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## Exclusive: Koch brothers launch court fight over Cato

By [MIKE ALLEN](#) | 3/1/12 9:48 AM EST

Charles G. Koch and David H. Koch, the deep-pocketed conservative activists, launched a court fight yesterday over control of the Cato Institute, one of the nation's best-known free-market think tanks.

The Washington-based public-policy group was founded in 1974 as the Charles Koch Foundation. The name was changed to Cato in 1976, with the Koch brothers as longstanding contributors. The group had four shareholders until last year: Charles Koch; David Koch; Edward H. Crane III, Cato's president; and William A. Niskanen, who died in October. Niskanen, who once was acting chairman of President Ronald Reagan's Council of Economic Advisers, was Cato's chairman emeritus.

Koch officials tell POLITICO that the brothers think the shareholder agreement is clear that there should now only be three shareholders, while Crane thinks Niskanen's 25-percent control should go to his widow, Kathryn Washburn.

"We've proposed a stand-still agreement and third-party mediation," said Wes Edwards, deputy general counsel of Koch Companies Public Sector LLC. "We feel that we've been refused. ... We haven't alleged any wrongdoing or sought any damages. This is not about money. We view this as a matter of shareholder rights."

The civil filing is in the district court of Johnson County, Kansas, where Cato is incorporated. Charles Koch lives in Wichita and David Koch lives in New York City.

Cato has 120 full-time staff, plus roughly 100 visiting or adjunct scholars. The operating budget in the most recent annual report was \$23 million, and the group has a capital fund for expansion that stands at \$46 million. Crane did not immediately respond to a call and emails. Chris Kennedy, Cato's director of media relations, said he was seeking comment from Crane.