



Operational Case Report

Children's Cancer and Leukaemia Fund (C.A.L.F) (former registration number 1140618)

About the charity

C.A.L.F was registered in March 2011 with charitable objects to relieve sickness and promote and protect the physical, mental health of children with cancer, leukaemia or other serious illnesses through the provision of financial assistance, support and practical advice.

Why the commission got involved

We were made aware that the charity had entered into an agreement with a commercial clothing company in its first year of operation.

We have been proactively engaging with trustees of newly registered charities that have entered into agreements with commercial clothing companies, as our case work has shown that issues with such contracts often arise because trustees are not properly monitoring and managing the partnership and/or do not have correct policies and procedures in place.

So we opened an operations monitoring case and contacted the charity to arrange a meeting with the trustees. We arranged to meet with the trustees on three separate occasions. However, each meeting was cancelled at short notice by the trustees. In the meantime, we obtained the charity's bank statements.

What we found

The bank statements did not identify any obvious concerns about the charity's relationship with the commercial clothing company. The company had been making regular payments into the charity's bank account.

However, the statements showed payments totalling over £1,800 had been made to one of the trustees. Other listed expenditure, totalling nearly £7,600, did not appear to be in furtherance of the charity's objects, such as payments for dental treatment and payments to a travel agency. The statements also showed that £7,200 in cash had been withdrawn from the charity's accounts.

These findings raised serious concerns about the financial management of the charity.

When we confronted the charity, one of its trustees said that the cash withdrawals had been used to buy toys and games from market stalls. These had then been placed in storage and were to be distributed to various children's hospitals. The trustee went on to explain that these items, along with the charity's invoices and receipts, had been ruined as a result of severe flooding in the area and had been disposed of.

Our checks established that a little flooding had occurred at the storage facility and that toys, which were of low value, had been disposed of. We could not conclude that the charity records had also been damaged by the flooding.

It became clear that only one trustee had been operating the charity. He had used the names of relatives as the other trustees without their knowledge and they had not signed bank mandates, accounts or trustee declaration forms.

After we confronted the trustee about our discoveries, he made a payment of £14,000 to the charity.

The action we took

Our findings suggested possible criminality. We referred the case to the police in March 2013.

The police took up the case based on the information we provided. It later emerged that, two months after our referral, the trustee withdrew £14,000 from the charity's account.

We advised the clothing collection company not to collect on behalf of C.A.L.F any longer. The clothing company had been unaware of the wrongdoing and has agreed to distribute remaining funds that had been raised for C.A.L.F to charities with similar objects. We will be following up with the fundraising company to ensure this happens.

In the meantime, we removed the charity from the register, as it was no longer operating.

In October, two of the charity's trustees pleaded guilty to criminal offences. Martin Lawley, who had effectively run the charity, admitted two counts of fraud by abuse of position. He was sentenced to 18 months in prison. His wife Angela admitted aiding and abetting fraud by abuse of position and received a suspended sentence.

Lessons for others

We are becoming an increasingly proactive regulator. When risks to newly registered charities are identified we will act quickly to engage with that charity with a view to preventing issues arising or to tackling mismanagement. If we suspect possible criminality, we will refer our findings to the police.

We expect full co-operation from trustees and we do take steps to verify information we are given. It is a criminal offence under the Charities Act to provide false and misleading information to the commission.