

## *Cato Institute's Board Bickers over its Direction*

March 9, 2012

---

This week, both the [Washington Post](#) and the [New York Times](#) contain reports of the recent lawsuit filed against the libertarian [Cato Institute](#) by two of its board members, Charles and David Koch. The Post quotes Cato's President, Edward H. Crane, as alleging that the Koch brothers are trying to "turn the Cato Institute into some sort of auxiliary for the G.O.P." It further reports that Robert A. Levy, the board's chairman, alleges that the Kochs would like Cato to provide "intellectual ammunition" for political advocacy groups such as [Americans for Prosperity](#) -- a move that Levy feels would destroy Cato's reputation for political impartiality by turning Cato into a mouthpiece for special interests. Although many members of the public equate libertarians and Republicans, those familiar with Cato and other libertarian organizations know that libertarians often support positions antithetical to the Republican party. The Post, for example, notes that Cato generally supports same-sex marriage and opposes much of the Patriot Act and drug criminalization. Mr. Levy's allegations, if true, are unsettling for those who wish Cato to retain its embrace of causes generally thought to be "liberal."

While the impartiality of think tanks and the use of their research by advocacy groups is one of the sexier issues raised by this dispute, nonprofit law nerds will also be intrigued by another. The lawsuit is made possible by Cato's unique governance structure. Although it has a sixteen-member board, quite a bit of power is wielded by a four-person shareholder group originally comprised of Cato's founders; these four seats can apparently be bought and sold. Charles and David Koch control two of these four seats and are trying to seize control of a third that was recently vacated by the death of a founder by alleging that they have an option to purchase the deceased's shares.

MPF