MARCUS OLIVER and Marcus Gallegos, both 15, had a small business of their own in the Mission District of San Francisco. They canvassed the neighborhood for damaged household goods, used furniture to restore and then sell or repair. They post fliers and take out small ads in community newspapers, looking for basements to clean out and overstocked garages. "We grab anything we can sell," Mr. Oliver says. In the last two years, they have sold more than 49 cars, earning $100 to $200 each.

Before, when the young men made money, somebody usually got hurt. The thrift sales represent the first legitimate income of their young lives — with six years spent in and out of correctional centers for robbery, assault and aggravated burglary.

The Maruces, as friends refer to them, met at Log Cabin Ranch, a desolate, Cinder-block youth detention facility high in the La Honda foothills, 60 miles south of the city. Mr. Gallegos was serving eight months; Mr. Oliver nearly two years.

Whether they will end up back behind bars is still a question. More than 70 percent of young offenders return to jail less than a year after release. And the Maruces have let their anger get the better of them more than once. Since release, both have been expelled from educational programs because of violent behavior.

Nonetheless, they’ve undergone a profound reversal, attributed mostly to a program aimed at turning at-risk youth into entrepreneurs, run by the National Foundation for Teaching Entrepreneurship (referred to as N.F.T.E.). The for-profit credit program is also in place at River Kings in New York City and, for adults, at Greenwich Avenue, a maximum security prison in upstate New York.

In two-hour weekly classes, students learn salesmanship and marketing and how to create a business plan and manage funds. They are taught the bedrock principles of commerce: buy low, sell high, keep good records and satisfy customers (always dress nicely and be polite). They play mock store and recreate sales calls; they are videotaped for peer review.

The Maruces religiously attended every class. They were tired of being handcuffed, of looking over their shoulders. This was a brand-new view for them.

"At Log Cabin, I had a lot of time to think about everything," Mr. Gallegos says. "This was the first opportunity to learn a business as a professional. I was tired and fed up with the negativity in my neighborhood."

The seeds for the program were sown in 1981 when a Brooklyn businessman, Steve Mariotti, was assaulted by a youth gang for a mere $10. "It dawned on me that these street kids were simply running illegal businesses," Mr. Mariotti says. Then, drawn by a program to lure businessmen into New York City schools, he began his import-export business and began teaching remedial math at Boys and Girls High School in Bedford-Stuyvesant, one of the city’s high-crime areas.

But 59 unrelentingly students were far too many for one teacher, even with only 42 chairs and 39 desks. Some students had to stand at the back. Class behavior deteriorated rapidly. Students would lock him out of the classroom and girls would teach new dance steps at the back of the room. One student set fire to another’s coat. In deep strain, finally, Mr. Mariotti threw all the troublesome students out of his class. Weeks later, he


A program helps enterprises young offenders. But the straight and narrow has its curves.

Out of Trouble, Into Business

A program helps enterprises young offenders. But the straight and narrow has its curves.

Marcus Gallegos, left, and Marcus Oliver speak to youth at River Kings Island about their attempts to put assault and robbery behind them.

"It’s extremely expensive," he says. "With a $30,000 grant you can deal with maybe seven kids. There are family issues, no place to live, they’re angry, old behavior patterns can come back in a moment, and their friends are pulling them into their quicksand."

Jeffrey Fagan, professor of law and politics at Columbia University, predicts that the prison program will be limited almost exclusively to young former convicts with little freedom of movement and customer bases.

He points out that they often come from poor back- grounds, are usually minorities and lack leveraging capital, lines of credit and connections to capital sources. "It’s much more difficult for kids coming out of jail to go back to their neighborhood where there is little disposable income," Mr. Fagan says. "This makes it harder for their businesses to become profitable."

All agree, however, that offenders with violent histories like the Maruces have little chance of breaking the cycle without intensive outside support.

WHILE most children dream about going to college, Mr. Gallegos dreamed about staying alive to 20. As a child he witnessed many drug-related shootings, with neighbors and friends killed for violent crimes. His first brush with the law came when, at 12, he was arrested while fighting a gang trying to rob him on a city bus. At 13 he was drinking, getting high and constantly fighting. He spent much of his youth in and out of Juvenile Hall in San Francisco.

A day before his 15th birthday, on July 20, 2000, Mr. Gallegos, handcuffed and with his feet shackled, shuffled his six-foot, 250-pound frame into a police van. His latest conviction was for assault and armed robbery. This was his last chance before going to an adult prison. Scared and anxious, he stared silently out caged window, catching a faint glimpse of the San Francisco Bay as the van headed south on California State Highway 101 to Log Cabin Ranch. "I was angry," he says. "I didn’t want to go through this."

Like Mr. Gallegos, Marcus Oliver is big, more than six feet tall and weighing close to 300 pounds. Growing

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A Trader's Formula for Success: Give Back at Least 4 Percent

Arthur J. Pacheco, a senior Nasdaq trader at Bear, Stearns, may not have been picked for the top job at Nasdaq — a post he openly lobbied for — but he will be honored next month for his contributions to the National Foundation for Teaching Entrepreneurship.

And he couldn't be happier: "N.F.T.E. does a great job teaching poor kids self-esteem," Mr. Pacheco said by telephone from his desk on the Bear, Stearns trading floor. "For a poor boy from the South Bronx, life has been pretty good to me."

The foundation, based in New York, teaches entrepreneurial skills to low-income youths aged 11 to 18.

Its 10th annual dinner is to be held on May 19 at the Marriott Marquis hotel in Times Square, and John C. Bogle, the founder and former chairman of the Vanguard Group, will be honored along with Mr. Pacheco.

It is not surprising to find a Bear, Stearns executive being honored for doing good works. Alan C. Greenberg, known as Ace, the firm's irreplaceable former chairman, made it clear long ago to his top managers that he expected them to hand over at least 4 percent of their gross income to charity.

Landon Thomas Jr.