

Press release: Trustee removed by the Commission due to serious misconduct and mismanagement

The Charity Commission has concluded that the trustees of The Catalyst Trust were responsible for misconduct and mismanagement in the administration of the charity. The Commission has permanently removed the trustee primarily responsible for the charity's management and administration (the 'dominant trustee') which permanently prevents this individual from acting as a trustee in the management of any other charity.

The charity had general charitable purposes, with its activities described as the provision of project management and advice, loans, grants and guarantees to charities. In 2013 the Commission received a complaint from a member of the public, which raised concerns about the rental payments of a property owned by the charity.

The Commission carried out a books and records inspection of the charity in February 2014 and found unexplained transactions totalling more than £60,000. This raised concerns about the accuracy of the accounts because the charity had never declared an income of more than £25,000 in its annual return. The Commission escalated the case to an Inquiry on 10 June 2014 to examine its serious concerns regarding the financial management of the charity.

The Inquiry found that in practice the 'dominant trustee' was operating the charity and making decisions on its behalf, with minimal input from the other trustees. The inquiry established that out of an income of approximately £71,000 between 2009 and 2013 only £2,217 was described by the trustees as direct charitable expenditure. However, the inquiry established that £2,050 of this amount was paid to a private company to develop a software project.

The Commission found that this software project was not charitable and was a misapplication of charitable funds. The inquiry found that investments and loans had been made by the charity to companies in which the 'dominant trustee' had a personal interest or connection. It was clear to the Commission that potential conflicts of interests had not been identified or adequately managed by the trustees.

The Commission concluded that there had been misconduct and mismanagement in the administration of the charity as there was evidence of both poor governance and poor financial management. The Inquiry found that the charity was not being operated in furtherance of its charitable objectives, the trustees had failed to manage conflicts of interest and had failed to comply with their legal duty as trustees.

Following the Commission's decision to remove the 'dominant trustee', whose continual presence in the charity put the charity's assets at serious risk and whose actions had resulted in serious losses to the charity the trustees

decided to close the charity and apply the remainder of its funds to a charity with similar purposes. The charity was therefore removed from the register on 10 November 2016.

Harvey Grenville, Head of Investigations and Enforcement, said:

This inquiry was hindered by the failure of the 'dominant trustee' to fully cooperate with the Commission. Despite this attempt to frustrate our investigation we have been able to take strong action and remove this individual to protect charities from abuse.

Trustees must act collectively together and avoid one individual taking sole, or inappropriate control of a charity. In this case the trustees did not manage or identify conflicts of interests and allowed improper loans and investments to be made by one individual.

All trustees have a duty to make decisions which are reasonable and in the best interests of their charity. They must only spend funds on activities which are in furtherance of a charity's purposes. Trustee duties are detailed in [our guidance 'The Essential Trustee'](#).

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

Ends

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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 our [annual report](#).
2. Search for charities on our [online register](#).
3. Section 46 of the Charities Act 2011 gives the Commission the power to institute inquiries.