



Kochs vs. Cato: Kochs win

By [Laurie Bennett](#)

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The Cato Institute and the Koch brothers have settled their legal battle with an agreement to replace the CEO, Ed Crane.

David and Charles Koch, longtime benefactors, had filed two lawsuits seeking control of the libertarian think tank, saying it had wandered from its founding principles.

Crane, who has led the organization for 35 years, initially fought back, accusing the Kochs of attempting “a hostile takeover.”

Under the **agreement** announced Monday afternoon, Crane will be replaced by retired banker John A. Allison.

Cato’s stockholder agreement, in which Crane and the Kochs were three of the four shareholders, is being dissolved.

Instead, the institute governance shifts to a 12-member board, which will include David Koch.

According to the statement, three other Koch designees will join the board. Allison can nominate up to two additional directors. Charles Koch and Crane will not serve on the board.

“This is the end of an era at Cato,” chairman Bob Levy said, in a prepared statement. “From the Institute’s inception, Ed Crane has played an indispensable role - co-founding, managing and shaping it into one of the nation’s leading research organizations.”

Showing equal magnanimity, Crane welcomed Allison, whom he described as “a great champion of liberty and an outstanding choice to build on Cato’s success as the foremost non-partisan, non-aligned, independent source of libertarian perspectives on public policy.”

Bottom line: The Kochs win.

The press release doesn't name the initial board members, except to say they will be "12 long-term Cato directors." Of the current members, three, including David Koch, have direct ties to the Koch network.

Director Kevin Gentry is vice president of the Charles Koch Foundation. Another director, Nancy Mitchell Pfothauer, is a former lobbyist for Koch Industries.

Expand that network to include organizations funded by the Kochs and you add four more board members. Three are trustees of the Reason Foundation, where David Koch is a trustee and the Charles Koch foundation has been a benefactor.

Allison is a director of Mercatus Center, where Charles is also a director and his foundation is a funder.

Then there's director Ethelmae Humphreys, whom we described earlier this month as a "**hub on the Koch network.**"

That puts the count of Koch connections to eight. Add the three slots the brothers can now fill, regardless of whom Allison chooses, and the Kochs would have a majority.

That's precisely what they sought in the courts.

Note 1: Levy told **Politico** that the agreement would bar Koch employees from the board, ruling out Gentry, but apparently not David Koch, who has indicated that he will resume financial support of Cato when the agreement is in place.

Note 2: The current board, as published on **Cato's web site**, has 20 members and a director emeritus. The list includes both Charles and David Koch:

K. Tucker Andersen
Edward H. Crane
Richard J. Dennis
William A. Dunn
Kevin Gentry
Ethelmae C. Humphreys
Charles G. Koch
David H. Koch
Robert A. Levy
John C. Malone
Preston Marshall
Andrew Napolitano
Theodore B. Olson
Nancy M. Pfothauer
Lewis E. Randall

Howard S. Rich
Donald G. Smith
Kathryn Washburn
Jeffrey S. Yass
Fred Young
Frank Bond, director emeritus