

Press release: Over £2 million paid to charity rebuilt by Commission inquiry

Over £2.1 million has been recovered to a charitable trust after a Commission inquiry exposed and addressed misconduct and mismanagement in its administration.

The London based grant-making charity was established to further general charitable purposes. Despite lending £2 million the charity was not able to evidence adequate attempts to protect the charity's assets or recover the loan. The Commission opened a statutory inquiry in May 2015 by which point the total due to the charity had risen to £2,236,401 as a result of interest accrued.

The Commission first engaged with The Reb Moische Foundation in 2014 regarding a loan it made to a private commercial company, Gladstar Ltd, which was connected to one of the trustees. The inquiry found that poor decision-making regarding the loan had placed the charity's funds at serious risk. The charity took no external investment advice before entering into the loan, and as Gladstar Ltd was based in Gibraltar, recovery of the funds would be challenging.

The Commission's inquiry also identified concerns about unmanaged conflicts of interest. One of the charity's trustees was secretary of the company at the time the loan was made, and subsequently became a Director. As a result of the Commission's intervention, the surviving trustee agreed to transfer the proceeds of the sale of six properties owned by Gladstar Ltd to the charity which resulted in £2,137,368.50 being vested in the bank account of the Official Custodian for Charities (the OCC).

The surviving trustee resigned from the charity and agreed not to take on any other charity trusteeships. Two new trustees were appointed by the settlor, and have opened a new bank account and adopted policies for grant making, investment and conflicts of interest. The Commission has since directed the OCC to transfer the recovered funds to the charity which, including interest, totalled £2,137,736.39. This happened on 7 October 2017.

The inquiry closed on 27 February with the publication of this report, however the Commission will continue to monitor the new trustees' application of the new policies and charitable funds.

Harvey Grenville, Head of Investigations and Enforcement at the Charity Commission said:

Failings of governance and financial management unfortunately put this charity's assets on the line. The good news is that, following our intervention, over £2 million can now be put towards important charitable causes.

This inquiry demonstrates that if not properly managed, conflicts of interest can seriously hamper trustees from acting in the best interests of their charity.

The Commission's full report of its inquiry is available on [GOV.UK](#).

Notes to editors

1. The Charity Commission is the independent regulator of charities in England and Wales. To find out more about our work, see the [about us](#) page on GOV.UK.
2. Search for charities on our [check charity tool](#).