Investigative report shines light on philanthropic foundation's use of offshore investments to raise money

December 7 2018, by Bob Yirka

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Charles Piller, an investigative reporter for the journal *Science*, has published a News Feature piece in the latest issue of the journal outlining his findings surrounding the practice by philanthropic foundations of putting money in offshore investment accounts.

Philanthropic foundations by their very nature are not money-making ventures. Their purpose is to accept donations from individuals, groups or other entities and use the money they receive to support efforts to make the world a better place. But some of these foundations find they are unable to secure as much money in donations as they would like, so they turn to investment strategies. And some also try to maximize their return on such investments by conducting them through off-shore banks and other entities. Such arrangements allow the foundation to forgo paying taxes on investment income and to keep their investment activities private. But Piller wondered what happens when there are conflicts of interest. He found an example of one of the largest philanthropic foundations in the world—one that routinely doles out funds to curb air pollution—investing indirectly in a gas supply company that was clearly not involved in helping to clean the air.

Piller came into possession of confidential documents that have become known as the Paradise Papers, leaked documents of investment information from seven of the world's largest philanthropic foundations, and their investments in offshore accounts. The seven were the Bill & Melinda Gates Foundation, Wellcome Trust, the Howard Hughes Medical Institute, the Robert Wood Johnson Foundation, the William and Flora Hewlett Foundation, the David and Lucille Packard Foundation and the Gordon and Betty Moore Foundation. All except for the Gates Foundation were found to be using offshore accounts.

Piller notes that there is also the distasteful nature of investing in offshore accounts even when there are no conflicts of interest. He wonders, for example, if philanthropic organizations should be doing their utmost to avoid paying taxes intended to be used for the public good. And he suggests there is something inherently wrong with such organizations engaging in a practice alongside criminals using the same services to launder their ill-gotten gains. He suggests the time has come for those who support such foundations to demand more transparency.

More information: Charles Piller. At arm's length, *Science* (2018). [DOI: 10.1126/science.362.6419.1100](https://doi.org/10.1126/science.362.6419.1100)