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Cato and Koch Brothers Agree to Settlement Principles

By **Julia Edwards**

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Ed Crane, co-founder and CEO of the **Cato Institute**, announced his retirement Monday as part of the resolution to a bitter legal battle with Republican oil tycoons **Charles and David Koch** over the direction of the libertarian think tank. **John Allison**, known libertarian and CEO of BB&T, will replace Crane in six months.

Crane's departure is a win for the Koch brothers who have criticized their estranged colleague for not working with "organizations across the spectrum," according to a lawyer for Koch. The criticism--as well as the Kochs' history of funding Tea Party linked groups--sparked concern that Koch control would force Cato to promote Republican positions and break from its 35-year tradition as a nonpartisan institution.

But that scenario is unlikely given the settlement's provision that turns control of Cato over to its board of directors and dissolves its 4 shareholder positions. While David Koch and three Koch-appointedees will remain on the board, Charles Koch will lose his shareholder seat and all official affiliation with the institute he co-founded with Crane.

Crane told *National Journal* in April that he had previously offered to retire if the shareholder positions were abolished, but that the Koch brothers refused to relinquish control. Koch Companies denied the allegation that it sought total control.

"As this resolution shows, we never sought a hostile takeover of Cato--only a resolution to help further Cato's mission," said **Wes Edwards**, deputy general counsel to Koch Companies Public Sector.

But the dispute over power--and, at its core, the mission of Cato--remains a battle for the board. Over time, Crane-appointed board members could vote off all Koch-appointed members. Edwards said Koch Companies is looking forward to "finalizing a resolution of the underlying dispute among Cato shareholders."

Both sides appear to be in agreement over the selection of Cato's new leader, Allison, who helped negotiate the settlement.

Allison is a known libertarian who promotes Ayn Rand's free-market philosophies and called the \$3.1 million his bank was forced to take in TARP money a "rip off" and a "nightmare for anyone who supports individual rights."

In a statement released by Cato, Charles Koch said, "I have every confidence that John's leadership will enable Cato to reach new levels of effectiveness."

Crane called Allison 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."

Crane will stay on as an advisor to Allison during his transition to president and then continue to consult on fundraising and "other matters," according to the statement.