

Commission finds misconduct by charity who loaned half a million pounds to company of former trustee

The Commission has found the decision to loan half a million pounds to the company of a former trustee was misconduct and/or mismanagement, in an inquiry into the [Jewish Seminary for Girls \(JSG\)](#). Two former trustees have been disqualified.

JSG aims to promote the Jewish faith amongst Jewish girls and women between the ages of 15 and 25 by providing religious education and instruction to help students enter the workplace.

The charity was previously under inquiry for late submission of their accounts for 2013 and 2014. Then their accounts submitted for 2015 revealed concerns about whether they were accurate. The Commission opened an inquiry to examine further.

Analysis of the accounts showed a loan agreement between the charity and former trustee Yonathan Kahn's company for £472,394. Further inquiries revealed, that at the time the loan was issued, the:

- charity was left with only £816 in cash after the loan was paid to Mr Kahn's company
- decision to grant the loan was authorised by only one trustee, Avrohom Modechai Royde
- assets for Mr Kahn's company were less than £6,000
- terms of the loan were not favourable to the charity
- trustees did not adequately document their decision-making for agreeing the loan

Until the Commission opened an inquiry, the charity was not receiving any repayments for the loan. These are now received monthly, but the Commission has issued an order to the current trustees to take legal advice in relation to calling in the loan and/or pursuing potential restitution for the loan.

Another concern, identified by the Commission, is that the charity paid two rabbis to deliver weekly lectures and:

- one rabbi was receiving £2,500 per month, despite being related to one of the trustees at the time, which amounted to an unauthorised benefit
- another rabbi was paid £1,000 per month to deliver lectures
- the recruitment process was not open or competitive, and the trustees could not show that this was in the best interest of the charity
- the trustees could not provide any receipts or invoices to satisfactorily evidence that work had been undertaken by the rabbis

Despite assuring the Commission that it had implemented several new policies

and procedures from June 2018, payments to one rabbi continued in breach of trust and without any records to verify their use. This was misconduct and/or mismanagement.

Amy Spiller, Head of Investigations Team at the Charity Commission, said:

Charities should be distinct from other types of organisations in their attitude and behaviour, in their motivations and methods. It's clear that the former trustees of this charity did not act in the best interests of their charity or its beneficiaries. They were reckless with charitable funds and could have cost the charity its future via an ill-advised loan to someone they knew and payments to others without sufficient oversight. It's therefore right that the trustees responsible have been disqualified.

The Commission disqualified Mr Kahn and Mr Royde from acting as trustees and/or holding an office or employment with senior management functions in charities for 12 years on 20 December 2019.

The charity now has a completely new trustee board who have been directed to improve the charity's governance and financial management. The Commission will continue to monitor its progress.

The [full report is available on GOV.UK](#)

Ends