

# THE ROBIN HOOD OF WALL STREET

Told by Terry Mollner

**All the world** was built by dreamers—and Wayne Silby was a dreamer. Born and raised in a small Iowa town, he was nevertheless introduced to the world of high finance at the age of eight. When his father bought him twenty shares of stock, he carried the confirmation slip around with him—knowing it was “important.” He treasured it more than his baseball cards. By the time Wayne was fourteen, he was picking his own stocks. By age thirty, he was the youngest CEO of a billion-dollar investment fund.

In the late 1970s, Wayne and his buddy John Guffey borrowed ten thousand dollars from Wayne’s dad and created an all-government (and tax-exempt) money market fund. They rented a desk at a law office so they would have the prestigious address of 1700 Pennsylvania Avenue, Washington, D.C., and Wayne, who was a lawyer, did their legal work himself. They asked some respected finance people to be on their board and got the approval of the Securities and Exchange Commission. Friends and other supporters invested the necessary \$100,000 start-up money to launch the First Government Securities Fund. Because of the variable-rate government loans they found, within a couple of months it was the top performing fund of its kind in the country.

One day, Wayne came to Boston to meet with Terry Mollner and explore ideas he and his colleagues had been working on to stimulate

socially responsible investing. They took a long walk in a park and talked about the state of affairs in the world and what they could do about it. They were thinking out loud about how nice it would be to have an investment fund that was “an expression of something from our generation—finance according to our values.” Suddenly their feet stopped, and they turned and saw the future spark and crackle in each other’s hopeful eyes.

They decided they would invest only in companies that had healthy relationships with their employees, the community, and the environment. They were earnest, doing what they thought was right—not expecting that it would grow to become a \$2-billion fund, spawn a new industry, and attract millions of supporters. “That’s what happens sometimes when you just do the right thing,” Wayne would later say.

Less than a year later, when Wayne’s company, now called The Calvert Group, had established its success, he called Terry and said, “Let’s create a socially responsible mutual fund.” Wayne invited Terry to be on its Board of Trustees, and they conceived the Calvert Family of Socially Responsible Investment Funds, what is now the largest and oldest family of such funds in the world, with over \$2 billion under management.

When Wayne and John first presented the idea to their management team, it was rejected. They were told that their small company would be laughed out of the Wall Street community. “Well,” Wayne said, “since John and I own the company, we will do it as a special project.” To set it up, they spent hundreds of thousands of dollars— knowing there would be many years of losses before they reached the \$30-million break-even

point.

They started with a particularly bold decision: They would not invest in any company doing business in South Africa. Calvert was the first mutual fund to make such a commitment. For decades, apartheid had been South Africa's official policy of discrimination against black Africans. In 1982 there weren't very many people in the world bothering to take a stand against it. But within a few years, a huge movement of investors—city and state governments, universities, and other business and financial institutions—also came to refuse to invest in companies doing business in South Africa. And since Calvert was initially the only one they could invest in with a clear conscience, Calvert reached the \$30-million target long before they thought it would. The impact this had on South Africa was historic. “The divestment movement in America was a significant factor in ending apartheid,” says Nelson Mandela. “The Calvert Group deserves a great deal of credit,” says the late Dr. Leon Sullivan, founder of the antiapartheid movement's Sullivan divestiture principles. “They were the first to pressure companies—and to help us confront the government of South Africa.”

Today, in the United States over \$2 trillion is invested with a social conscience—one of the fastest-growing areas of investment. You can walk into any brokerage firm and ask for someone to help you set up a “socially screened portfolio.” In 1975 you would have been sent to the offices of a local charity. The trend is also spreading rapidly to other countries around the world.

The Calvert Social Investment Fund had some unusual ground rules: Up to 10 percent of the funds' assets could be loaned directly to new,

socially responsible businesses and organizations. Eventually, they wanted to bring together into one movement or industry the socially responsible investment community, which invested in stocks and bonds, and the community investment community, which invested in poor communities. They wanted to offer people the same financial return while being socially responsible and also to respond to investors who would accept a lower return on a very small portion of the fund so it could provide investment dollars to poor families to work their way out of poverty.

In 1988 Calvert began making loans with less than 1 percent of the assets in their socially responsible mutual funds at low (3 percent) interest rates to local community loan funds around the world. These funds would then re-loan the money to poor families in “micro-loans”—initially as small as twenty-five dollars—to help them start their own businesses. The program was so successful that they created an investment program within a foundation they established alongside The Calvert Group. This makes it possible for anyone in the world to invest in ending poverty. Thousands of people’s lives have been transformed by these loans, like Joite, a woman Terry met in a Bangladesh village. “A few years ago my children and I were living under a tree by the road. We had nothing. Nothing,” she said to him emphatically, then added, “With your help, I now have a house, chickens, goats, cows, a fish pond, banana trees, and a husband. My children go to school. We are happy—and alive.”

While Robin Hood stole from the rich to give to the poor, Wayne and Terry and the people they have brought together invite the rich to join

together in giving to the poor. And many have—beyond their most ambitious dreams.

These investors are creating a new, mutually respectful “hand-up rather than hand-out industry.” A few years ago you couldn’t find any legitimate socially responsible investment options on Wall Street; today you can choose among many. Follow your heart and fatten your wallet and know that your choices are changing the world. “People want to do the right thing,” Wayne says. “If they are given a choice, many will choose to make money by helping the good guys. All we did was give them a choice.”

The next time a great idea catches fire when your eyes meet another’s, believe in it, and your ability—your responsibility—together to make it happen. Then do.

Invest your money with companies that have healthy relationships with the environment, their employees, and the community. Contact the **Calvert Family of Socially Responsible Mutual Funds** at 800-368-2750 or their Web site, [www.calvert.com](http://www.calvert.com). If you want to invest to help people work their way out of poverty permanently, contact the **Calvert Foundation** at 800-248-0337, or visit [www.calvertfoundation.org](http://www.calvertfoundation.org).