

Koch Brothers Send Out Rebuttal To Cato Dispute Allegations

By karoli
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In the newest episode of the Cato Institute soap opera, the Kochs have sent out an email blast to alumni of their scholarship programs explaining their reasons for suing Kathryn Washburn, widow of shareholder William Niskanen.

Via [ThinkTanked Blog \(WaPo\)](#), an excerpt. The full email is at the link:

Why now for such a dispute?

We can all agree that the timing is extremely unfortunate and that at this critical time our efforts should be directed to advancing the principles that allow a free society to prosper. And Charles Koch and David Koch went to great lengths to avoid this dispute. Their efforts were numerous, sincere, and went literally up to the last minute.

The disagreement over the shareholders' agreement has been going on for years with Charles Koch and David Koch receiving several proposals from Cato's officers to dissolve the agreement. Charles and David consistently declined these proposals because they feel the shareholder structure is important to preserve donor intent. At the unfortunate passing of one of the four shareholders, Bill Niskanen, some issues came to the forefront with discussions about how his shares should rightfully be disposed.

Charles Koch and David Koch, mindful of how this dispute could be a distraction to Cato and its mission at this critical time, sought to resolve the issue, or alternatively, to table the issue for a year or longer.

- They proposed a standstill agreement to delay any discussion on the shareholders agreement, and to delay any shareholder meetings and maintain the current board of directors, for one year or longer.
- They proposed third party mediation.
- They proposed alternative corporate structures for the other side to consider.

All of these efforts were rejected, and Cato's other shareholder demanded that a shareholders' meeting be held on March 1 **where a new party (Ms. Washburn – Bill Niskanen's widow) would be named a shareholder and new directors would be named.**

Their email raises more questions than it answers. If William Niskanen's widow holds views consistent with Cato's (and presumably, the Kochs'), why would it be a problem for her to join the board and assume her husband's place as 25 percent shareholder? Was there some dispute with him? Were the owners aligned in such a way that Ed Crane and William Niskanen were holding 50 percent ownership against the Kochs' 50 percent? Why is it so urgent that the Kochs control 75 percent unless, as has been alleged, they plan to make major changes to the structure and mission of Cato, including ousting Ed Crane and substituting Republican party faithful as proxies in an effort to influence elections?

They explain what they did, but not why they did it, or why they opposed Kathryn Washburn's election to the board. That's what makes me think this really is a big power play to fundamentally alter Cato's mission and involvement in party politics, and why so many Cato fellows and adjuncts have spoken out against the attempt.

Is it worth it to kill an institution that has been trustworthy and independent for the sake of electing Republicans? That's what [Ezra Klein asks](#), and he has an answer worth considering.

The puzzle is that the Kochs ever started this campaign in the first place. It's easy enough to see what they hoped to achieve: They would quietly take control of Cato and then leverage its credibility to help elect a Republican. Unfortunately for them, the cries from inside Cato made the "quietly" part impossible. But it would have been impossible in any case: Cato's credibility is derived from its independence; it wouldn't last long separated from it.