

Meet Bill Koch, the other Koch brother

By Alex Leary
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"I'll let Mr. Koch know you're here," says the man at the door.

Coffee or juice, he asks, then disappears. A small black orb protrudes from the ceiling — a security camera watching over artworks that would make a museum director drool: Monet, Picasso and Renoir. Sunlight animates an atrium in the distance, a statue of a nude woman rising from a pool.

The owner of these riches, William I. Koch, has one of the best-known surnames in American politics, and he's running late for a rare interview to discuss his life and his tumultuous relationship with his brothers. When Koch appears 15 minutes later, he has this on his mind:

"You know why a shower makes you feel so good?" asks the man with wet hair and three degrees from the Massachusetts Institute of Technology. "It's because — this will tell you what a nerd I am — the nozzle squirts the water and separates the ions. It washes the positive ions down the drain, and the negative ions stick to your body and give you a slight charge."

Koch, charged and casually dressed on a Saturday morning in a western-style shirt and tan slacks, has planned an extensive tour of his Palm Beach home and its amazing collections. But he is nervous about something.

Koch leads the way to a western-themed room filled with cowboy revolvers, spurs and American Indian dresses, and eases his 6-foot-4 frame into a brown leather couch. Zorro, his English springer spaniel, hops up next to him.

"Just don't make me look crazy," Koch says.

The man worth \$3.2 billion — comfortably in the top half of the Forbes list of the 400 richest Americans — is worried about how he will come across.

Koch, 74, is the founder of Oxbow Carbon, a multinational company that is the world leader in distribution of petroleum coke, an oil refining by-product. He employs 1,200 people. He owns one of the most diverse private art collections in the world. He keeps homes in Florida, Massachusetts and Colorado, where his Aspen ranch is on the market for \$90 million. He's building an Old West town a couple of hours from the ranch. In 1992 he bankrolled an improbable victory in the America's Cup sailing race. He spent \$60 million to start a private high school in West Palm Beach that has received widespread acclaim.

Yet for all his wealth and accomplishments, Koch seems haunted by the reputation he gained during a nearly two-decade feud with his better-known brothers.

The brothers called him crazy in court, contending he was driven by inferiority and jealousy. He was the klutzy, stormy kid who didn't measure up in school or sports, or with girls, someone who once said of himself, "For a long time, I didn't think I was worth s---." Even today he is relegated to "the other Koch" status. Charles and David Koch (tied for No. 4 on the Forbes list with \$41.5 billion) have become such influential, polarizing political figures, they are known simply as the Koch brothers. Bill Koch is one of the biggest political donors in Florida but is barely known, his ideology hard to pin down.

He may not be crazy. But his life in some ways is defined by conflict — with family, business associates, himself — a relentless quest to prove his value.

"One of the reasons I'm talking to you," he says, "is to show that I'm my own man."

If Bill Koch had his way, Koch (pronounced coke) would probably not be a household name. But he's also directly responsible for putting the family in the spotlight years ago.

In the 1970s, Charles Koch took over the family oil business and began turning it into a much larger and diverse enterprise. (Today Koch Industries is the second-largest private company in the United States, with \$115 billion in annual revenue, 60,000 employees and interests in oil, chemicals and paper.) Charles also was wading into libertarian politics, helping start the Cato Institute and encouraging David, Bill's twin, to run in 1980 as the vice presidential nominee for the Libertarian Party. Bill, who was angling for greater responsibility, complained that not enough money was being returned to shareholders.

"Our disagreement in Koch Industries was basically about for whose benefit was the company being run," Koch said on his couch in Palm Beach. "Was it being run to make the shareholders wealthy or to sponsor a libertarian revolution? I thought it was properly libertarian to let the shareholders spend their own money."

Charles saw his younger brother as lazy, ungrateful and a bad decisionmaker. Koch staged an unsuccessful coup and was fired. In 1983, Bill Koch and his oldest brother, Freddie, sold their interests for \$470 million and \$320 million, respectively. But two years later, Bill Koch, believing his stake was greatly undervalued, filed a lawsuit. Freddie joined in, but it was Bill's fight, a grownup version of the boxing matches he had had with his brothers when they were boys.

The litigation dragged on for 16 years, with more than 10 lawsuits before two dozen judges and countless millions spent. Despite mounting setbacks Koch kept going, hiring teams of investigators to dig up dirt. A fight that supposedly began over money became so much more. Forbes called the battle "perhaps the nastiest family feud in American business history."

Charles and David argued that Bill was insecure and vindictive, noting in court that Koch Industries had paid for him to see a psychologist. Even their mother, Mary, took sides, warning

Bill not to tear the family apart and later writing him out of her will. Bill Koch's lawyers once subpoenaed her weeks after she had a mild stroke.

Growing up in Wichita, Kan., Koch said, he struggled to find his place in a competitive household. "I was a skinny, goofy, nerdy kid." Things were so bad that Charles, who is four years older, was sent to military school. "We had to get Charles away because of the terrible jealousy that was consuming Billy. Bill has always been too emotional," Mary Koch told the New York Times in 1986.

At home in Palm Beach 28 years later, Koch is still reeling from the "Billy story" his brothers cultivated. "They said the whole thing was based upon personal envy. But it was really based upon money. Billions of dollars. You're damn right I would fight for that. I thought I was being cheated."

What Koch describes as perseverance, his brothers called an obsession. "Whatever victory he gets, it pumps him up and he wants more blood," Charles said long ago. "This will be a lifetime thing."

Bill Koch got up from the couch, carrying a bottle of berry-flavored water, and led guests downstairs to a room that held a stunning array of model sailboats, all the entrants in the America's Cup since it began in 1851. He began sailing in the mid 1980s, and his entree into the America's Cup, sailing's highest prize, was greeted by laughter from sailing veterans and the media. Koch assembled a team from MIT that tested 40 boat designs and 250 keel shapes. He required his crew to read Robert Axelrod's *The Evolution of Cooperation* and to be always in uniform, shirts tucked in. And he broke protocol for an owner by becoming a hands-on crew member.

"Bill doesn't do anything at half throttle," said David Rosow, a friend who was part of the team. He recalled ordering wine for a team party and Koch — whose wine collection exceeds 40,000 bottles — spitting it out as inferior and demanding better. Koch a few years ago prevailed in a \$25 million legal war against people who sold him fraudulent wine. "Maybe it's because of my relationship with my brothers," Koch said, standing in his vast, climate-controlled cellar. "I can't stand to be cheated."

His \$68 million quest for the America's Cup included some mischief. Koch's eyes lit up when he talked of sending an ex-Navy SEAL underwater to gather information about his competition's keel, the kind of gamesmanship then rampant in the sport. He also had employees pick up other teams' trash. "We were shocked," he said. "We found budgets. We found designs. We found invoices."

After Koch's America3 beat the boat captained by famed yachtsman and four-time America's Cup winner Dennis Conner, the self-described "hick from Kansas" proclaimed: "This is a triumph for America and American technology and American teamwork."

He told the author of a book he commissioned that the experience was life changing. "People ask me for autographs, ask me to speak. And winning — proving we were right — was gratifying. I learned I could do a lot more than I thought I could."

Even as Koch basked in success — even holding a celebration in Wichita, Charles' hometown — he kept up his court fight. He also continued to lose money and face. A 1994 profile in *Vanity Fair*, which a public relations agency prodded him to do, painted an unflattering portrait of "Wild Bill Koch."

In it, a one-time friend described him as becoming Howard Hughes-like, full of paranoia. "He would have two different hotel rooms so Charles couldn't bug his phone," the friend said. Bill Koch denied that, but gleefully told the writer about an investigator he hired, a mysterious man said to have had an Israeli military background. "Welcome to the mad, mad, mad, mad world of Bill Koch, a man whose closet is free of skeletons in large part because they all seem to be turning somersaults in his living room," the story read.

Twenty years later, over a lunch that included hamburger made from expensive Japanese cattle he owns, Koch still fumes. "A very nasty hit piece," he says.

The next stop was his "politically incorrect room," where he displays his hunting trophies: a polar bear, a leopard and many African animals. On the wall is a massive Cape buffalo, shot by his father. Fred Koch was a hard-driving man, Koch said, "like John Wayne." He made the boys work on his ranches, digging ditches, fixing fences. They earned 50 cents an hour, and when their father wasn't around, they went into town to drink with the working men.

"He taught us if you want something out of life, you've got to do it yourself. You've got to work your tail off," Koch said. "The worst thing about my father was he wasn't around enough."

Fred Koch got rich helping Russia develop its oil fields in the late 1920s. He returned home alarmed by the rise of communism and later was a co-founder of the right-wing John Birch Society. Mary Koch was an elegant woman who instilled in her sons an appreciation of art. But she was not very nurturing, delegating parenting to house staff, Koch said.

Later in life, he said, "I went after these extremely beautiful women that were like my mother to see if I could get them to like me, because I tried to get my mother to like me. Finally I realized I'm going down the wrong road. Why not get someone who just likes me?"

It wasn't easy. He has been married three times. In 1995 he treated Boston to a torrid spectacle when he tried to evict an ex-girlfriend, model Catherine de Castelbajac, from his penthouse at the Four Seasons hotel. The couple were pioneers in electronic flirting, sending racy faxes Koch later introduced in court as evidence to support claims she was trying to extort him. In one, de Castelbajac described herself as a "wet orchid" and said she wanted honey drizzled on her body. "I cannot describe how much I look forward to seeing you again," Koch wrote. "It is beyond calculation by the largest computers."

Koch had broken off the relationship and married the mother of his 9-year-old son, but de Castelbajac, who rang up tens of thousands of dollars in charges, said he had promised to take care of her. "Please do not compel me to seek legal advice," she wrote. Koch fired back a fax from Palm Beach: "I cannot be, nor should I be, held ransom or responsible for your pleasures or your extravagances." He went full bore as usual, hiring investigators who dug into her past. "If I give in," he told the Boston Herald, "I am a sitting duck for everybody else." A jury ruled in his favor, but he had still not found happiness. His marriage fell apart. A subsequent one also was rocky.

Today, the father of five children ages 8 to 28, is married to Bridget Rooney Koch, a member of the family that owns the National Football League's Pittsburgh Steelers. She is an aunt to actors Kate Mara and Rooney Mara. On the day reporters visited him, Bridget, 52, made a brief appearance, walking through his western room after a bike ride. Their 8-year-old daughter, Kaitlin, sneaked up on him and shouted "Boo." She came back with a huge stuffed bear and plopped it down next to her father, who broke into laughter.

In the hunting room, a framed letter sat on a bar top between two sheathed knives. It was written by Koch's father when he was establishing trusts for the boys. "It may be either a blessing or a curse," reads the neat cursive. "You can use it as a valuable tool for accomplishment or you can squander it foolishly. If you choose to let this money destroy your initiative and independence then it will be a curse to you and my action in giving it to you will have been a mistake. I shall regret very much to have you miss the glorious feeling of accomplishment and I know you are not going to let me down."

Koch pondered the meaning. "It's been a blessing because it gave us resources to achieve what we want out of life," he said. "It's been a curse because it's torn our family apart."

In court, Koch had been racking up losses and bad publicity. But in the 1990s, his incessant drive, and his team of investigators, landed him his biggest weapon: evidence suggesting Koch Industries was stealing oil from American Indian reservations and federal land. Koch gave the file to the U.S. Senate Indian Affairs Committee, which investigated. Koch figured if he could prove Charles was cheating in that case, he would prevail in proving Charles cheated him in the family business.

A grand jury decided the company had defrauded the government. Koch Industries settled for \$25 million, a relatively modest penalty for the company, but the public relations damage was significant.

"It was so devastating to the corporation that they had to resolve this," said Roy Bell, Bill Koch's lawyer, who helped broker a settlement to end the family feud. (The terms have not been made public, and the brothers are bound by a nondisparagement clause. Koch Industries declined comment for this story.)

Bell was at the mansion in Palm Beach in 2001 when the family reunited. "I was taken aback by the normalcy of it," he said. "The brothers were laughing, joking. They hadn't had a meal together in 20 years."

The twins reformed their bond, and David, who resides primarily in Manhattan, has a home nearby in Palm Beach. Koch began to tear up when talking about David, who was his best man in 2005 when he married Bridget.

"My relationship with Charles is friendly, but more or less peaceful coexistence," he said. "We're two totally different people. At times I think he can be incredibly charming and incredibly friendly. Other times he could be extremely tough. It turns out, so can I."

But today, despite all he has done, Koch cannot escape his siblings' shadow. "Some people who don't know me say, 'He's one of those crazy Koch brothers,'" Koch said.

"I think some of the things they are doing are great. I like that they're fighting regulations. I like the fact that they are pointing out a lot of the weaknesses in the Democratic standard positions. I like the fact that they are ... putting their money where their mouth is. And I like the fact that they are trying to be very clever, a bit Machiavellian."

It's hard to overstate the reach of David and Charles Koch. They have spent hundreds of millions of dollars building a conservative machine that has helped the tea party grow and has unleashed waves of TV ads against Obamacare. There is no significant U.S. House or Senate race in the country that does not bear their imprint. For this, Democrats have portrayed them as dark puppet masters.

Koch shares his brothers' view that President Barack Obama is making the country socialist. He gave nearly \$4 million in 2012 to a super PAC supporting Republican presidential candidate Mitt Romney, and he has donated tens of thousands of dollars to the Republican Party of Florida. But Koch is socially liberal — in favor of gay marriage, abortion rights and the decriminalization of drugs — and over the years he has given money to Democrats, including Hillary Clinton and Sen. Bill Nelson of Florida. In 1997, he was courted to run as a Democrat against then-Sen. Sam Brownback of Kansas. He's intrigued by Sen. Rand Paul of Kentucky, a libertarian-minded Republican likely to run for president in 2016.

"It's like choosing the best of the worst. Politics is not a game that I like," Koch said. Still, he plays it. "Sometimes we need to influence politicians, and the easiest way to influence is with money." Records show his Oxbow Carbon has spent more than \$3.7 million since 2010 lobbying Congress on energy-related legislation, including fighting Environmental Protection Agency regulation of emissions.

For more than a decade, Koch has poured millions into defeating a 130-turbine wind farm off the coast of Cape Cod, where he owns property, arguing it would ruin the view and drive up electric costs. He's not alone in that thinking, but his wealth and profession give critics ammunition.

"I doubt Mr. Koch is losing much sleep about an energy bill for his fifth compound," jabbed Mark Rodgers, spokesman for the farm, Cape Wind. "Offshore wind tends to be an energy game changer, and he makes his money from the dirtiest end of the energy curve. He says it has nothing to do with it, but I think it does."

Koch stood over a model of the Old West town he's building in Paonia, Colo., about four hours from Denver. The town, which has no residents, is stocked with buildings he bought from Buckskin Joe, an attraction built by the MGM movie studio. He has filled the Victorian-era structures with his collection of western memorabilia, some 2 million pieces: doorknobs, pitchforks, furniture, guns, garter belts. Several years ago he paid \$2.3 million for the only known picture of Billy the Kid.

"I've got Custer's rifle. I've got the gun that killed Jesse James. I've got Doc Holliday's gun. I've got Wyatt Earp's gun. I've got a whole s---load of that stuff."

Koch is drawn to the Old West because of the memories of his father, who arrived in Kansas from Texas, and its stand-your-ground code. "It all gets back to trying to create a place where I can enjoy life and enjoy my family and friends without having to worry about my enemies," he told Denver magazine 5280 last year.

But he has found trouble there, too. He has irritated some middle-class neighbors with a plan to swap land he owns for a much smaller strip that would keep the public far from his private town. More seriously, it's the site of his latest legal skirmish. Next year he'll face off in a Colorado court with a former Oxbow executive who has accused him of false imprisonment during an incident that unfolded like a movie: Koch invited the man to town, gave him a helicopter tour and talked about a substantial bonus, then came barreling with allegations of theft and a pink slip.

The ex-employee, Kirby Martensen, who oversaw Asian markets, says he was held as an off-duty sheriff's deputy's vehicle sat nearby, then taken to an airport in Denver (not Aspen, as he wanted) and flown to San Francisco. A court filing contends that Koch retaliated when Martensen raised questions about an alleged \$200 million tax dodge using a shell company in the Bahamas. "Any allegations of misconduct by Mr. Koch are simply untrue and stem from Martensen's attempts to divert attention from his own allegations," Oxbow Carbon said in a statement.

Koch saved a mind-boggling end for his tour, leading guests through room after room of masterworks. Remington. Picasso. Dalí. Homer. There is one of Monet's Water Lilies. Modigliani's Reclining Nude. He popped around telling stories like a manic docent.

A giant book sat on a table, and he flipped through its pages, stopping at the signature of Joe DiMaggio. The guest registry had been owned by Marjorie Merriweather Post, who built the famous Mar-a-Lago estate down the road that is now owned by Donald Trump. In addition to Bill's wealthy friends, the book is signed by schoolchildren who are given tours of the mansion.

As the sunlight was beginning to fade, Bill Koch walked his guests outside. He seemed at peace. The nervousness from earlier in the day had seemingly disappeared. Over seven hours, he had made his case. It boiled down to something he had said earlier: an assertion that every bit of family drama, every dollar of the millions he spent in legal fees, had been worth it because it had brought him here. And yet even in that statement, there remained a hint of something unresolved, the yearning of a man who owns everything for something that doesn't come with a price tag.

"One of the best things that happened to me, although it cost me a bloody fortune, was to be fired from Koch Industries," he had said. "I would have never done the America's Cup. I would never have an art collection. I would have never started a school. I would have never built my own western town. ... I want to find my own niche."