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# Culture, Materiality, Memory: Collective Ownership and Action In Romanian Mutual Funds<sup>1</sup>

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## ABSTRACT

*The paper presents the tensions between collectivist and corporatist forms of ownership for Romanian mutual funds. Drawing on my research among retail investors of funds that ended up in bankruptcy throughout the postsocialist period, I document the material practices and graphic artefacts they deploy in litigation as ways to make claims and produce evidence regarding their ongoing financial involvement and the rights to compensations. I focus specifically on the files documenting their personal histories (providing moral reasons for pursuing “speculative” investments) as well as those materializing the memory of their involvement with the capital market. I conclude that material practices are constitutive of vernacular forms of financial and legal knowledge. Furthermore, they engender specific types of property that serve as premises for the defense of investor rights and as grounds for emerging forms of collective action. Methodologically, the conclusion of the paper is that qualitative methods constitute alternative approaches and a valuable complement of quantitative research methods for the behaviors of mutual fund investors illustrating some of the cultural components giving specific dynamics to the popular participation to the capital market that can be subsequently quantified.*

**Keywords:** mutual funds, ownership, memory, culture and finance

**JEL Classification:** G28, K11, Z10

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## INTRODUCTION

This article focuses on the tensions between the supporters of collective and corporative forms of organization for mutual funds in Romania. Using mostly qualitative data from an ethnographic research among retail investors to several mutual funds that collapsed in postsocialist Romania, the following sections analyze the material practices and graphic artefacts used as proofs in

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1. This article was presented at the 2014 Annual Convention of the Association for Slavic, East European and Eurasian Studies in San Antonio. Jessica Greenberg, Lavinia Stan, Emanuela Grama and Krista Hegburg offered valuable critical comments on the written version or on the oral presentation. Tudorel Andrei and Iulian Braşoveanu had the chance to read this contribution from different disciplinary perspectives but offered equally valuable suggestions and criticism. I take the opportunity to thank all of them. All misunderstandings and hesitations still visible in the text are mine.

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judicial action, to make claims and to bring evidence regarding the investments made in the past, as well as to justify the claims to moral compensations after the fraudulent collapse of the mutual funds they took part in. I specifically focus in the “documents” meant to prove personal involvement (but mainly to offer moral justification for what were seen as speculative investments) as well as to reconstitute the memory of the long-time involvement many of the very vocal investors had had with the capital market. I thereby claim that such documentary practices are key ingredients of vernacular forms of financial and legal knowledge. Material practices such as the ones mentioned above facilitate discursive projections of situated forms of ownership that offer the means to safeguard investor rights and constitute the bases of emergent forms of collective action.

This study is part of a long-term research dedicated to the shifting notions of money, to the forms of accumulation facilitated by it, and to the emerging social values in postsocialist Romania. Specifically, I started form questions such as: how do common people understand money and its role in mediating the postsocialist changes? What is money and how is it materialized by diverse instruments traded on the financial markets? What is the influence of political forms, prudential regulations, types of organization, and of the rights of investors in mutual funds on the legitimacy and attractiveness of the capital market? What are the means through which lay (“retail”) investors promote their interests and what are the ingredients of collective action with regards to the capital market or the public authorities regulating it?

I chose to focus on several mutual funds that grew spectacularly and later collapsed during the postsocialist period, the most important / notorious of which were SAFI, FNI and FNA. The actions initiated by the investors to recuperate the money invested after the redemption of fund shares, the numerous judicial actions related to each case, the numerous mass media materials and the public positions on the matter assumed by various state officials, as well as the willingness of common people to lament about the events that lead to the collapse of the funds, all of these factors make the three cases excellent opportunities to study the links between money, morality and legality during the postsocialist period. I approached these cases with the help of ethnographic research methods specific to anthropology and sociology: observation, interviews, archival research, the analysis of newspaper materials, the analysis of online documents and that of graphic artefacts produced by the research subjects, as well as the analysis of the demographic data of the investors.

In more detail, this paper is based on a two-year doctoral-research project conducted in 2008 and 2009 and several other follow-up interviews

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realized during 2013-2014. In total I conducted over 100 observation sessions at the headquarters of two civic associations representing investors. During these sessions I observed the discussions and interactions among leaders and simple members of the associations and I engaged in discussions about money management and investment funds. Furthermore, I attended over 40 court sessions of the civil and commercial trials at various levels of litigation (Bucharest Tribunal, Bucharest Court of Appeal, or the High Court of Cassation and Justice) in which retail investors took part as well as the informal meetings held outside the courtrooms. Identifying investors present at association meetings or court sessions and subsequently employing snowball and convenience sample techniques I identified 43 informants with whom I conducted structured and semi-structured interviews. Furthermore, I analyzed over 1,000 document-pages among those regularly employed by retail investors to promote their rights and claim compensations: account balance statements, medical documents, advertising letters from the mutual funds, petitions to the police and other state authorities, audit reports completed by independent companies (Arthur Andersen), state institutions (Parliamentary Commission), and court-appointed experts, as well as the court decisions / sentences issued at each stage of litigation.<sup>1</sup>

Ethnographic methods do not start, most of the times, from normative theories meant to be tested in practice. On the contrary, ethnographers aim to understand grassroots visions of the world, those articulated by simple people rather than those proposed by experts in various fields, try to identify the practical ends of such visions, struggle to identify the categories of thought and action employed by lay persons, as well as the way such people propose popular classifications of the phenomena researchers study. Concretely, this research shows that, in the case of the afore-mentioned mutual funds, the stakes went beyond the recuperation of money lost with the collapse of the funds. Disputes in public, in the courtroom, or at the headquarters of the civic associations representing investors were about the forms of organization of investment funds and about the property rights of the investors associated with such organizational forms. While investors that participated and lost money in the older generation of funds still seemed to prefer the collectivist / mutualist forms of organization that still gave the investors the right to decide on the key issues related to the activity of the funds, the asset managers and other actors responsible for the collapse of the funds used the regulatory reform of the capital market occasioned by Romania's integration into the European Union to demand (in the case of SAFI and FNA) the corporate reorganization of the

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1. Detailed presentations of ethnography and other qualitative research methods frequently used in anthropology and sociology can be found in Ellen (1995) and Bernard (2006).

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funds and to generate, this way, a change in paradigm from “fraud” to “market risk” in the explanations regarding the collapse of the funds.

Although I came across various mundane and even trivial aspects in my research, some of which had kept newspaper headlines for weeks and months in a row – who stole what and how much, who commended the asset managers and who was who’s pawn, etc. – these are not the most relevant aspects for an ethnographic research. Rather, I have tried to document the “paradigms of argument” (Comaroff and Roberts, 1981) and the motives recurring in the discourses of lay investors. My contribution is to bring evidence about the importance ownership rights and, more generally, the quality of the regulatory environment have for the level of trust retail investors have in the mutual fund sector and, consequently, on the growth potential of the capital market. Ethnographic research facilitates similar conclusions, although based on a different methodological framework, to quantitative approaches to the role of institutions and socio-cultural factors for the well-functioning of the capital market.

### THE ANTI-HERO?

I met Marin<sup>1</sup> on the hallway of the hallway of the Romanian High Court of Cassation and Justice. As I was coming out of the courtroom where one of the last sessions of one of the many trials initiated by defrauded shareholders of the National Investment Fund (FNI) has just ended, a melee of litigants gathered around an energetic presenter drew my attention. Waving, talking loudly, and manipulating a set of documents, Marin was trying to convince his co-litigants and fellow members of one of the civic associations representing SAFI, FNI, and FNA investors that most of them were not entitled to receive financial compensations even if they are about to win the case. Attentive, puzzled, annoyed, disappointed or outright irritated, those in the audience were watching Marin manipulate copies of the financial insurance contract signed by SOV Invest (he asset manager for the funds) and Casa de Economii și Consemnațiuni (CEC) (the Romanian state savings bank) through which the later was guaranteeing the value of the shares issued by FNI in case risks specific to the mutual fund sector would determine the collapse of the funds and suspension of the redemption process<sup>2</sup>, as well as copies of the various

1. Marin is a pseudonym. Although Marin never tried to hide his identity, was from the beginning informed about my research, was aware that our discussions will be used for academic purposes, and never asked me to censure any part of our discussions, I have adopted the most widely used solution by ethnographic researchers in anthropology and sociology, that is, I have anonymized the main informants of my research in order to protect their private and the public positions they might articulate in the future.

2. Article 1.1 of the contract, repeatedly referenced by many of my association-affiliated and non-af-

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decisions reached by the courts during previous phases of litigation. Folding the documents, moving from one page to another or focusing on the various hand-notes and colorful marks, Marin was trying to prove that, although covered by the general provisions of the insurance contract signed by CEC, it is unfair to ask for and expect compensations from CEC or the Romanian state as long as one has not filed a request for the redemption of the mutual fund shares before the suspension of operations – a specific condition stipulated by the first article of the financial insurance contract.<sup>1</sup>

Informal gatherings such as the one I had just witnessed appeared after each court session in all the trials related to the collapse of the National Investment Fund (FNI) and of its “twin”, the National Accumulation Fund (FNA). Occasions to understand more about the technical aspects of the law as well as about the practicalities of litigation, such gatherings in the hallways just outside the courtroom or in front of the courthouse occasioned informal conversations that came in contrast to the more orderly and technically embedded verbal interactions in front of the judge. The ritual aspects of such meetings was pregnant, though, as investors not only used them as learning opportunities and occasions to engage in the exchange information, rumors and gossip, but also as routine encounters through which their collective identity was forged and the hopes of success in litigation were re-affirmed (see the ways Hayden [1987], Atkinson and Drew [1979], O’Barr [1982], and Mertz [1994, 2007] have analyzed the orderly vs. disorderly interactions in courts in order to understand how such interactions impact the proceedings of the trial, the inequalities manifest in court, or the asymmetries of knowledge and power among the litigants). Although such gatherings used to be more diverse in the past, when public meetings and protests were organized during the months right after the collapse of the funds, they became more habitual at the occasional sessions of the trials against those responsible for the collapse of FNI / FNA and at the weekly meetings of the civic associations formed to represent lay investors in their attempts to recuperate their money.

Most of the retail investors I met at the civic associations were among those hazardously leaving the capital market with the collapse of FNI and FNA in May 2000.

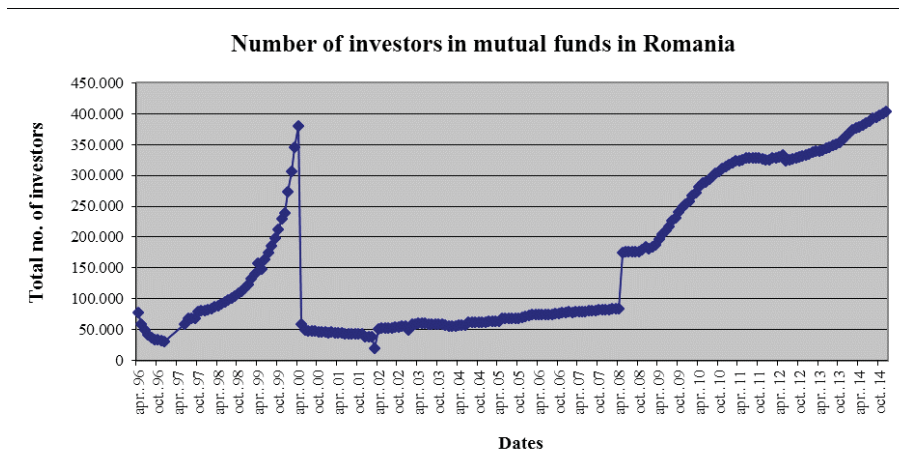
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filiated interviewees, states that “the object of the contract is the guarantee of the redemption value of FNI shares on the day the redemption request was filed, contingent on the impossibility of meeting that payment due to the risks associated with open-ended funds.” See Guarantee contract no. 2205 of December 6, 2012 signed by FNI, SOV Invest and CEC, art. 1.1, page 1.

1. Although CEC had signed the financial insurance contract (*contractul de fidejusiune / cautiune*) and was bound to honor it, the state bank was substituted by the Authority for State Assets Recovery (AVAS) as subject of financial liabilities by way of an ordinance adopted by the Romanian Government.

**Number of investors in mutual funds in Romania since the adoption of first regulations regarding the sector<sup>1</sup>**

*Figure 1*

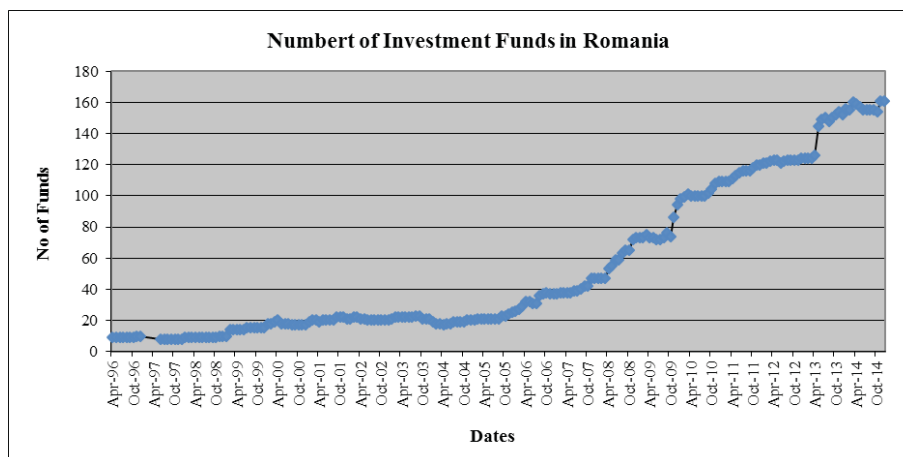


As the graph above indicates, the number of mutual fund investors in Romania dropped from 379,322 in April 2000 to just 59,253 one month later. It would take more than a decade for the Romanian investment fund industry to reach that threshold again (the number of investors in May 2014 was 381,119). The supply of funds as investment opportunities was also affected by the collapse of the two iconic funds.

1. The following three graphs were created by the author from monthly reports regarding the mutual fund sector published by the Romanian Fund Managers Association (Asociația Administratorilor de Fonduri - A.A.F.) at <http://www.aaf.ro/en/statistici-fonduri-de-investitii/>.

**Number of investment funds operating in Romania since 1996. The figures include open-end and closed-end funds, UCITS or non-UCITS, as well as domestic and foreign funds<sup>1</sup>**

Figure 2



Thus, the number of funds in operation oscillated around 20 for several years after the event and only started to increase in the second half of 2005, once the new regulations regarding the capital market (mainly law no. 297/2004 regarding the capital market and regulation no. 15/2004 issued by the Romanian Securities Commission) produced their effects making it easier for large financial institutions to initiate and control investment funds.

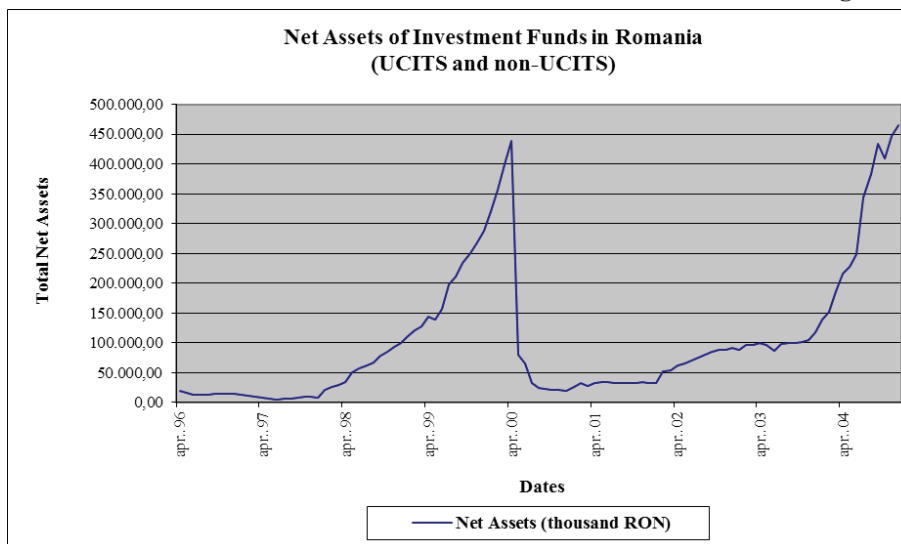
Furthermore, the sharp decline in the net-asset values of the funds in operation also illustrates the cataclysmic effect of the FNI and FNA bankruptcies. Whereas the fall itself can be explained by the adjustment made in the reports after assessing the amount of the fraud at the two funds and the way previous figures had been artificially inflated, the dragging of figures with regards to both numbers of investors and net-asset values for the following three or four years indicates the apprehensive attitude of investors on the domestic capital market. This attitude was described time and again by my informants who confessed that, having gone through the traumatic market collapse of 2000 and not seeing any resolution to the scandal were compelled to stay away from the mutual fund sector. As data indicates, investment funds operating in Romania took off again after 2004 capitalizing on a number of factors such as new regulations, prospects for EU membership, increasing flows of capitals into Romania that determined the growth of the capital market overall.

1. Produced by the author with data from A.A.F (<http://www.aaf.ro/en/statistici-fonduri-de-investitii/>).



**Net asset values for investment funds operating in Romania between 1996 and 2004. The figures include open-end and closed-end funds<sup>1</sup>**

*Figure 3*



Common people, mostly middle-aged or older, that usually knew each-other from previous encounters or learned to recognize in each other a common set of concerns came to embody a moral community of investors. Scared, disappointed, frustrated, intimidated by the laborious legal procedures, and feeling cheated by various representatives of the law, they often positioned themselves in contrast to the leaders of civic associations or to the spontaneous “leaders” that attempted to guide their actions. For them, Marin emerged as an anti-hero, a villain working against the assumed common interests of the group in spite of or, some felt, just because of his rational arguments: how could he be so cynical? Who would care about obscure clauses in contracts when they all knew “they were [morally] right to ask for compensations”? What made him jeopardize the moral bonds tying them all together especially as he was one of those whose money was stolen and was to be compensated at the end of the trial?<sup>2</sup>

1. Produced by the author with data from A.A.F (<http://www.aaf.ro/en/statistici-fonduri-de-investitii/>).

2. After that episode, I approached Marin with some hesitation. Being puzzled by his arguments and fearing he would be apprehensive about me, I was surprised to find in him a genuine conversation partner, an honest and modest man, almost obsessed with ideas of justice and the public good. He filed numerous petitions to the most important institutions in Romania (the Presidency, the Parliament, the Government, etc.) denouncing the poor performance of the judiciary but received only formal responses and was constantly sent back and forth between institutions. His persistent pursuit of the idea of justice and public responsibility turned him into a subject of jokes and irony by the rest of investors who considered him strange or even mentally disturbed a sort of local “Forrest Gump,” as some described him.



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## **DOCUMENTING MEMORY AS PERSONAL INVESTMENT**

Even more frequent than encounters occasioned by court sessions were the weekly meetings of the associations of investors leading the efforts to recuperate the money lost. Given the circumstances after the collapse of SAFI / FNI / FNA, such civic associations had assumed the role of helping retail investors in their judicial actions for recuperation of the money invested in the bankrupt funds as well as for getting financial and moral compensations. Such were the meetings of the Association for the Defense of Investors (ADI) where I conducted a significant part of the observation and interviews for my research.<sup>1</sup> Meetings were held at the premises of one of the financial analysis companies operating in Romania from the beginning of the 1990s. The location was actually a small, 20 by 40 foot room off the reception desk of the building. The room was furnished with a rectangular table and about 8-10 chairs that occupied almost the entire space. It hosted the meetings of the staff of the company during the week and the meetings of the ADI affiliated investors at the end of the week. Investors and petitioners visiting ADI would normally fill all the vacant chairs. As meetings were rather informal and not strictly organized, often the number of investors visiting the association “headquarters” was bigger than the meeting room could host so that many participants would wait on the hallway for their turn to join the inside meeting or to engage in informal discussions and gossip with their peers (see a more detailed description below).

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1. Association for the Defense of Investors (ADI) is a collective pseudonym I use to protect the identity of several civic associations based in Bucharest where I was allowed to conduct fieldwork research based on observation, discussions and semi-structured interviews with the investors in the collapsed funds now in dispute. With this opportunity I would like to express my gratitude towards the leaders of these associations for the kindness they showed in allowing me to repeatedly visit their associations and for the support given while conducting research.

Account balance statement with inscriptions of subscriptions, redemptions, unfulfilled requests, and residual values. The document was used in court to support claims to compensations and at the civic associations to justify membership and to calculate the yearly contribution to the association

Figure 4

Nr. crt	Data	Cod agent	Nr. unit. cumparate	Nr. unit. rascumparate	Valoarea la zi a Unității	Sold unit.	Nr. cerere depunere	Nr. cerere rascumparare	Semnătura și ștampila agentului
1	22.03.99	003	4	-	289.150	4	9493	-	F.N.L. 40*104
2	24.09.99	003	6	-	286.300	10	10222	-	F.N.L. 40*104
3	22.04.99	003	5	-	328.500	15	10367	-	F.N.L. 40*104
4	20.09.99	003	5	-	328.800	20	10414	-	F.N.L. 40*104
5	12.01.99	001	199	-	338.602	199	10404	-	F.N.L. 40*104
6	21.05.99	003	1	-	347.650	200	11.000	-	F.N.L. 40*104
7	2.08.99	003	-	4	466.200	136	-	12677	F.N.L. 40*104
8	10.09.99	002	10	-	517.400	206	13620	-	F.N.L. 40*104
9	1.10.99	002	-	-	548.000	223	14196	-	F.N.L. 40*104
10	26.10.99	002	2	-	579.800	225	14677	-	F.N.L. 40*104
<b>Splitare autorizată INVM</b>									
<b>Decizia nr. 31967/14-07-98</b>					19.140	2290	25	10.1993	F.N.L. 40*104
11	15.11.99	002	220	-	60.330	2130	15257	-	F.N.L. 40*104
12	15.11.99	002	indep	600	62.700	1930	indep	15382	F.N.L. 40*104
13	16.11.99	101	plata	600	62.700	1.930	-	15382	F.N.L. 40*104
14	22.11.99	103	-	290	63.970	1640	-	15841	F.N.L. 40*104
15	24.11.99	003	5	-	63.970	1645	15934	-	F.N.L. 40*104
16	27.01.00	002	45	-	75.200	1690	-	-	F.N.L. 40*104
17	04.02.00	003	10	-	92.480	1700	21409	-	F.N.L. 40*104
18	22.05.00	002	indep.	1700	103720	0	-	21662	F.N.L. 40*104

Inside the meeting room, Ioan<sup>1</sup>, the president of the association, as well as other more senior leaders of the association were explaining to the new members or to the ones that did not attend the public events related to the scandal about the judicial procedures initiated by the association, about steps necessary to join ADI and be legally represented by it in the ongoing trials. Further discussions were about the latest events related to the collapsed funds, about the public protests of the most active investors, about the positions adopted by the state authorities with regards to the situations retail investors

1. Ioan is also a pseudonym.

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found themselves in, as well as about the court decisions reached in similar trials to those in which ADI was a litigant. Ioan and the other association leaders encouraged this process as a way to spread information more easily without repeating his explanations but also as a way of providing his association members with a minimal financial education. Such direct presentations had proved more efficient in the dissemination of information in comparison to the more formal channels such as the media and the announcements posted on the website of the association. As the same time, conversations among the rest of the members were generally discouraged during such meetings and only Ioan ever led discussions.

Participants to the weekly meetings of the association - most of which were common people, without elite financial knowledge, brought with them plastic or cotton bags filled with “papers” (hârtii) or “documents” (documente). Either subpoena received from the courts throughout the years, written requests mandating ADI to represent them in front of the court, investor checkbooks and account statements issued while FNI and FNA were still active, or petitions to be submitted in court by the president of ADI, these documents constituted material forms of action towards the civic associations, the courts or public authorities. They were supported by a wide range of material artefacts brought as evidence of the legitimate engagement with either of the two funds: type-written petitions, hand-written extracts from the decisions published by courts, marker-underlined excerpts from the financial insurance contract or from the institutional correspondence between the administrators of the funds and the lay investors, clippings of newspaper advertisements and statements of share values published by the asset managers, images from the protests published by the national media, or books and newspaper articles published about FNI and FNA after its collapse. Such proofs of involvement could materialize a more personal register also: medical documents and proofs of past illnesses, hand-written memoirs or narratives about the context in which various investors decided to participate to the mutual funds, all constituted written evidence of the legitimate involvement with the funds.

Materializing the memories of the many that invested and lost their money with FNI and FNA through the deployment, arrangement, and performative use of specific graphic artefacts and material practices, such personal histories re-signified the funds into moral projects justifying the widespread participation to these ventures as well as the current demand form reimbursements and compensations. Even if appearing as retrospective justifications, such memory practices reconstruct the choices made by lay investors. The puzzlement of many analysts regarding the massive subscription for the shares of the two funds - in spite of the controversies surrounding their

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initiator and the management team, cannot be explained by the progressive appetite for risk brought by the transition to capitalism nor by a “playing with the house money” type of behavior<sup>1</sup> – both suggested by Katherine Verdery in the case of Caritas (1995a, 1995b) but rather by a form of apprehensive opportunism. Pushed by the lack of savings opportunities, by the progressive elimination of the familiar modalities of economic accumulation, and by the state-generated inflation during the 1990s, common people turned towards an illusory source of wealth.<sup>2</sup> Practices through which the illusion of gain was produced - regular trips to the distribution points for the share funds to check on the last stated values of the shares, following the news about the mutual fund sector, getting exposed to the incessant publicity for FNI and FNA, or the financial guarantee provided by the state savings bank - show how financial promises gained consistency by being inscribed in a world of material objects and practices.

### **MONEY AND PERFORMATIVITY IN THE ANTHROPOLOGY OF FINANCIAL MARKETS**

Ethnographic accounts of capital markets bring new light on the working of money and the creation of value in contemporary societies. Although money has for long made and object of ethnographic attention, most of the anthropologists studying monetary practices have looked at cash and the potential slips of meaning it causes or at the bundling of material traits (inscriptions, symbols, coloring, security elements, etc.) it possesses (see especially Keane [2003, 2006] and Lemon [1998]). Although indebted to the above approaches, this paper takes issue with the elusiveness of monetary forms premised on the capital market. In the case of mutual funds, money is not materialized in a single object but is incorporated by a collective of actants (subjects and objects, persons and things), each one with its material properties and/or semiotic modalities. As Michel Callon (1998, 2007) and others (Edward Li Puma și Benjamin Lee [2002, 2004]; Donald MacKenzie

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1. Katherine Verdery argued in two key contributions to the anthropology of money in East Europe (1995a, 1995b) that people that invested, gained money and subsequently lost it by taking part in the pyramid scheme Caritas during the early 1990s illustrate a phenomenon that is common in the gambling industry – playing with the house money. Similar phenomena have been treated not only by the anthropology or the sociology of gambling but also by behavioral finance.

2. Although part of a regulated market and being chartered financial institutions, the mutual fund that were defrauded during the 1990s – among which FNI and FNA are the most spectacular examples – add to a series of pyramid schemes, informal credit arrangements, mutual help arrangements, or popular banks that went bankrupt during the postsocialist transition washing away the life savings of large numbers of people.

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et al. [2007]) have shown in a different context and more generally, markets as bundles of persons, technologies, calculating procedures, specific metrics of value, and objects that can undergo securitization can be conceptualized as calculative devices performing the world envisioned by economists.<sup>1</sup> While I also adopt Callon's notion of calculative/performative device to describe mutual funds, I argue that the forms of financial knowledge and ideologies of money that it facilitates do not come from a single normative source but are socially situated and diverse. The fictitiously reported increases in net asset values, the commercials for FNI / FNA, or the financial guarantee contract signed by CEC did more than reflect the situation of the fund. Projecting the image of a sound and successful entity and attracting increasing numbers of retail investors are direct manifestations of the functions performed by diverse components of the device, rhetoric and pragmatic effects well-captured by the notion of performativity suggested by Michel Callon.

This paper proposes an understanding of money as an indexical and performative device, the social circulation of which is mediated by the metapragmatic effects of the judicial forms it rests on (forms of ownership and organization specific to investment funds, legal codes based on which the court cases subsequent to the collapse of the funds were tried, or the types liability for those involved in the bankruptcies, etc.). Neither a plain thing nor a simple idea, money is constituted by a reconfiguring collective of actants (objects, persons, and values) whose modes of action and bundles of material properties facilitate contingent meanings and shifting notions of value. Although neither cash nor bullion, the forms of money manipulated by my informants are not simple abstractions of value, dematerialized and dissociated from the networks in which they circulate. Rather, money is being constantly re-materialized into both the graphic artifacts that mediate its technical functions (published net asset values, accounting statements, etc.) and the inscriptions people use to support their claims to compensations (account balances and statements, medical investigation reports, personal letters, etc.). The continued efforts to re-materialize money function like "hooks" for moral justifications and attempts at its reinsertion into a world of solidarity and social relations, its transformation into a socially controlled instrument subsumed in social goals (comp. Guyer 2004).

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1.. The concept of performativity was initially adopted by sociologist of innovation Michel Callon from studies in linguistics and philosophy of language elaborated by LJ Austin (1962) and John Searle (1964, 1970). The concept illustrates the rhetoric and pragmatic dimensions of language and emphasizes the differences between constative utterances that describe reality and performative utterances that bring about a particular state of things (see, for instance, formulas such as „I now pronounce you husband and wife!“ uttered by the priest that alters the social status of the persons getting married) thus creating reality rather than just reflecting it.

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The elusive category of money is contingently incorporated into the diverse material things that are continuously rearranged, drifted, and reinterpreted, performing contextually the various functions of commensuration, assessment, or temporal transfer of value. Dematerialized fund shares, account balance statements, investor account balances, assets under management safeguarded by a depository institution, calculative formulas linking asset values to the number of individual investors, financial guarantee contracts safeguarding the redemption values of sums invested – all of these are particular instances and contingent materializations of mutual fund “money” serving contextually as traces, proofs, accounting evidence, or bases for the assessment of value. It is at the intersection of the distinct forms of knowledge, ideologies of value, and material entailments that the indexical and metapragmatic dimensions of money can be studied. Such an approach is no longer concerned with the accuracy or resilience of monetary measures of value - a topic associated mainly with modernist understandings of money (Parry and Bloch [1989], Robbins and Akin [1999], Maurer [2006]) – but with the way situated monetary practices constitute practical modalities, assessments, and conveyances of value. Contractual forms and material artifacts characteristic of mutual funds serve multiple indexical functions. In one sense, these functions refer to the modality in which such material embodiments of money incorporates economic value, that is, literally as an “index” of the contingent values of the assets making up the portfolio of the fund. In a different way, the indexical function of contractual forms and account statements specific of mutual funds engender the identity of investors, and this can range from “innocent” gossip and evaluations of a particular person (as “rich,” “knowledgeable,” possibly “corrupt,” with a “cohesive family,” etc.) to classifications of people in terms of the entitlements to compensation premised on a series of contingent actions, such as having filed for the redemption of shares, or having petitioned the police in 2000 and thus qualifying as a claimant in the civil trial.

### **OWNERSHIP AS MORAL PROJECT**

The conception of money outlined above opens analysis towards lay forms of knowledge and vernacular ideologies of investing that seem to have shaped common peoples’ interaction with the mutual funds and later with the courts deliberating on financial matters. These are local forms of knowledge emerging from informal discussions taking place in alternative spaces to those where formal law is interpreted and based on counter-intuitive arrangements of material artefacts, yet engendering paradigms of argument



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and action that guide most of the lay investors in their struggles for financial compensations. Such forms of knowledge were articulated in ritualistic gatherings of investors, often in the absence of and even in opposition to the visions crafted by the civic association leaders. I witnessed several such episodes during my research among ADI-affiliated investors. At the ADI headquarters, for instance, association members sat in the hallways when the crowd was too large for the small meeting room where the association leaders were located. Discussions there were more informal, took the tone of gossip,<sup>1</sup> and were likely to be critical of the actions undertaken by Ioan, the association president. Observing and even taking part in such discussions in the hallway, I realized that these were at least as important as the individual interactions with Ioan for understanding what was happening with the FNI case or with ADI in general. People attending the meetings of the association always found it useful to come as early as possible and even stick around the hallway after their discussion with Ioan in the meeting room was over hoping to find somebody more knowledgeable about the recent events, or somebody able to “translate” into common language and mundane forms of reasoning those communicated by the president of the association.

Conversations about morality or about the means appropriate to bring about the ends envisioned by all investor could shift easily to more personal registers. For many ADI affiliated investors, questions about the use of the membership fee charged by the association (2% of the last stated value of the shares owned by each investor), or how the 2% figure was determined, provided an opportunity to lament the personal hardships faced after the collapse of the fund. Conversations about personal stories and distinct notions of morality other than those circulated by Ioan easily turned into criticism of the greediness of those who defrauded the funds and even of the association leaders who now try to get the money back for the investors. Lay motives and situated forms of reason used by not very sophisticated investors in hallway conversations contrasted with the discourse about strategies and resources put forward by their president. As usual, in situations where moral conversation is acute and gossip is ubiquitous, accusations of greed extend to everyone looking to recuperate their money. Many felt their affiliation with ADI and the pursuit of actions recommended by the association leaders had to be justified in front of their peers. Such forms of personalistic justification were

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1. Here gossip is not given a negative connotation. Rather, following a wide literature in the social sciences, gossip is conceptualized as an important discursive register of daily life able to facilitate the “word of mouth” transmission of information, the constitution of knowledge in practice and the articulation of contingent forms of collective action. As practical modality for the transmission and articulation of knowledge, gossip contrasts with more formal types of discourse widespread in mass media or among those in positions of authority.



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reproduced in front of Ioan and, quite often, in front of the courts, only to be quickly dismissed on the basis of judicial, political, and financial rationalities or in the name of a “more general morality.”

Ritualistic gatherings and conversations on repetitive topics, doubled by personal confessions and obsessive remembering of the dramatic collapse of the two funds in the spring of 2000, materialized conceptions of collective ownership that came into contrast to the neoliberal reorganization of the mutual fund sector during Romania’s EU accession. While mutual funds were turned into abstract investment entities, owned, controlled, and distributed by other financial institutions, participants to the previous generation of mutual funds contested this transformation through their collective practices. A mutualist form of property was reenacted by the gatherings of lay investors who, drawing on their ritualistically performed identity, their regular meetings, their informal consultation procedures, or a sense of togetherness enacted at court sessions give consistency to the illusion of collective action and to that of mutual agreement on key decisions regarding the fate of the funds (such as, reorganizing the funds in default or filing for bankruptcy, litigating to get compensations or agreeing to recapitalize the funds). At stake is the uneasy transformation of the investors from collective owners of the funds to consumer of financial products - the fund shares. While different actants in the dispute tried to form and operate with distinct collectives of investors (leaders of investors drew their legitimacy from the orderly constituency of the civic associations, courts started by discriminating among investors that have a stake in the trials and the rest of them, asset managers aimed to constitute agentive groups of investors able to take over the funds and to vote for its institutional reorganization, etc.), those constituted by the lay investors themselves had much wider social legitimacy. The self-organized collectives of investors were implicit forms of political action and embodiments of a moral project in response to the institutional transformation of mutual funds into abstract instruments that are socially uncontrollable and are void of any other meaning except a financial one.

## CONCLUSION

This article illustrated the role of social memory and of the informal associative practices materialized by investors in several mutual funds that grew spectacularly and defaulted equally dramatically during the 1990s. The article focuses specifically on the case of SAFI, FNI and FNA with the aim of documenting the new notions of money appearing in postsocialist Romania and the emerging moral dimensions of speculative practices related to the capital

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market. The focus on the three mutual funds enumerated above is justified methodologically by the easier access to information in these cases. Thus, trials following the collapse of the funds have been ongoing, information about the functioning (as well as about the malfunctioning) of these funds was more easily available than about the ones still in operation, while investors that had lost their money with the three funds were always ready to make confessions and critical comments about the changes in money, the saving opportunities and the possibilities to accumulate wealth after the end of socialism.

I chose to use the qualitative methods characterizing ethnography, often used in anthropology and sociology, in order to understand the thinking and acting ways of simple people that have to employ relatively sophisticated financial instruments. As a consequence, I did not start from a normative theory about the way people should understand “investments” on the capital market, but have tried to find out what are the issues about which unsophisticated investors talk and consider relevant, how they discuss about these issues, what are associations they make among distinct aspects of social life (the economic and the political, the financial and the judicial, public and personal, etc.), and how they understand the concepts they operate with (in contrast, for instance, with professional economists and legal experts). In order to document such situated conceptions of money, morality and ownership, I have studied the interactions among investors in two “arenas” of social action at inside and outside the courtrooms where the cases following the collapse of the funds were tried and at the headquarters of the civic associations pursuing the recuperation of losses and the compensation of retail investors.

While influenced by my own education in finance I expected my informants to talk about “investments,” “risk,” and “returns”, those I worked with were continuously talking about “money” even when discussions were not about cash or even about transfers between bank accounts but rather about financial instruments specific to the capital market or about the graphic artefacts related to the activity of mutual funds – all employed to reconstitute investors’ histories of involvement with the market and with the funds. Furthermore conversations shifted often from money invested and lost with the funds towards what appeared as vernacular conceptions of ownership and the rights derived from them. Such discussions were often structured by the opposition between a collectivist form of organization for mutual funds, in use until the middle of the 2000s, and a corporatist form of organization (in which investment funds are rather financial instruments initiated and securitized by commercial banks and purchased by individual or institutional investors) that was brought about by the regulatory harmonization to which the Romanian capital market was subjected in light of the integration into the European

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Union. Although the institutional reorganization of all entities belonging to the capital market was unavoidable, retail investors were protesting against the ways various actants involved in the SAFI / FNI / FNA cases had used the regulatory reform as an alibi for re-organizing the funds in a way that would obscure legal and financial liabilities. Thus, while supporters of mutualist forms of organization saw in the previous model a better way to secure and affirm the rights of investors, the energetic supporters of the transformation of older mutual funds into corporatist institutional vehicles sought to resignify (according to those prejudiced) the eventual frauds affecting the three mutual funds as market risk and, as a consequence, the elimination of criminal responsibility for the asset managers.

Devoid of the previous mutualist form of organization that were in place well into the 2000s, retail investors were re-constituting the collective forms of ownership and action through the informal meetings happening after court sessions, through re-grouping in civic associations mandated to defend their rights, and through the forms of consensual decision-making employed to craft the best lines of action for the recuperation of losses. The collective remembrance of the events in which all of them took part as well as the associative practices outlined above managed to reconstitute in a concrete manner the moral community of the investors as well as the a feeling of collective thought and action.

### **ACKNOWLEDGEMENT:**

„This paper was co-financed from the European Social Fund, through the Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/138907 “Excellence in scientific interdisciplinary research, doctoral and postdoctoral, in the economic, social and medical fields -EXCELIS”, coordinator The Bucharest University of Economic Studies”.

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