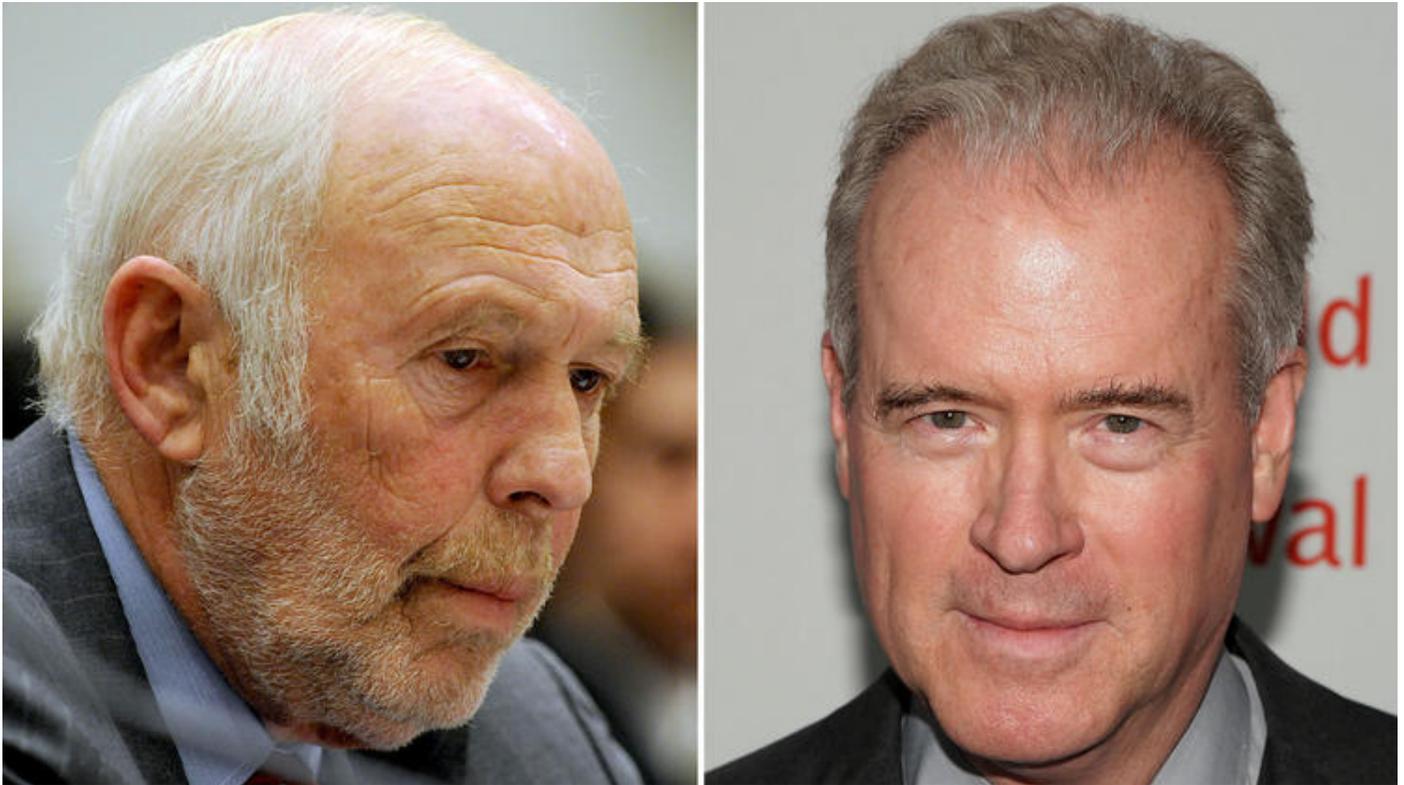


They teamed up to conquer Wall Street. Now, one is bankrolling Clinton and the other Trump



James Simons, left, and Robert Mercer helped turn Renaissance Technologies into one of Wall Street's top-performing hedge funds. Both are also among the nation's biggest political donors, Simons to liberal groups and Mercer to conservative causes. (Getty Images)

By **Joseph Tanfani and Evan Halper**

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When Republican senators investigated a little-known San Francisco nonprofit steering as much as \$50 million a year to climate change activists, the right-wing media outlet Breitbart News pounced on the report.

Breitbart branded the organization, the Sea Change Foundation, as a vehicle for “rich liberals who are secretly funding the green movement’s war on Western industrial civilization.”

As it turned out, though, the money to support both Sea Change and Breitbart came from the same place — Renaissance Technologies, a hedge fund based on Long Island, N.Y., churning astonishing profits with a formula of algorithms and equations that only a select group of math geniuses understand.

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In recent years, the masterminds behind Renaissance have put their billions to work reshaping the political landscape — but in divergent and opposing ways.

The political evolution of Renaissance founder [James Simons](#), a mathematician who worked as a U.S. code-breaker, and his star recruit, computer scientist and poker ace Robert Mercer, reflects one of the strangest permutations of the new era of super-donors in American politics.

Two of the biggest political givers in the nation, they are a vivid example of the outsize role of hedge-fund and private-equity billionaires in financing modern campaigns. Of the top 10 donors in the country for the 2016 cycle, Mercer and Simons are among the five who made their fortunes in hedge funds, according to the Center for Responsive Politics; a sixth runs a private equity company.

“I can’t imagine why they are spending as much as they are spending on contributions if it’s not financially advantageous for them,” said Robert Reich, the former secretary of Labor who has been a harsh critic of the industry’s influence. “These people are investors, they’re financiers. They look on politics as just another arena for investing.”

Renaissance lobbies aggressively in Washington to protect tax advantages for hedge funds that have helped bolster the firm’s eye-popping profits.

Mercer, 70, has been one of the nation’s top conservative donors in this year’s election. He has spent more than \$20 million, much of it on a super PAC attacking [Hillary Clinton](#), along with millions more on groups that back an array of conservative causes. His daughter Rebekah, who runs the family foundation, has become a high-profile power broker in her own right, and influential in [Donald Trump](#)’s campaign.

She is credited with persuading Trump to shake up his campaign in August, after which two favorites of the Mercer family political operation took over. One was Breitbart chairman Stephen K. Bannon, who now runs Trump’s campaign.

Simons and his wife, Marilyn, have been just as devoted to Democrats as Mercer is to Republicans. They have given \$11 million this election cycle to outside groups supporting Clinton, adding to the \$7.3 million they gave to Democratic-oriented groups in 2014. Another early Renaissance partner, Henry Laufer, gave \$5.6 million to Democratic groups this year.

“They hedge their political positions, too,” said Steven Rosenthal of the Urban-Brookings Tax Policy Center.

Simons has said he never let political disagreements get in the way of running the hedge fund.

“He’s excellent at his job, and we don’t talk politics,” Simons, asked about Mercer, told CNBC in June. “It doesn’t have anything to do with work.”

Before becoming an investor, Simons, 78, had a brilliant mathematics career; he helped create [equations](#) widely used in math and physics. Early on, he worked for the government cracking codes but was fired after he took issue with his boss, a retired four-star Army general, and wrote a letter to the New York Times saying the U.S. should get out of Vietnam.

Simons founded Renaissance in 1982 and built the company with other scientists who crunched a mountain of data and built computer models to make trading decisions. Renaissance’s Medallion Fund has one of the best records in the history of Wall Street, averaging 35% returns over 20 years.

Simons retired as chief executive in 2010, turning the company over to Mercer and co-CEO Peter F. Brown, but remains as board chair. Estimates have put his personal fortune at \$16 billion.

One friend of Mercer's said he's tried, like many others, to get into Medallion. "I've personally asked, as a Christmas present," said Toby Neugebauer, another major GOP donor. "They're like, 'It will never, ever happen.' They don't need new investors. They don't need anything from anyone."

As the money piled up, both Mercer and Simons directed some of their fortunes into philanthropy — and politics.

After Supreme Court decisions like Citizens United tore down the barriers to unlimited political contributions, Simons started writing seven-figure checks to super PACs and others supporting the Democratic cause. A chain-smoker who often dresses without socks, Simons dislikes talking politics and shuns most interview requests; he declined to comment for this story.

He did talk on CNBC about an investors' [math formula](#) used to calculate risk to explain why he was supporting Clinton over Trump. "Even if those two candidates had the same expected return, his volatility is so enormous," Simons said. "Trump is not a good investment, whatever you might think of his expected return. He is just a wild man."

Renaissance, along with liberal politics, are Simons family enterprises. James Simons' son, Nathaniel, is vice chairman of the company board and also the president of the Sea Change Foundation. Funded by family Renaissance holdings, Sea Change has given environmental groups more than \$117 million in three years, but strives to keep its activities quiet. Its [website](#) consists of one page, with a 60-word message saying its sole focus is mitigating climate change — and warning that it doesn't take requests for donations. James Simons, meanwhile, has demanded candidates seeking money from him outline their plan for mitigating global warming.

As the Simonses bolster big environmental groups Mercer is helping to undermine them. His foundation has contributed millions to think tanks run by climate skeptics, including the Heartland Institute and the Manhattan Institute for Policy Research. A piece in the Mercer-funded Breitbart News this year declared climate change "the biggest scam in the history of the world."

Mercer has a reputation for being even more reclusive than Simon. As a kid, Mercer was taken with computers, and in the 1980s he joined an IBM team that also included Brown, pioneering the field of computational linguistics, the foundation of speech recognition and computer translation. In accepting an award two years ago for his work in the field, he said he was taken aback when he found out he had to give an hour-long speech, joking that was "more than I typically talk in a month."

As Mercer dramatically ramped up his giving over the last few years, he passed Simons on the list of the country's biggest donors. He and his family have given about \$38 million to campaigns since 2010, and the family foundation in just three years channeled more than \$27 million into conservative think tanks like the Heritage Foundation and Federalist Society.

Mercer has focused much of his spending on amplifying the voice of conservative media. The foundation gave \$5.6 million to the Media Research Center in Virginia, a group devoted to criticizing what it says is liberal media bias, and \$3.5 million to Citizens United, which has produced scathing films about Hillary Clinton.

In 2010, the Mercers invested \$10 million in Breitbart, a donation that helped make it one of the right's most prominent voices, and \$2 million to the Government Accountability Institute, another Bannon operation that published "Clinton Cash," a book that was an investigation of the Clinton Foundation.

Neugebauer said Mercer's political spending is driven mostly by a conviction that government meddling is threatening the economy with ruin.

"I've never heard him talk about anything that would have any sort of advantage at all for Renaissance Technologies," he said.

Republican Sen. John McCain of Arizona is more skeptical. After Mercer gave \$200,000 this summer to a super PAC that tried to oust him, McCain suggested it was payback for his blistering critique of a Renaissance tax maneuver.

Two years ago, a Senate subcommittee McCain sat on [issued a report](#) calling the tax strategy an "abusive" scheme that allowed the company to avoid an estimated \$6.8 billion in payments. "Americans are tired of seeing Wall Street firms playing by a set of rules other than those that apply to ordinary citizens," McCain said at the time. Brown told Congress that the strategy was more about using leverage than avoiding taxes.

Separately, the hedge fund has won a special exemption from federal rules on IRAs, effectively allowing executives to shelter hundreds of millions in company assets from taxes.

The company's engagement in Washington reflects how, on matters directly related to the firm, the Renaissance team has been united.

"When it comes to money, they're all on the same page," said Bill Parish, an Oregon investment advisor who blogs about tax policy.

This year, Mercer joined Neugebauer and other big-money donors to back the presidential bid of Texas Sen. [Ted Cruz](#), giving \$13.5 million to one of a linked group of super PACs called Keep the Promise, and investing in Cambridge Analytica, a firm that uses consumer data to create psychological profiles of voters.

When Cruz left the race, Keep the Promise was renamed Make America Number 1 — and repurposed as a pro-Trump organization, with another \$2 million from Mercer. The group's original president, Kellyanne Conway, moved over to run Trump's campaign with Bannon.

The transition followed an ugly primary during which Trump insulted Cruz's wife and sought to revive unfounded tabloid rumors linking Cruz's father to John F. Kennedy's assassination.

When Cruz balked at endorsing Trump at the GOP convention, he was met with disapproval from the Mercers, whose money Cruz will need if he is to run again.

Cruz eventually announced he had a change of heart. Last week, he could be found sitting at a phone bank, Trump signs pasted behind him, making calls to help get out the vote.

And while top Republicans rushed to repudiate Trump over the tape revealing him bragging about grabbing and trying to bed women, the Mercers issued a rare statement, publicly defending him. They criticized the "political elite"

and said the election presented Americans with an “apocalyptic choice.”

“We have a country to save, and there is only one person who can save it.”

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