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Koch brothers, Cato Institute settle feud

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WASHINGTON, June 25 (UPI) -- The Cato Institute, a Washington think tank, said Monday it has reached a tentative deal to resolve lawsuits filed against it by the billionaire Koch brothers.

The agreement calls for John Allison, a former chief executive officer of BB&T, to replace Cato CEO Ed Crane, who is retiring. Cato will no longer be a stockholder corporation.

Cato said in a release posted on its Web site the agreement amounts to a compromise that accomplishes both sides' key objectives. Cato said for a majority of its directors, the deal confirms the institute's independence and ensures it is not viewed as controlled by the Kochs. For the Koch brothers it helps ensure Cato will be a principled organization that is effective in advancing a free society, the release said.

Charles and David Koch filed separate federal lawsuits in Kansas this year seeking interpretation and enforcement of Cato's shareholders' agreement. Cato had been owned by four shareholders -- Crane, Charles Koch, David Koch and William Niskanen. After Niskanen's death in October, the Kochs maintained the shareholders' agreement left the brothers and Crane as the shareholders, while Crane and Niskanen's widow, Kathryn Washburn, contended she was the rightful owner of Niskanen's shares.

Further court proceedings are being held up while settlement documents are being prepared and signed, Cato said in its release.

The Cato Institute will be governed by members rather than shareholders. The members will be the directors of the institute and will elect their own successors.

Initially, the board will include 12 long-term Cato directors, including David Koch, three other Koch designees and Allison. Charles Koch, Crane and Washburn will not be on the board