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Imagine a decades-old farm located on a hillside in Mendocino County. This farm has many acres of bountiful land where its caretakers grow dozens of varieties of biodynamic-certified vegetables, herbs, and orchard fruits. In addition to horses, which serve as a source of power alongside the sun's rays, the farm is also filled with dairy and beef cows, feeder pigs, sheep, and laying hens. The summers are hot and dry, and the winters bring rain from November until March.

Now picture this: The farm is rapidly expanding its CSA membership. New staff must be hired to maintain client relationships and manage the ever-growing number of field tasks. The couple operating the farm, we’ll call them Juan and Diana, have also come across a rare opportunity to acquire additional land nearby. In short, it’s a pivotal growth moment.

Juan and Diana seek off-the-grid funding for their expansion, and want capital directly from people who support them rather than from banks. Although they seek to obtain financing at the lowest cost possible, Juan and Diana also want to maintain a feeling of community for everyone involved.

A farfetched proposition? We think not.

Welcome to 2016! A year in which RSF Social Finance is moving full-force toward offering a greater variety of capital and support services to clients like Juan and Diana. In consultation with RSF, they could:

- Secure a low-cost loan and partial guarantee for land acquisition from our new Biodynamics Initiative;
- Crowdfund a zero-interest loan for working capital from Kiva Zip (see page 8);
- Facilitate all these transactions on a RSF blockchain community hosted by our partners at Uphold (see page 3); and
- Bring CSA members and investors intimately closer to the farm experience—particularly those who cannot visit right away—with augmented reality (AR) video storytelling via Magic Leap.

In sharing this example, I illustrate how RSF wants to serve investor-donors and entrepreneurs going forward. We seek to be a thin layer in the middle of transactions like this, and hope to provide connections and counsel as well as capital. Most importantly, we seek to be a part of deep learning experiences that ripple in their influence (see Clients in Conversation, page 4).

I hope you enjoy our spring newsletter!
All the best,

Don Shaffer,
President & CEO
Cattle ought to be raised grazing in pasture, not confined to dirty feedlots and gorged on government-subsidized corn. That’s not a controversial statement for anyone familiar with the health, ecological, or taste benefits of grass-fed beef.

Here’s an even less controversial statement: Money ought to be able to roam freely on the Internet like everything else in our digital lives—not be trapped in slow, costly and opaque banking institutions.

These past five years, I’ve dedicated most of my time to two enterprises: Estancia Grass Fed Beef, an RSF-financed company, and Uphold, a fintech venture that brings all the benefits of the Internet to money. At first glance, the two don’t have a whole lot in common. Estancia has become the leading grass-fed beef brand in the United States as it reconnects modern consumers to an ancient and sustainable model of food production. Uphold has powered more than $800 million of transactions in 150-plus countries over the past two years. What Estancia and Uphold do share is a mission to transform the unsustainable status quo to the benefit of everyone.

Creating an Internet of money is complicated. It requires bringing all the flexibility and innovation of information technology to an aspect of human culture that first emerged over 5,000 years ago—money.

**The Evolution of Money**

Commerce is the world’s oldest and largest social network. The first gold coins facilitated trade between empires, expanding that network to the benefit of every new connection. Modern banks enabled even more exchange over greater distances. But banks quickly settled on a business model predicated on money flow friction (that is, fees and delays), undisclosed risk, and exclusion.

The exclusionary nature of banks extends far beyond minimum balance requirements that the working poor and immigrants can’t afford. While billions of people enjoy Internet content and services, many of them have no access to banks and therefore must rely on inadequate venues to pay bills and send money.

For humanity’s largest social network to continue growing, money must make the leap to becoming Internet compatible. Currency that’s Internet protocol compatible allows anyone with an email and a cellphone to maintain a money account that is just a click away from every other money account around the globe. This compatibility permits merchants to accept payments from anyone, anywhere, at any time, and in any currency—all instantly and for free. It is the beginning of the end of paper money and most likely of banks as well.

**Napster of Money**

Bitcoin pointed the way to IP-compatible money. The cryptocurrency demonstrated two key tech innovations. The first was that technology allowed
Deb: For our first question, I want to take you both back to your childhoods. What were you taught about the role of money in the world? And what did you absorb?

Lorene: My mom was Mexican and my dad was American. I grew up in Mexico for the first five years of my life until we moved to California. The transition gave me an interesting perspective about money because in Mexico I saw poverty—real poverty.

When I was little, I remember going back to Mexico during the summertime to stay at my aunt’s house. She had a beautiful home. But down the road, there were people who lived in tiny adobe houses and were quite poor. I remember going out in the evenings, when the summer sun was starting to set, to play with the kids on the block. Even as an eight-year-old, I noticed the grave inequality.

I don’t know that anybody explicitly told me anything about money. But my understanding was that if you have money, you have power and advantages that people without money will never have.

Deb: What about you, Marian?

Marian: I had a sort of schizophrenic life with money. Both of my parents were inheritors from very wealthy families. We would go to visit the fancy grandmother mansion in New Jersey that was almost Downton Abbey level to my eyes.

But our daily life was very different. Our family ethos was to support social and racial justice. My dad was an Episcopal priest, and we lived in the parish house, which we didn’t own. There was an emphasis on that so that we could hide our wealth. My dad thought that business was bad because he didn’t like the values of his father and grandfather, who were so focused on the accumulation of wealth.

The other thing I discovered—later in life and after a close personal examination—was that I was trained that money magically appears. Obviously, all this money wasn’t coming from my dad being a priest.

Lorene: You know, that’s such an interesting contrast. I didn’t grow up with money. And I’m tickled by this notion of money magically appearing. Growing up, my sense about money was almost the complete opposite. Money came through incredibly hard work.

Deb: Was there a turning point in your lives that changed your understanding or awareness around money?

Marian: I had this inherited money starting when I was 21. And I hid it from my community of friends who were mostly artists and musicians. Then, in my early 30s, I was introduced to the Threshold Foundation. The revelation occurred when I joined in community with other people who shared my values and had this peculiar experience of money (that is, inheriting it). All of a sudden, things just changed.

I was on the board of an organization called Concerts for the Environment at the time, and we were about to put on a big Earth Day concert at
Merriweather Post Pavilion in 1990. We needed $75,000 to book the theater, and two other board members had already committed $25,000 each. I came home from my first Threshold meeting and thought, “Oh, I can do that, too.” The loan was repaid a few months later, but that was still a big moment for me; you could call it my first mission-related investment!

Lorene: My relationship with money changed about the time I was 40, when I retired from the corporate world. I had been working at Cisco and decided to leave in 2000, just before the big bubble burst. My leaving triggered a major stock liquidation event. Suddenly, I went from working really hard to earn money to being in a place to actually do the opposite—give it away. I was also able to take a step back and look at money as a vehicle that you can align with your values. That felt incredibly liberating.

Deb: Can you tell us more about Play BIG, and how it came to be?

Marian: When I was at Threshold, I met a lot of extraordinary people; one of whom was Carol Newell, who was a pioneer in what she eventually came to call “whole portfolio activation to mission.” At the time, she had spent ten years putting her inherited fortune to work in support of a sustainable economy in British Columbia. But she did this anonymously, and felt that her next piece of work was to come out of anonymity to encourage other people to make bold, strategic and generous decisions with money.

She invited me to partner with her to create what became Play BIG. At first, it was kind of a vehicle for Carol’s story to get out there. Over the years, it has evolved to include many stories.

Starting six years ago, RSF Social Finance partnered with us to host 15 to 20 people who, like Lorene, have significant discretionary wealth. At Play BIG, we provide an environment for attendees to reimagine their relationship and actions with money. And I don’t mean just philanthropically, but also in terms of how they might shift investments to maximize good and minimize harm.

I’ve observed over the years that people of this level of wealth only talk about their money with either their family or their wealth advisor. And normally, the wealth advisor is pretty stuck on a particular business model or paradigm. So we create a space where people can think and their peers can educate them through personal stories.

Deb: Lorene, how did you first hear about Play BIG?

Lorene: I heard about Play BIG from the wonderful Don Shaffer—we sit on a board together—and it seemed like a really interesting conference.

Marian, I adore you. And I have to tell you that the conversation you and I had on the phone was ultimately the reason I said, “I’m going to come to this.” There was something very genuine about the environment you were working to create.

Deb: Were there any aha moments or surprises for you?

Lorene: I’ve been doing impact investing for the past ten years, maybe a little bit more. But because it’s such a nascent field, I didn’t know how well I was doing in terms of investing in areas that aligned with my values. What could I be doing differently? I asked myself. How could I be doing more?

That’s what became my big aha moment: finding a place where I had peers who could give me a sense of the landscape and say, “You’re doing really well in these areas; here are some other areas where you can continue to push forward.”

Another insight that was remarkable for me was how different my sense of money and wealth was from those who had inherited it. I left Play BIG with a real sense of compassion and understanding for the burden that comes with inherited wealth.

Marian: It’s interesting, Lorene, to hear you share that gained understanding regarding an inheritor’s life because you’re not the first entrepreneur who has said that. A couple of entrepreneurs who’ve attended Play BIG have left thinking, “Oh my god, I’ve got to get home and change how I’m dealing with my kids’ inheritance.” They were just clueless because they hadn’t grown up with wealth.

Lorene: Right. And if you don’t grow up with wealth, you can’t imagine the burden. But it truly is. Hearing the stories in that room, you got the sense of it.

I have three kids. Early on, I made a determination that they weren’t going to inherit a ton of money.

“Another insight that was remarkable for me was how different my sense of money and wealth was from those who had inherited it.”

At Play BIG, there was a pretty robust conversation...
the transfer of value, such as Bitcoin’s digital asset, over the Internet between any two people with no need for intermediary financial institutions (such as banks). The second innovation was that technology could now account for digital assets with real-time transparency.

A blockchain is a publicly accessible database that provides a real-time and historical accounting of data. When this data has value, as in the case of the Bitcoin blockchain or Uphold’s Reservechain, its data structure also provides traceability of all transactions back to their source. This public, real-time, and searchable presentation of data holds the promise of creating a new standard of transparency and accountability for financial services.

Just about every too-big-to-fail bank has recently announced an initiative involving blockchain technology. This typically takes the form of a working group or pilot program. But it is unlikely that any existing financial service will play the role of an iTunes to Bitcoin’s Napster. Zero-cost, instant, and real-time transparency are all anathema to the banking business model of fractional reserve. Un disclosed risk is how banks can afford to pay those fat bonuses, and also why prominent and pedigreed banks go bust all the time.

Bitcoin’s fatal flaw is that it isn’t anybody’s money—it’s too volatile and exotic. It is a revolutionary technology that almost no one can use. But just as Napster gave way to iTunes, Spotify, Pandora, and a host of other ventures dedicated to disseminating IP-compatible music, Bitcoin’s innovations will arrive for the masses via tech ventures committed to making it easy for consumers and businesses to access and use IP-compatible money.

THE INTERNET OF MONEY

What might such a venture look like? It would have to enable any form of value, just as IP can accommodate any sort of information. Moving money with this service would have to be as instant and free as posting a photo to Facebook or messaging on WhatsApp. It would have to be accessible to anyone with a networked device, and easy for anyone to join regardless of what amount of money he or she wants to hold in the online cloud. And it would have to incorporate Bitcoin’s real-time transparency, disclosing and accounting publicly for all risk in the system. Such an IP money platform would also need to provide a way for developers and entrepreneurs to easily build businesses on top of it, so that the people who best understand local money problems can address them.

We are very close to making this scenario a reality. With Uphold, today anyone in the world can hold over 30 forms of value, from fiat currencies to cryptocurrencies to precious metals—all in digital form. Moving and converting money on Uphold is instant and free. Developers are building over 200 businesses on top of Uphold’s open application programming interface. And we do it all with a real-time accounting of our system’s assets and liabilities—a proof of solvency—so that Uphold members know their value is safe.

By expanding the social network of global commerce to anyone with Internet access, IP-compatible money will foster economic opportunity and freedom at an unprecedented scale. Circumventing the ever-growing skim that banks claim off the top of financial transactions, the new approach to money will enrich local communities and strengthen their connections. It will empower individuals and profit entrepreneurs. And money—that mutable meme and foundation upon which we have built modern civilization—will flash like lightning from one person to another.

A blockchain is a publicly accessible database that provides a real-time and historical accounting of data.

Tim Parsa is a graduate of Yale College and the New York University School of Law, as well as a returned Peace Corps Volunteer (Guatemala 1991–93). He was a founding investor in Estancia Grass Fed Beef and Uphold, and served as Uphold’s first CEO. He lives in San Francisco with his two young sons and their mother.
about whether to give or not to give a huge amount of wealth to children.

Marian: One of my experiences as an inheritor is that I discounted my successes. For instance, I was a television producer in my 20s, but minimized my accomplishments. Looking back, I now see how extraordinary that work was.

Lorene: For many people, the notion of success is money. My son, who will soon be 18, said to me last year, “Mom, it’s really hard for me to be your son and Dad’s son because I will never be as successful as the two of you.” And I said to him, “How do you define success?”

If you define success by monetary means, then perhaps you won’t be as successful. But if you define success as understanding who you are, and finding personal happiness and joy in your life, then you’re already ahead of most people.

Marian: I have this interesting situation that’s sort of the flip side of yours, Lorene. I’m raising kids, now in their 20s, who are not inheriting money. I was concerned at first whether I would even know how to raise them with the ability to earn a living because I didn’t have to at that age.

But looking at them now, I see encouraging signs. My oldest son, for instance, is a musician, and he’s figuring out how to earn on the side to support his music. It’s beautiful to see him be so resourceful.

To add, Lorene, to what you were saying about empathy and compassion at Play BIG, one universal thing that wealthy people who have any sensitivity understand, and have heard many times, are people telling them, “Cry me a river.” So where do you go with some of those challenges?

Deb: These are such powerful stories. What advice do you have for people who are starting their journey to better understand money and meaning?

Lorene: What I learned very early on when I started to think about aligning my wealth with my values is that I had to create my own business model around my money. My wealth advisor is very traditional. And the first time I brought him an impact investment, maybe ten or twelve years ago, I asked him to vet it for me. He took a look at it and said, “Nope! Way too high risk.” But I felt strongly about it, so I did it anyway.

If you have a traditional wealth advisor, and most of us do, impact investing doesn’t fit into the old business model. So you have to have the courage and confidence to create your own business model. Trust yourself—you’re doing the right thing. And if your wealth adviser tells you no, you can veto that.

Deb: Right on!

Marian: Your comment reminded me of something. I work with a lot of women, and sometimes my role as a leadership coach is simply to affirm their sense of what they want to do. You, Lorene, have a business background and have confidence in that way. But if you’re a 35- or 40-year-old inheritor whom the trustees have always patted on the head, where are you going to get that sense of confidence? Women, and more broadly inheritors, are too often patronized about their ability to really understand.

Lorene: I see a lot of women lacking confidence around money, and that’s a really important thing if you’re going to start dipping your toe into a pond that is untraditional. It takes confidence, but it also takes a little bit of handholding. People are going to tell you no, but it’s okay.

LORENE AREY
is founder of the Clara Fund, a family foundation focused on supporting economic opportunities for women as well as sustainable markets globally. She also serves on the board of B Lab. From 1993 until 2000, Lorene was head of worldwide communications for Cisco. She attended the University of California, Berkeley.

MARIAN MOORE
is cofounder of Play BIG, and a senior advisor for RSF Social Finance. She designs and facilitates Play BIG as well as a new initiative called Lead with Land. Marian also coaches people with large capital reserves as they seek to align their whole portfolio toward mission. Marian is a songwriter and singer. She has three children, and lives in Minneapolis, Minnesota.
In the conventional finance model, a central institution, such as Bank of America, provides capital and decides which borrowers qualify for loans. In the peer-to-peer model, individual people brought together by the power of the Internet, an aggregate known as “the crowd,” provide the capital and make the underwriting decisions.

P2P lenders cover a spectrum, depending on how you define them. In a TechCrunch article titled “The State of P2P Lending” published this year, author Sonny Sign suggests that any online lender is a P2P lender, although that’s a strange definition in my book. More-mainstream definitions would classify a company such as Prosper as a prominent P2P lender. But even in that case, a P2P purist could challenge in at least a couple of ways the extent to which such a company is truly P2P.

P IS FOR...

Firstly, while Prosper began by sourcing capital primarily from individual investors or peers, these days it increasingly sources its capital from institutional investors. According to an analysis published by Risk.net, asset managers, banks, and hedge funds made around two-thirds of the loans that originated on Prosper in 2014. While many peer investors remain on the platform—including myself—it now seems to make the majority of its loans from hedge fund to consumer rather than P2P.

Secondly, whereas Prosper previously allowed investors to see the peers they were investing in, it now anonymizes the website. During the 2007 Finovate, a conference showcasing innovations in finance and technology, Prosper cofounder Chris Larsen debuted a platform where investors could see a picture of whom they were lending to. Today, loan listings no longer identify such information. Of course, investors are still choosing which people they are lending to, but there is no personal connection between lenders and borrowers.

Prosper is a great company, and I am a very satisfied investor. Prosper is enabling American consumers to access capital at lower rates than conventional sources, and it has seen phenomenal growth and success. I am simply pointing out that one might question the extent to which it facilitates true P2P connections on its platform.

ENCOURAGING PERSONAL CONNECTION

Of course, I am highly biased; as senior director for Kiva Zip, I believe our model represents an even truer vision of P2P lending. While we do source some capital from institutional lenders including Capital One, Deutsche Bank, and the MetLife Foundation, the vast majority of our money comes from individuals like you and me. Kiva Zip’s institutional capital partners play more of an amplifying role, generously matching loan amounts initiated by the crowd.

Even more important to us is not just allowing but positively encouraging personal connections between borrowers and lenders on our platform. When we launched Kiva Zip in Newark, New Jersey, we made a loan to Vaughn Tiedeman and his business, Living Adventure Tours. Vaughn takes people kayaking, biking, and adventuring in the outdoors, and all of his guides are returning veterans. In an outpouring of support that was wonderful to witness, 143 lenders crowdfunded Vaughn’s loan. One Kiva lender commented, “As a veteran myself, I value individuals such as yourself who recognize and respect those coming home. Thank you for all you are doing. Keep up the...
good work.” Another supporter wrote, “I am making this loan in honor of my beloved nephew Colton who passed away six and a half years ago. Today is his birthday, and I think he would have really enjoyed your program and business concept. Many happy adventures to you and your adventurers!”

For our team, the personal connections, generosity, and empathy that P2P lending can engender are not peripheral; they are core to our ethos and mission. In a recent survey of Kiva Zip borrowers, over half told us that they had seen an increase in customers as a result of borrowing money on our platform. And while success in small business is partly about access to capital, it is also about access to customers and connections. Our hope is that by connecting our borrowers with hundreds of enthusiastic and passionate lenders, we can help provide access to all three.

On Vaughn’s Kiva Zip loan page, you will see a link to his business’s website, Facebook page, Twitter page, and Yelp profile. You will also see a “Conversations” tab where Vaughn’s lenders and would-be lenders can ask him questions, as well as give him ideas and advice. In part, this is about promoting personal connections between the borrower and his or her lenders, but it is also about encouraging a more democratic approach to underwriting loans.

**Who’s Underwriting?**

In the Prosper model, when an investor—whether an individual or a hedge fund—makes a loan, that investor is almost certainly relying on Prosper’s algorithm to assess the riskiness of the loan (that is, AA rating for lowest risk, A for next lowest, and so on). That algorithm is objective, inflexible, and centralized. This process undermines the Prosper investor as the underwriter.

In the Kiva Zip model, we empower our community to democratically underwrite loans and decide which ones get funded. Where an inflexible algorithm might make a black-and-white decision to reject a small farmer’s loan application because he has insufficient cash flow or collateral, 200 out of our million-strong lender community might stand up and say yes to that same farmer’s loan because they care about the cause of small-scale, sustainable agriculture. Or the investor has known the farmer personally for over a decade, and puts more emphasis on that personal relationship than on other financial factors.

This crowdsourced, flexible, subjective, and human-centered approach to underwriting allows us to expand access to capital for entrepreneurs that conventional financial underwriting would disqualify. And our data suggests that it can also be effective from a risk management perspective. Figure 1 shows that the loans that fundraise most quickly on Kiva Zip tend to have the highest repayment rate and vice versa—there is wisdom in the crowd!

P2P lending covers a spectrum of different offerings. I believe the truest P2P lending models source capital from individual people, and empowers them to democratically decide which borrowers get funded based on their own personal preferences and passions. And by personally connecting investors with the borrowers, their funding supports enterprises not just with financial capital, but with social capital as well.

**Jonny Price**

is a graduate of the University of Cambridge, where he majored in history. After six years at Oliver Wyman, he joined Kiva in September 2011. Jonny is married to Ali, and lives in San Francisco.
If you wander through the clothing boutiques, bed-and-breakfasts, and quaint restaurants of the Berkshires in western Massachusetts, you’ll see this sign in most shop windows: “BerkShares Accepted Here.” That’s because the Berkshires, best known for fall foliage and the Tanglewood Music Center, is also at the cutting edge of the alternative currency movement. Since 2006, the region has issued and used its own currency—a potentially transformative economic experiment launched with funding from RSF Social Finance.

“BerkShares is essentially a sophisticated ‘buy local’ program,” says Alice Maggio, local currency program director for the Schumacher Center for a New Economics, which created BerkShares.

And it’s a very important part of the new economy, says John Bloom, vice president of organizational culture for RSF. “BerkShares is about empowering a local community to create, manage, and sustain its own regional economy.”

**Inspiration: Preventing War by Decentralizing Money**

Communities have used local currencies for ages, and did so especially during the Great Depression. BerkShares traces its roots to the ideas of Robert Swann, cofounder of the Schumacher Center, based in Great Barrington, Massachusetts. While in prison as a World War II conscientious objector, Swann contemplated how to prevent massive wars from occurring again. One idea he had was to decentralize federal currencies and create local ones, so that countries couldn’t amass the large fortunes needed to fund wars.

Swann and the center’s cofounder, Susan Witt, contemplated the idea for years. Decades of research buoyed the proposal by showing that locally owned businesses offered greater benefits to the environment and to local economies than nationally owned chains.

The two approached foundations about getting funding for a local currency in the late 1990s and early 2000s, but funders always said no because they did not consider the Berkshires region impoverished enough to fit with their philanthropic missions. Witt remembers being told, “It looks like your community is [former Boston Symphony Orchestra conductor] Seiji Ozawa’s neighbor.”

**Innovation: Loyalty Pays**

Fast-forward to 2004. The Schumacher Center for a New Economics hosted a conference called “Local Currencies in the 21st Century.” The conference inspired organizers to put theory into practice. Witt, with colleagues Christopher Lindstrom and Eric Harris-Braun, developed plans for BerkShares. They presented their ideas at an RSF gathering in 2005. In February 2006, RSF gave the Schumacher Center a grant to create a non-profit that would print, distribute, and market the currency. The following September, the first bills rolled out on high-quality, secure paper, featuring the images of local heroes such as Norman Rockwell and W.E.B. DuBois.

The idea behind BerkShares is simple: it acts exactly like any other currency, except that consumers can only use it with regional merchants that agree to participate in the BerkShare currency system. Three local banks—with eight branches—hold the currency in their vaults. People visit the banks and purchase each BerkShare for 95 cents; they can use each share in place of one U.S. dollar. The upside? Because BerkShares cost only 95 cents, customers effectively receive a five percent discount when they use them, a sort of loyalty discount for buying local.

They can use the bills to purchase goods and services at hundreds of locally owned businesses. If a customer is trying to buy a toilet at Home Depot, he or she is out of luck. But treatment from a local dentist? “BerkShares Accepted Here.”

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**CASE STUDY**

**Berkshares Accepted Here**

by Enrique Perez, Marketing Manager

Berkshares bill featuring an image of Robyn Van En.
**Mission Fit: Empowering Communities to Build Economies**

“RSF sees that in order to build economies in a healthy way, we need many tools,” says Bloom. “Federal currency is really important, but it’s only one tool. Local currency is one way of empowering local communities to make their own economies, and it’s in sync with Rudolf Steiner’s philosophy of returning money to its truer function.”

“Steiner himself talked about currency that’s tied to real production,” says Witt. It’s an idea that BerkShares wants to encourage. In addition to keeping money local, the non-profit hopes to launch a loan program to help local residents who produce something useful—such as bread, furniture, or goat cheese—launch or expand their businesses. Having a loan program will allow BerkShares to act like a fully fledged independent currency. “The classic model for currency includes issuing new money to businesses that will use it to then produce something for the market,” says Maggio. “A BerkShares loan program will push our local economy-building work to the next level.”

In 2014, however, it looked like BerkShares might be relatively short-lived. The federal government had just changed laws in response to issues surrounding the largely unregulated virtual currency, Bitcoin (which attracted attention because some people were using it for illicit activities); BerkShares suddenly got lumped in with virtual currencies. The FDIC told one bank it could no longer distribute BerkShares.

Witt immediately turned to RSF president and CEO Don Shaffer. RSF gave BerkShares a grant to assemble a team of lawyers, regulators, and alternative-currency experts to address the problem. The group created a legal brief explaining the differences between BerkShares and Bitcoin, as well as new, clearly defined agreements for BerkShares and their banks that addressed the new regulations. These actions averted the crisis.

“RSF made it possible for BerkShares to stay in business,” says Witt. “It was very encouraging to have the support of an organization that believes so deeply in the power of local currencies.”

**Impact: Millions in Local Spending and a Global Message**

There are now about 130,000 to 140,000 BerkShares in circulation—which the nonprofit considers a success given that the population in the southern Berkshires is around 20,000 people. Over the past ten years, banks have dispersed seven million BerkShares, and about 400 businesses accept them. (To put this in perspective, the Southern Berkshire Chamber of Commerce has only 400 members.)

Because customers use BerkShares as cash, it’s hard to gauge their impact on the local economy. But business owners have responded enthusiastically. “Fiscally, the mission of the BerkShares makes sense,” says Eric Wilska, owner of The Bookloft in Great Barrington. “You know, keep the money in town. It really does affect your wallet when the money leaves town.”

Research backs that up. Studies that Civic Economics, an economic impact analysis firm, conducted from 2002 to 2012 show that $45 out of every $100 spent in local stores remain in the local economy, while money spent at a typical non-local chain store yields just $13.

The message has also gone global, and BerkShares has inspired local currencies in Totnes and Bristol, England. The non-profit receives calls weekly from communities around the world that want to create their own currency.

While RSF is not actively funding the non-profit at the moment, it continues to stay involved, talking with BerkShares employees regularly and monitoring progress.

“If our purpose is to transform the way the world works with money,” says Bloom, “what could be more transformative than this?”

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**VITALS: BerkShares, Inc.**

- **HQ:** Great Barrington, Massachusetts
- **Impact Area:** Local currency
- **RSF relationship:** $180,000 in grants
- **Communities served:** Berkshire County, Massachusetts
- **Employees:** none; 12-person board
- **Budget:** $10,000 to $15,000 annually
Upcoming Events – Spring 2016

For the latest on RSF’s participation in conferences and events, check out our Events page, rsfsocialfinance.org/calendar/.

SVN Spring Conference
4/14/16-4/17/16
San Diego, CA
svn.org

True Cost of American Food
4/14/16-4/17/16
San Francisco, CA
sustainablefoodtrust.org

Impact Capitalism Summit
4/26/16-4/27/16
Chicago, IL
impact-capitalism.com

Slow Money Austin Regional Gathering
4/30/16-5/1/16
Austin, TX
slowmoneyaustin.org

Mission Investors Exchange Conference
5/10/16-5/12/16
Baltimore, MD
missioninvestors.org/conference2016

Innovations 2016
6/13/16
New York, NY
grantstation-innovations.com

AWSNA Summer Conference
6/27/16-6/30/16
Detroit, MI
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What’s Ahead
The next RSF Quarterly theme is Ecological Stewardship and it will be published in July 2016. We like hearing from you! Send any comments on this issue or ideas for the next to enrique.perez@rsfsocialfinance.org.

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