



NONPROFITS: GOVERNANCE

Scandal Erupts at Silicon Valley Community Foundation

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In just over ten years, a new community foundation in Silicon Valley – the result of a merger of two existing organizations – grew into one of the nation’s philanthropic powerhouses. With assets totaling \$13.5 billion by February 2018, the Silicon Valley Community Foundation became not only the largest community foundation in the United States but also vaulted ahead of venerable philanthropies like the Ford and Rockefeller Foundations.

In *Secrets and Lies at Silicon Valley Community Foundation*, we began the tale of the spectacular rise of this organization and its dramatic fall into a very public cauldron of lurid scandal and dramatic organizational dysfunction.

The story broke on April 18, 2018; within days, the flamboyant CEO was sidelined, the “boss from hell” – who was the target of the whistleblowing that pushed the organization’s secrets into the open – resigned, as did the head of human resources.

The board of directors, although perhaps asleep at the wheel for the decade in question, woke up immediately, taking steps right away to try to correct the course. The board selected as interim CEO a respected businessman long associated with the SVCF board. It commissioned an independent, high-profile, law firm to conduct an investigation which was wrapped up in about six weeks, leading to validation of the claims of the whistleblowers, adoption of course-correction steps, and the termination of the chief executive office, Dr. Emmett D. Carson.

In the last three months or so, the Silicon Valley Community Foundation’s travails have been the subject of a great deal of commentary by philanthropy leaders, academics, and experts. The jury is still out, according to some of these commentators, on whether SVCF can recover from its troubles.



Foundation Without Transparency, Accountability

The Silicon Valley Community Foundation has proudly touted its core values of “transparency” and “accountability.” But there was little of either; the spectacular successes of the Silicon Valley Community Foundation hid layers of dark secrets.

We ended Part One of this series at the beginning of April 2018 when investigative reporter and philanthropy expert, Marc Gunther, was ready to go public with the #MeToo saga of a toxic workplace with a twist: a *female* tormenter. SVCF’s brilliant rainmaker, Mari Ellen Loijens, was allowed to make the lives of hundreds of workers a misery for over a decade. The CEO, Dr. Carson, turned a blind eye to this behavior so that he could achieve his dream of transforming SVCF into a massive organization garnering the riches of Silicon Valley’s billionaires.

Mr. Gunther had written an article in 2017 that was critical of SVCF, although the focus there was on its philosophy of growth at all costs and dependence on donor-advised funds.

That 2017 expose was behind a paywall, but word got around. Frightened, hesitant, whistleblowers contacted Mr. Gunther, slowly but surely, about the toxic workplace allegations. On the one hand, they were emboldened by the nationally energized #MeToo movement; still, though, they were reluctant and fearful to step forward publicly. What Mr. Gunther needed was some names and faces connected to the harassment allegations. He had only anonymous claims – many, and surprisingly consistent – of the whistleblowers who reached out to him as well as by the writers of the many, astonishingly negative (albeit anonymous), reviews of the SVCF workplace on the website GlassDoors.com.

By the spring of 2018, two brave former SVCF executives stepped forward, ready to go public. Now, armed with enough evidence, Mr. Gunther presented a draft in early April to the Chronicle of Philanthropy’s Stacy Palmer.

Within days, Ms. Palmer presented Dr. Carson with a courtesy copy of the proposed article that was eventually published in the Chronicle of Philanthropy on April 18, 2018. She assigned the Chronicle’s news editor, Megan O’Neil, the task of assisting Mr. Gunther in this final, pre-publication, phase.

The final article – *A Star Performer Created a ‘Toxic Culture’ at the Silicon Valley Community Foundation, Say Insiders* – was published initially behind a paywall but that barrier was soon lifted.

On his own blog, on April 19th, in *Transparency, accountability and a troubled workplace at the Silicon Valley Community Foundation*, Mr. Gunther offered additional, tantalizing details about the initial whistleblower contacts. That post also tells the story, with links to communications, of the pre-publication period during in April during which he and Ms. O’Neil attempted, without success, to elicit a meaningful comment from SVCF.

Just hours before the publication of Gunther’s article in the Chronicle of Philanthropy, Dr. Carson tweeted: “We are committed to a strong and healthy workplace for our staff and will not tolerate any inappropriate behavior. @siliconvalleycf believes in accountability and transparency and will share the learnings and actions from the independent investigation.” (The day before, Dr. Carson had hired a law firm to conduct a probe that turned out to be thin and superficial; by the end of April, the board of directors hired a different law firm to continue with a more truly independent investigation.)

Immediate Reaction



After Dr. Carson posted his tweet, a former SVCF employee emailed Mr. Gunther: “Emmett is positioning himself to throw her [Mari Ellen Loijens] under the bus to save his own ass (pardon my language) and it is not right. As a CEO, he either knew or should have known. He should have asked more questions and opened his eyes at least to the turnover rates.”

Another person, a former executive assistant to Ms. Loijens, tweeted a response directly to Dr. Carson: “Please stop acting like you did not know! I reported both you & Mari Ellen to HR July 2017. At the end of the day, I was the one who had to leave the foundation bc it was a toxic work environment.”

By mid-June 2018, the second law firm had issued its report to the Silicon Valley Community Foundation’s Board of Directors. The text of the report by the law firm of Boies Schiller Flexner is [here](#). The accompanying statement by the Board of Directors is [here](#).

An interesting point in the investigative report is that not only were the whistleblowers’ allegations confirmed, but the probe uncovered additional and “worse” instances of a toxic workplace. There was little doubt that Dr. Carson would be terminated at that point. His official, farewell, statement comprising some 550 or so words included only the following mention of the #MeToo allegations:

Recent events have brought to light that in the pursuit of these ambitious goals, some staff felt they were not sufficiently heard. Others felt that they could not trust that they could rely on the multiple systems in place, including an anonymous hotline, to report complaints or concerns and have them fully and fairly addressed. I am sorry that this occurred and regret any role that I may have played in contributing to these feelings.

The quintessential non-apology apology.

Conclusion

All in all, it is reminiscent of Claude Rains’s Captain Renault telling Humphrey Bogart’s Rick: “I am shocked – shocked – to find that gambling is going on in here!”

The #MeToo scandal not only broke open the truth about that pervasive problem at the Silicon Valley Community Foundation but also opened the conversation – in a big way – about *other* concerns by outside experts and commentators about SVCF’s operations and corporate philosophy. The next posts in this series will cover some of these including (1) the expansive view of the community foundation model adopted by SVCF under Dr. Carson and (2) the dominant role of donor-advised funds in SVCF’s spectacular growth.