

[Inquiry finds mismanagement at charity that funded failed film project](#)

The Charity Commission has found evidence of misconduct and/or mismanagement at a charity that was set up to promote and advance the Islamic religion and encourage dialogue between different faiths.

An inquiry was opened into Fadak Media Broadcasts ([registered charity 1165143](#)) in August 2017 after allegations were made in a serious incident report about unauthorised financial transactions and claims that the ownership of the charity's trading subsidiary, SWT Films, had unlawfully been transferred to the former CEO.

The inquiry used its powers under the Charities Act to obtain records and question the trustees, finding that the former CEO had enjoyed significant control over a number of areas.

The CEO had used charitable funds to set up SWT Films Ltd to produce a film called 'The Day of Torture'*. Filming was never completed, and a share transfer agreement showed an attempt to transfer 98% of the company shares to the former CEO – the trustees claimed that this was invalid as it had been signed by a trustee who had left the charity prior to the agreement.

The CEO was the sole signatory of SWT Films' bank account, and the trustees had entrusted him with the management of SWT Films. This was a concerning arrangement and it became clear that a dispute had later erupted between the CEO and the trustees.

The inquiry reviewed SWT Films' accounts and was satisfied that funds had been used to finance the making of the proposed film. The CEO is no longer involved with the charity, however his details will be held on file and any future application for him to act as a charity trustee would take the facts of this inquiry into consideration.

As these allegations had already been investigated but not substantiated by the Police, and the company dissolved in June 2017, the inquiry did not investigate this matter further. However significant weaknesses in the charity's governance and financial management came to light as a result of the Commission's probe:

- The CEO had opened the charity's bank account and remained as sole signatory for over 2 years.
- Only 2 trustees sat on the charity's board, whilst its governing document required a minimum of 3 trustees.
- Overseas representatives collected cash on behalf of the charity from anonymous donors, who then travelled to the UK to hand over the cash. The Commission has previously warned charities of the risks of cash couriers.
- Financial records were insufficient and did not explain all of the

charity's transactions.

Today's [report](#) says that failings by the trustees exposed the charity's assets to unnecessary risk and amounted to mismanagement and/or misconduct in the administration of the charity.

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

This charity's governance and management was clearly not fit for purpose. Oversight and control by its trustees did not meet the standards that we would expect, and this appears to have allowed damaging disagreements to develop.

Charity brings people together, and so issues like this which stand in the way of a charity's ability to do its work are disappointing. I am pleased that our intervention has helped the charity to strengthen its governance and focus on delivering on its purpose.

During an inspection the inquiry provided regulatory advice and guidance around governance improvements to the charity's trustees, who have demonstrated a willingness to bring the charity on to a proper footing.

3 new trustees have been appointed and a new bank account has been opened with 2 trustees as signatories, in line with best practice.

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

Ends.

Notes to editors:

1. *This activity was in line with the charity's objects to advance education and religion.
2. The Charity Commission is the independent regulator of charities in England and Wales. To find out more about our work read the [about us](#) page on GOV.UK.