was 23 years old, she received a forwarded email from Crane about breast augmentation. Crane added a note to the email suggesting she was not in need of the breast enhancement services, the former research assistant said. Crane responded, "I don't remember. I wouldn't do that."
- Another former Cato employee recalled having lunch with Crane after leaving her job at the organization for another Washington employer in 2004. During the lunch, she said, Crane told her she should go to the bathroom and take her bra off. Within hours, she told a close friend and colleague, who confirmed the incident to POLITICO. Crane did not respond to requests for comment on this incident.
- Three other former Cato employees described witnessing Crane making sexual and other inappropriate comments to young women at Cato both at work and during after-work events. Crane drank alcohol in his office during the day, according to multiple former employees. One male former employee said he saw Crane try to unsnap the bra of a female colleague at an office holiday party on a boat on the Potomac River.

The events described to POLITICO, which have never publicly been reported, began at least 20 years ago and continued until Crane's 2012 departure. On at least one other occasion, a former employee said he raised concerns to a senior Cato official about Crane harassing one of his female employees.

The senior official, Executive Vice President David Boaz, did not confirm or deny having received the complaint, saying in an email, "I'm sorry, I can't comment on alleged cases or remedies."

A graduate of the University of California, Berkeley, who spent part of his early career as an investment manager, Crane became a national leader in the libertarian movement from his perch as Cato's CEO.

In 1977, the then-32-year-old Crane co-founded Cato with economist Murray Rothbard and Charles Koch, the billionaire industrialist and political donor. Crane ran the institute on a daily basis, establishing Cato as a top Washington think tank and growing its annual budget to more than \$20 million at the time of his retirement. Cato helped to inject libertarian policies — such as privatizing Social Security — into the political mainstream.

“It was understood that he had near-absolute power in the organization,” said Tom Miller, who worked at Cato as director of health policy from 2000 to 2003. “There was a potential hammer arriving if you displeased the boss.”

Former employees say Cato’s libertarian ideals extended to the workplace. A 1999 book on sexual harassment published as a “Cato Institute book” encouraged women to find avenues for dealing with sexual harassment that didn’t involve reporting incidents to management or using the legal system.

“Libertarians would believe in the right to ask” to proposition someone “and the right for someone to say no,” said Cinda Jones, a former Cato head of marketing who left the organization in 2001.

Under Crane, Cato “liked to hire beautiful young people,” Jones added. “Everybody was above-average ... I was flattered to be picked.” Jones emphasized she never experienced any inappropriate behavior while working at Cato and had a positive experience there.

Even some of the women who say they were offended by Crane’s behavior, said they had initially been thrilled to have been hired by the premier libertarian organization at a young age.

“Working at Cato, if you’re a young libertarian, is an enormous privilege,” said the former research assistant who said she received an email from Crane about breast augmentation in 2003. “People just sort of thought, ‘Well I’m a libertarian, Ed owns the place, I kind of believe in his right to run it the way he wants to.’”

She said she first got a hint of Crane’s unusual behavior during her job interview.

Within a couple minutes of arriving for the meeting, a Cato executive looked at her and said, “Ed will like you.” The former employee believed the comment was about her appearance.

Soon after she started working at Cato, she said, Crane sent her the email about breast augmentation surgery. She printed it out, brought it to him and told him that it was unacceptable. Crane did not act inappropriately to her after that, the former research assistant said.

But within months, she said, she was again drawn into an unusual situation involving Crane. A Cato executive, who has since left the institute and did not respond to messages, gathered several young female employees together and suggested they stage a choreographed song-and-dance number for Crane’s birthday, the former researcher said. Multiple employees objected to the idea, and after repeated exchanges about it over the course of days, the executive demurred. (A second former employee who was present when the executive suggested the song-and-dance number confirmed the events to POLITICO.)

The employee who said Crane compared her to pornography on his computer said she was 25 at the time. Crane was in his 50s. She said Crane made dozens of inappropriate comments to her over the course of her employment. She said she also heard Crane make inappropriate comments about other female employees, and say that certain women should wear high heels more often.

“There’d be people who’d walk in and he’d say, ‘Doesn’t she have great legs?’” the woman recalled. A former colleague from Cato told POLITICO that the woman told him of the inappropriate comments that Crane made to her while they were co-workers.

She was one of at least three employees who complained to top Cato officials about Crane over the course of two decades before he left Cato.

In 2012, Lafferty settled a sexual harassment legal dispute with Crane, according to two people who discussed the settlement with her and one person who discussed it with Crane.

The settlement happened as Crane was locked in a battle for control over Cato with the Kochs, who had for years been relatively uninvolved in Cato's operations but had remained major shareholders in the think tank, though they did not have a controlling interest.

Asked about her alleged sexual harassment, Lafferty declined to comment and referred inquiries to her lawyer. The lawyer confirmed a resolution had been reached but said she was not able to say anything further about the matter. Asked about the settlement, Crane replied, "I just have no comment."

Goettler, Cato's current president, declined to comment on the incident but said he was not aware of any legal settlement funds paid in the past 15 to 20 years by Cato as an institution. Goettler said there was a settlement at the organization in 2012 and another settlement at Cato during that period of time, but declined to provide details on who paid the settlements or whether they involved Crane.

"The Edward H. Crane Legal Defense Fund, Inc." was also set up as a Delaware LLC in 2012, according to public records.

Crane confirmed the existence of the fund but said he did not know its purpose. "I don't think it ever took in any funds," said Crane, adding that an attorney may have set up the fund but "nothing ever came of it."

The former employees say that Cato under Crane was a freewheeling culture, in which some other men followed his lead in making inappropriate comments.

During the workday, Crane would sometimes drink vodka mixed with Crystal Light, according to three former employees. And especially when Crane had been drinking, he made comments about women's bodies and clothing both in front of them and behind their backs.

"I can remember once we had a contractor come in to present this idea for an issues campaign. And literally the minute she left he turned to all the men in the room and went, 'Man, I'd love to have her sit on my face,'" recalled one male former employee who worked at Cato for a short period starting in 1999.

During the early 2000s, the male former employee said, he saw Crane walk up behind a young woman and try to unsnap her bra during a Cato holiday party on a boat. The woman appeared stunned, the employee said.

Another male former employee said Crane forwarded him pornography on multiple occasions.

Crane did not comment in response to an emailed request for comment on the pornography, writing instead, "Hmm. Earnest, humorless journalists. Your story is chock-full of falsehoods, some of which were even 'out of earshot.' I still don't see how this sniping by unnamed former employees amounts to an article. ..."

Former employees of both sexes recall other men making inappropriate comments, but none as offensive or as frequent as Crane's.

Whenever a new crop of interns arrived, which happened three times a year, Cato would distribute headshots and short bios of the interns to staff. The handout was colloquially known by some men around the office as "The Menu," according to two former Cato employees.

Crane left Cato in 2012, after extensive maneuvering between Cato's leaders for control of the think tank. As part of the agreement, both Crane and Charles Koch left Cato's board of directors while David Koch remained on the board.

Davis, the spokesman for the Koch brothers, said, "It speaks volumes that once the Kochs had the chance to take action they gave up their stake in Cato in exchange for Ed Crane's departure."

Nonetheless, Crane had maintained a close relationship with the Koch brothers in the early years of Cato: He managed Ed Clark's 1980 Libertarian Party bid for president, with David Koch as the vice presidential candidate. In 1990, Crane traveled to the former Soviet Union with Charles Koch to attend a Cato conference, according to Washingtonian magazine. But relations soured over the years, ending in the public fight for control of the think tank in 2012.

Goettler, the current Cato president, said the think tank has "a pretty explicit policy against sexual harassment," as well as a "robust complaint process" for employees and an anti-retaliation policy. He said the procedures predate his own time as president, which began in 2015, though he could not pinpoint when the policies were instituted.

Cato also conducted a mandatory sexual harassment training for employees several years ago, Goettler said.

"I've tried to lead by example, by setting a serious and professional tone for the organization from the top," Goettler said.

Multiple former Cato employees said that the workplace culture has indeed improved for women.

"I expect and demand a working environment that's one of mutual respect," Goettler said. "I also like to remind people that things that they believe are innocent, like jokes and personal comments, can make others uncomfortable."