

# Trying teaching ethics when this is what you do

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[Bloomberg](#) has a story about Harvard, Yale and Stanford universities being investigated by the Senate Finance Committee in the US. All three are, of course, educational not for profit organisations and are tax free in most instances. An exception is, apparently, is when they receive profits from debt-financed investing. Call those hedge funds for want of a better term.

Now the hedge funds have set up companies in tax havens that convert these taxable profits into dividends, which aren't taxed when the universities get them. As Bloomberg notes, John Gaine, president of the Managed Funds Association, the main Washington-based lobbying group for hedge funds said:

*If you're a tax-exempt entity and you're investing in a hedge fund, you're very properly and legally in a much better position by investing in one of these corporations*

What someone should tell him is legal does not mean ethical. And I wonder how these places are teaching corporate responsibility when this is the sort of thing they get up to? Badly, is my guess.