

## **Case Closed Procedurally**

### **A Review of Reported Asset Recovery in the Valley Rock Settlement**

#### **Background**

In 2025, the California Attorney General announced a settlement resolving allegations of self-dealing and mismanagement involving Valley Rock Foundation, a Northern California nonprofit. Public records reviewed for this report indicate that the settlement required dissolution and certain payments and grants, but did not require recovery of, or a public accounting for, several large, reported asset value changes and transfers described below. This report summarizes those records and evaluates whether the settlement's stated public purposes—restoring charitable assets and ensuring genuine independence—were achieved.

#### **Scope and limitations**

This report relies on publicly available records (including IRS Forms 990, the settlement agreement, state filings, and property/market reference data). Because some financial structures at issue (including donor-advised funds) provide limited public account-level transparency, the dollar estimates below are necessarily approximations based on stated assumptions and should be read as estimates for further review rather than definitive accounting.

#### **Why This Matters to Northern California Residents**

Valley Rock originated in Napa Valley using charitable funds intended to benefit Northern California communities. When charitable settlements do not require recovery of material assets or do not clearly separate governance and funding from prior insiders and affiliated entities, the practical public benefit of enforcement may be reduced. The public impact can include less funding available for community priorities such as housing, food security, health care, and education.

#### **How \$38 Million in Charitable Assets Became Concentrated Under Foundation Leadership**

In 2006, Napa businessman Ed Keith died, leaving approximately \$38 million from his estate to Valley Rock Foundation. Public records reflect that his daughter, Celeste White, received \$2.8 million personally, and that she and her husband, Robert White, subsequently assumed leadership and control roles at the foundation. Over time, public reports and filings raised concerns about governance and transactions, prompting an investigation by the Attorney General's Charitable Trusts Section that culminated in the 2025 settlement.

#### **What the Settlement Required**

The settlement mandates dissolution of Valley Rock Foundation and authorizes up to \$10 million in final grants to specified charities. It replaces Celeste White on the board of the foundation with a director described as "independent" and requires the Whites to contribute \$1 million to a donor-advised fund (DAF). Based on the settlement terms and the public record reviewed for this report, the agreement does not require recovery of certain reported asset value changes, nor does it require a public accounting for major reported valuation declines, nor does it impose clear restrictions on ongoing relationships with affiliated nonprofits or donor-advised fund structures.

*Observation #1: Material reported asset value changes were not subject to recovery or public accounting requirements under the settlement terms.*

**Public filings show that Valley Rock's assets were held primarily in three places:**

1. Veritas Refuge LLC, a foundation-owned real estate investment entity
2. A donor-advised fund at the National Christian Foundation (NCF)
3. The foundation's main investment portfolio

**Veritas Refuge LLC: value gap based on reported valuations and market references**

By 2014, Veritas Refuge was reported on IRS filings as holding approximately \$16.9 million in assets. Using California residential real estate price references (and applying conservative ownership cost assumptions described in the exhibit), an illustrative 2024 value would be approximately \$27 million. Valley Rock's 2024 Form 990, however, reports a value of approximately \$9 million. This report refers to the resulting difference (approximately \$18 million) as an estimated "value gap" for further review, because public filings reviewed for this report do not provide detail explaining the reported change. (See Veritas Refuge Exhibit.)

**Donor-advised fund: Material balances remain with limited public transparency**

Between 2015 and 2018, approximately \$20 million was transferred from the foundation to a donor-advised fund (DAF) at the National Christian Foundation. Because DAF sponsors generally disclose aggregate grants but not donor account-level balances and activity, only a reconstruction is possible from public filings. Under conservative assumptions described in the exhibit, public records suggest that as of 2024, approximately \$18 million may remain associated with accounts originally funded by the foundation. The settlement permits these funds to remain in a structure with limited public transparency, and it directs the Whites' \$1 million payment into another DAF. (See DAF Exhibit.)

**Main investment portfolio: shortfall versus estimates**

An analysis comparing the foundation's reported investment results with broad market benchmarks indicates material underperformance relative to those benchmarks. Depending on timing assumptions, the estimated shortfall ranges from approximately \$0.4 million to approximately \$11 million. Public filings reviewed for this report do not provide sufficient detail to reconcile the difference. Potential drivers could include fees, conservative asset allocation, timing, or other portfolio choices; the public record is not granular enough to determine the cause. (See Main Portfolio Exhibit.)

*Observation #2: Settlement structures may leave influence risks in governance and grantmaking structures*

**"Independent" governance with substantial historical and ongoing financial ties**

The settlement appointed Gayle Beebe, President of Westmont College, as an "independent" director. Public records indicate that Westmont College previously received more than \$15 million from Valley Rock and is slated to receive an additional \$3 million under the settlement. Public records also reflect Celeste White's longstanding governance relationship with Westmont. These

financial and governance ties raise reasonable questions about whether the settlement’s “independence” standard functions as arm’s-length oversight in practice.

### ***Settlement grants to organizations with leadership ties to prior principals***

The settlement mandates \$6 million in grants to two Napa churches where public filings and reporting indicate Robert and/or Celeste White hold leadership roles. Separately, Lux Forum—a religious nonprofit founded by the Whites—received \$2.5 million from Valley Rock prior to the settlement and reports \$3.1 million in assets with the Whites serving as officers. Taken together, these arrangements may result in substantial charitable funds being directed to organizations with ongoing leadership ties to the same individuals associated with the foundation’s prior governance, raising questions about whether the settlement meaningfully separated charitable decision-making from those ties.

### **Conclusion: Case closed procedurally; key accountability questions remain**

Based on the public record reviewed for this report, the settlement achieved procedural closure through dissolution and specified payments/grants, but it did not require recovery of (or public accounting for) several material asset value gaps described above, and it may leave influence risks or perceived conflicts in governance and grantmaking structures.

### **Questions raised by the settlement terms and the public filings**

These questions bear directly on whether the settlement achieved meaningful asset recovery and structural independence:

1. Why did the settlement not require an independent valuation or public accounting for the reported decline in Veritas Refuge’s asset value?
2. Why were most of the \$10 million in settlement-directed grants awarded to organizations with documented leadership ties to individuals previously associated with the foundation?
3. What specific safeguards prevent ongoing influence over donor-advised fund accounts originally funded by the foundation?
4. How was “independence” defined, evaluated, and verified in the appointment of post-settlement governance?

### **In sum: Illustrative estimates for further review**

1. Veritas Refuge estimated value gap: ~ \$18 million
2. Donor-advised fund balances potentially remaining: ~ \$18 million
3. Main portfolio benchmark shortfall estimate: up to ~ \$11 million
4. Settlement-approved grants to organizations with leadership ties: ~ \$10 million

### **Sources and documentation**

This report is based on IRS Forms 990 (2013–2024), the 2025 settlement agreement, California Secretary of State filings, property records, FHFA House Price Index reference data, Westmont College records, and contemporaneous local reporting. Supporting documents and detailed exhibits are available on request.