

Highest-earning US hedge fund managers raked in \$13 billion last year

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The top 25 US hedge fund managers received nearly \$13 billion in earnings last year, according to an annual survey released Tuesday by Institutional Investor's Alpha magazine.

Even though 2015 was a year of low or negative returns for many hedge funds, fund managers' earnings were up 10 percent over 2014, when the top 25 hedge fund managers pulled in a measly \$11.6 billion, their worst earnings since the 2008 housing crisis.

The lowest earner on this year's list took in \$135 million, while the average income was \$517.6 million, up from the previous year, but down 40 percent from \$846 million in 2013.

The incomes of the top 25 hedge fund managers place them all comfortably in the top 0.1 percent of society, who live in a world of private jets, luxury hotels, and multiple homes and penthouses scattered around the planet. It means little to these modern plutocrats to toss around tens of millions or even hundreds of millions of dollars in order to purchase art, luxury yachts, and the services of both the Republican and the Democratic parties.

Citadel's Kenneth Griffin and Renaissance Technologies' James Simons topped this year's list, both pulling in \$1.7 billion. Following close behind were Raymond Dalio of Bridgewater Associates, the largest hedge fund in the world with more than \$160 billion in assets under management, and Appaloosa Management's David Tepper who both brought home \$1.4 billion. The top five was rounded out by Millennium Management's Israel (Izzy) Englander who earned a slim \$1.15 billion.

Griffin, who has a net worth of \$7.3 billion, has been in the top 25 for the last 14 years. He is a noted art collector and supporter of right-wing, Republican politicians. Earlier this year Griffin purchased Willem

De Kooning's 1955 painting *Interchanged* for \$300 million and Jackson Pollock's *Number 17A* for \$200 million from the private collection of fellow billionaire David Geffen.

A self-styled Reagan Republican, Griffin backed the 2012 presidential campaign of multi-millionaire Mitt Romney. He endorsed Senator Marco Rubio in his failed run for the 2016 Republican nomination and gave \$100,000 to a pro-Rubio super PAC. He also gave \$100,000 each to Super PAC funds supporting the presidential campaigns of Jeb Bush and Scott Walker.

Meanwhile Simons, with a net worth of \$15.5 billion, has made the list for the last 15 years, earning a total of \$23.46 billion over the last decade and a half. Simons used a small sliver of this wealth in 2008 to purchase the Archimedes, a 222-foot super yacht valued at \$100 million, which can accommodate 8 guests and 10 crew members.

Through his firm, Renaissance Technologies and Euclidean Capital, Simons has donated generously to both the Democratic and Republican campaigns. According to public filings, Renaissance provided more than \$13 million to support the failed presidential bid of Republican Senator Ted Cruz, while Euclidean has given more than \$7 million to support the presidential bid of Democrat Hillary Clinton. Simons was one of the largest individual donors in the 2012 campaign, giving more than \$9 million to pro-Democrat and pro-Obama super PACs.

To give a sense of what the income of the top hedge fund managers in 2015 represents, consider:

* The West African country of Togo, with a population of 7.5 million people, has a GDP less than \$12 billion.

* The top 25 hedge fund managers' incomes could pay for a majority of the federally-funded National

School Lunch Program which provided low-cost or free lunches to more than 31 million school aged children in the US at a cost of \$20 billion in 2015.

* The combined income of Griffin and Simons is nearly enough to pay for the \$3.5 billion annual budget of K-12 public education in the state of Mississippi. Their income could cover the education costs for approximately 500,000 students, including the salaries of more than 32,000 teachers in more than 1,000 schools.

* \$6.1 billion would cover the entire 2015-2016 budget of the University of Wisconsin, which includes the operation of the UW system's 13 universities and 13 two-year colleges, and cover the education costs for more than 182,000 students. The public university system recently had its state funding slashed by \$300 million, plunging the institution into a crisis.

* \$1.5 billion would be enough to pay for the replacement of all lead pipes in Flint, Michigan and fix the city's poisoned public water system.

* Chicago State University, which recently laid off 300 employees due to a shortage of state funds, has an annual operating budget of approximately \$6 million. This sum could be paid for more than 2,100 times over by the income of the highest earning hedge fund managers.

A substantial share, if not the majority, of the wealth appropriated by these billionaires is derived from criminal operations. A case in point is SAC Capital Advisors, one of the most profitable hedge funds in history, which pled guilty to security and wire fraud charges in 2013. The entire operation was revealed to have been based on an illegal insider trading operation "on a scale without known precedent." The firm was required to pay a relatively small \$1.8 billion settlement.

Despite being implicated in one of the largest insider trading cases in US history, SAC's owner and manager, Steven A. Cohen, escaped any criminal charges and remains one of the richest individuals in the world. His current net worth is somewhere around \$12 billion.

Last month, the *Wall Street Journal* reported that fewer than two months after a settlement with the Securities and Exchange Commission banned him from serving as a hedge fund executive, he now owns a hedge fund called Stamford Harbor Capital across the

street from his old fund SAC Capital, and the two share many of the same executives. The fund claims that while Cohen is the owner, he does not play a "supervisory role."

The story of SAC capital, while particularly egregious, exemplifies the relationship between the criminal financial oligarchy that dominates society and the government bodies that nominally supervise them. The Federal Reserve, Securities Exchange Commission, Congress, and the judiciary serve not to restrain the criminality of the financial elite, but to facilitate it and hide it from the public.

This basic state of social relations is on full display in the 2016 presidential elections, in which the Republican Party has put forward Donald Trump, a semi-fascistic billionaire, as their candidate, while the Democratic Party has settled upon Hillary Clinton, a lifelong defender of Wall Street who sees nothing wrong with receiving a six-figure "speaking fee" for a single appearance.



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