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David Koch is leaving Koch Industries, stepping down from Americans for Prosperity

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David Koch, one of the two billionaire brothers at the helm of the powerful conservative political network, is retiring from his family's conglomerate, Koch Industries, and stepping down as chairman of the Americans for Prosperity Foundation.

His brother, Charles Koch, announced in a letter to employees of Koch Industries on Tuesday that David Koch's health has been in decline since he was hospitalized last summer. He was not specific about the illness, though his brother is a cancer survivor.

"Unfortunately, these issues have not been resolved and his health has continued to deteriorate," Charles Koch wrote in the letter, a copy of which was obtained by The Washington Post. "As a result, he is unable to be involved in business and other organizational activities. . . . David has always been a fighter and is dealing with this challenge in the same way."

David Koch's departure will change the makeup of one of the most active and well-funded political forces in the country that has been a bulwark in not just supporting but setting the Republican agenda – although not necessarily President Donald Trump's.

Mark Holden, the general counsel of Koch Industries who now co-chairs the political network, said the Koch network will continue to expand even as one of its founders and namesakes steps aside. "We greatly appreciate his vital role on the board and all that he has done to help us build a strong foundation for our future success," Holden wrote in an email.

Through a constellation of aligned groups, the network still plans to spend between \$300 million and \$400 million on politics and policy during the 2018 election cycle. That's up from \$250 million in the 2016 elections.

But questions about what's next are inevitable.

David Koch, 78, participated in his network's donor retreat in New York in October but did not attend its winter seminar outside Palm Springs, California, in January. His brother Charles, 82, has appeared in recent months to pick up some of the slack left over by his brother's illness.

David and Charles Koch are tied as the country's eighth richest men. According to Forbes Magazine, both are worth about \$60 billion.

Knowing that they wouldn't be around forever, the brothers have tried to groom a new generation of leaders for their network since they started convening meetings of like-minded rich people in 2003. They've also worked hard to bring in new people so that the network is not dependent on their personal fortunes.

There are now 700 members of the Koch network, whose formal name is the Seminar Network. Each of them commit to contributing a minimum of \$100,000 annually to Koch-affiliated groups. The billionaire brothers refer to them as "investors" – not donors – because they rely heavily on metrics and insist on getting a good return for what they see as an investment in politics.

At the twice-annual gatherings, everyone wears a nametag and dots reflect the magnitude of each attendee's giving. In January, there were 160 first-time attendees – a sign of continuing growth. Because of the number of deep-pocketed people, and the Koch network's heavy influence in conservative politics, these seminars have become one of the most sought-after invitations for ambitious Republicans.

Pooling their money this way has increased their power. The network almost single-handedly killed a border-adjustment tax that Speaker of the House Paul Ryan wanted to use as a way to pay for cuts to the corporate and individual rates. Then Americans for Prosperity spent more than \$20 million to help pass the version of the tax bill that the Kochs liked, which brought the corporate rate down from 35 percent to 21 percent. Several former staffers of the Koch network now work in the administration, including White House legislative liaison Marc Short, ensuring the allied groups have a seat at the table.

After pointedly declining to support Trump during the 2016 campaign, the Koch brothers decided to pragmatically embrace pieces of the administration's policy agenda when he won the election. In addition to the tax cuts, they also benefited from major deregulation and scores of business-friendly judges.

But they've grown frustrated and become more outspoken in recent months as Trump has followed through on some of the protectionist and populist rhetoric that made them leery of him in the first place, from tariffs to deficit spending and the failure to protect "dreamers." (The Kochs remain very pro-immigration.) They're also worried that congressional leaders do not feel a greater sense of urgency to pass more ambitious legislation during what could be the final few months of unified Republican control for several years.

The Koch network announced on Monday a multiyear, multimillion-dollar campaign to oppose the Trump tariffs.

They've also signed a growing willingness to work more with Democrats on areas of common ground, instead of sticking with the GOP.

AFP unveiled a digital ad buy on Friday in North Dakota to thank Democratic Sen. Heidi Heitkamp, who is in a tough reelection fight, for voting to roll back the Dodd-Frank financial services law. This show of independence privately irritated congressional Republicans, but they've been muted in pushing back publicly for fear of alienating the Kochs.

David Koch, who now lives in New York, was raised in Wichita, Kansas. He earned two degrees in chemical engineering from the Massachusetts Institute of Technology in the early 1960s. He and his wife, Julia Flesher Koch, have been married more than 20 years and have three children.

He was diagnosed with prostate cancer 25 years ago, and he has given vast sums toward cancer research in the quarter century since then. For instance, he provided \$217 million to the Memorial Sloan Kettering Cancer Center, including \$150 million for a new outpatient medical facility. He gifted \$128 million to New York Presbyterian Hospital, \$26.5 million to the M.D. Anderson Cancer Center, \$26.2 million to the Hospital for Special Surgery in New York, \$20 million to Johns Hopkins University, \$10 million to Mount Sinai Medical Center and \$10 million to the children's hospital at Stanford University for allergy research.

According to an official bio, David Koch has pledged or contributed a total of more than \$1.3 billion to assist causes from cancer research to medical centers, educational institutions, arts and cultural institutions and public policy organizations. The money has come through personal gifts and the David H. Koch Foundation.

This includes \$185 million to MIT. At his alma mater, he played on the Boston Rugby Football Club and during four years as a varsity basketball player set a single-game scoring record of 41 points that stood for 46 years.

His representatives say he has provided more than \$300 million in additional charitable support, beyond the \$1.3 billion, for other causes – including help for victims of Hurricane Harvey.

But while the Koch name is on a lot of buildings, he is best known for wading heavily into politics. In 1980, he was the Libertarian Party's nominee for vice president. His ticket, with Ed Clark, received just 1 percent of the popular vote. Ronald Reagan won.

Several of the ideas Koch ran on that year, then seen as fringe, have subsequently become GOP orthodoxy. And the investments that the Kochs have made to build up think tanks like the Cato Institute and promote libertarian-leaning scholars at universities are an important part of the story of how the right moved their way.

Democrats have demonized the Kochs as boogymen, and attack ads highlighting the scale of their contributions have made them household names. They've also required David and Charles Koch to travel with considerable security details.

Charles Koch, who will stay on as chairman and chief executive of Koch Industries, said his brother was "instrumental" in growing the business they inherited from their father "1,000 fold" and branching out beyond energy into a host of other products. The firm, with annual revenue of

more than \$100 billion, operates pipelines and produces fertilizer but also manufactures everything from Dixie cups to Quilted Northern toilet paper. It is the second largest privately-held company in the United States. Charles Koch said David Koch will now get the title of “director emeritus.”