



**CHARITY COMMISSION**  
FOR ENGLAND AND WALES

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# **Inquiry Report**

## **Didi Nwe Organisation**

Registered Charity Number 1139558

# A statement of the results of an inquiry into Didi Nwe Organisation (registered charity number 1139558).

**Published on 25 July 2016.**

## The charity

Didi Nwe Organisation ('the charity') was registered on 29 December 2010. It was governed by a constitution dated 10 December 2010.

Its objects were:

- To promote the benefit of Kurdish citizens in Birmingham by:
  - (a) the advancement of education and training
  - (b) the relief of poverty, sickness and distress
  - (c) the promotion of good health, and
  - (d) the provision of recreational facilities in the interests of social welfare with the object of improving their conditions of life
- To promote social inclusion for the public benefit by preventing the Kurdish people from becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society.

The charity's main activities included, as reported, 'providing books to the community, lessons to Kurdish community, providing computer courses through internet'.

Although the charity has been removed from the register of charities ('the register'), **details of its entry can still be viewed**.

## Trustees

While the charity was in operation there were 3 trustees ('the trustees'). The chair of trustees, hereafter referred to as 'trustee A', was the main correspondent with the Charity Commission ('the commission') during its engagement and had significant influence in the charity.

## Sources of concern

On 28 November 2012 the commission was advised that trustee A had been stopped by police on 1 January 2012 as he attempted to return to the UK from France. At the time, trustee A was found to be carrying approximately £1,800 in cash in a mixture of currencies. When questioned by the police trustee A claimed that the money was charitable donations; however, he could not provide any documentation to substantiate the origins of the donations or verify his involvement with the charity. As trustee A was not able to provide the required information, the cash was seized by the police and a civil cash seizure investigation under the Proceeds of Crime Act (2002) was instigated. The police investigation that followed subsequently resulted in the return of the cash to the charity.

During the police investigation it was identified that approximately £12,000 had been paid from the charity's bank account to the personal bank account of trustee A from May 2010 to April 2012. The police were informed by trustee A that the money transferred to his personal account was related to expenses that he had incurred on behalf of the charity, however he was unable to provide records or documents to substantiate the payments. The police expressed concerns to the commission that the trustees were unable to provide accounting records detailing the charity's income and expenditure and that they appeared to be unaware of their legal duties and responsibilities as trustees of the charity. A formal referral was made by the police to the commission on 28 November 2012.

On 30 November 2012, the commission opened a pre-investigation assessment case to assess the concerns raised by the police in relation to the administration and financial management of the charity. The commission's analysis of the charity's bank records identified that between May 2010 to February 2013, £14,080 had been paid to trustee A. Enquiries conducted by the commission identified that the charity was unable to properly account for its expenditure, in particular payments to trustee A.

The commission examined the charity's website<sup>1</sup> to determine what activities the charity was undertaking. The website contained numerous references to an individual named Mullah Krekar. Mullah Krekar is an alias of Najmuddin Faraj Ahmad, who was designated by the United Nations ('UN') Security Council on 7 December 2006 for belonging to or association with Al-Qaida<sup>2</sup>. Although the charity's website was written in Kurdish, initial translations showed web links to written and audio material regarding Mullah Krekar including various religious lectures he had given and videos relating to his arrest in Norway (for making repeated death threats against Norwegian politicians and Kurds<sup>3</sup>). A number of the translated articles, some of which were interpretations of the Koran, were written by Mullah Krekar himself. The commission was concerned that the charity's website appeared to provide a platform for Mullar Krekar and created a link between the charity and a designated individual.

## Issues under investigation

On 25 January 2013 the commission opened a statutory inquiry ('the inquiry') into the charity under section 46 of the Charities Act 2011 ('the act'). The scope of the inquiry was to examine a number of issues including:

1. The financial management of the charity, specifically:
  - a) the transactions between the charity and any individuals connected to the charity, and
  - b) the financial controls and end use of the charity's funds
2. Whether there had been misconduct/mismanagement in the administration, governance and management of the charity, including specifically:
  - a) whether the charity provided a platform for designated individuals
  - b) whether or not the trustees have complied with and fulfilled their duties and responsibilities as trustees under charity law, and
  - c) whether the activities of the charity are within the objects of the charity

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<sup>1</sup> <http://www.didinwe.net>

<sup>2</sup> <http://www.un.org/press/en/2006/sc8893.doc.htm>

<sup>3</sup> <http://www.thelocal.no/20120327/mullah-krekar-arrested-over-new-threats>

The inquiry's role and remit did not extend to any determination on whether the material uploaded to the charity's website and its promotion was a criminal offence under UK law, and/or whether the trustees had committed any criminal offences. These matters were for the police and law enforcement agencies to investigate.

The inquiry closed on 25 July 2016 with the publication of this report.

## Findings

### 1. The financial management of the charity

Trustees should be able to demonstrate that their charity is complying with the law, is well run and effective, and in doing so must also act responsibly, reasonably and honestly. They must exercise sound judgment in the administration of their charity making sure that their charity's assets are only used to support or carry out its purposes and avoid exposing the charity's assets, beneficiaries or reputation to undue risk.

They also have a duty in charity law to ensure that accounting records are kept in respect of their charity which are sufficient to show and explain all the charity's transactions, in particular, all sums of money received and expended by the charity, and the reason for any receipt and/or expenditure.

The inquiry sought to meet with the trustees in order to discuss the financial management of the charity. Due to the trustees being overseas for prolonged periods of time, there were long delays before a meeting could be held. The inquiry first met with the trustees on 2 September 2013 ('the first interview') and again on 19 September 2013 ('the second interview').

During the first interview the trustees explained that the main portion of the charity's income was derived from the printing and distribution of religious books - some which were sold for a fee and others for which the charity took donations. The books were distributed in the UK and across Europe. The trustees informed the inquiry that although the charity did not organise fundraising campaigns, donations were also regularly received via the charity's website from personal donors.

When questioned about how the charity uses its funds, the trustees informed the inquiry that the charity provided religious education and support to Kurdish people in the UK through:

- a) an online web chat facility providing religious education
- b) visiting patients in hospital to provide religious and emotional support
- c) supporting unemployed people mostly through religious education, but in some cases through financial support

However when the inquiry requested financial documents to evidence the charity's income and expenditure related to these activities, the trustees were unable to do so and stated that all documents relating to the charity had been seized during the police investigation and not returned. The inquiry was able to review the documents in the police's possession, but it found only 2 printouts of the 2011/2012 accounts of the charity and a number of Post Office receipts for the postage of parcels worldwide which did not substantiate the trustees' account of activities of the charity.

When asked by the inquiry about the level of the charity's income, the trustees advised that they did not know the current level of income as the charity's bank account had been frozen by their bank - they estimated it had been inaccessible since July 2013. They informed the inquiry that this was for reasons unknown to them. The trustees had not made an attempt to find out about or resolve the issues leading to the bank freeze. It was the inquiry's view that as a result the trustees were not discharging their duty to act in the best interests of the charity and protect charity funds.

**a) the transactions between the charity and any individuals connected to the charity**

Charity trustees can be paid reasonable out of pocket expenses for costs a trustee has had to personally meet in order to carry out their trustee duties, for example travel costs. Aside from that, a trustee can only receive a benefit or payment from the charity if it is specifically permitted under by the governing document, or by permission of the commission or the courts. Any specified procedures must be strictly followed and even if the benefit is authorised, the non-conflicted trustees must be satisfied that allowing it is in the charity's best interests and ensure that the conflict of interest is properly managed. Trustees also have a duty to account for a charity's expenditure which includes keeping sufficient accounting records to explain all transactions and show the charity's financial position more generally. A failure to do so would put them in breach of their duty to manage the charity's resources responsibly.

Clause 4 of the charity's governing document states that 'the income and property of the charity shall be applied solely towards the promotion of the objects'. It also provides that trustees can be reimbursed for reasonable expenses when acting on behalf of the charity, but prohibits any trustee from receiving any other benefit for being a trustee.

The inquiry obtained bank statements for the charity's accounts for the period May 2010 to February 2013 which indicated that a total of £29,024 had been withdrawn from the charity's account, of which £14,080 had been paid into the personal account of trustee A. The trustees advised the inquiry that these payments were for expenses and reimbursements.

When questioned specifically about the types of expenses and reimbursements paid to trustee A, the trustees advised that these were related to a monthly fee of approximately £600 paid by trustee A from his personal account to facilitate the use of a chat room website, PalTalk, on behalf of the charity for its beneficiaries. Trustee A informed the inquiry that he had initially set up the PalTalk account in 2008, but as he did not have a charity bank card he used his personal account in order to make the monthly payments. He was then reimbursed by the charity. This method of payment remained in place throughout the duration of the charity's operation. The inquiry requested copies of records relating to the decision taken to authorise this method of payment, but the trustees advised that these did not exist and they were unaware of the need to keep any such records.

The inquiry was also informed by the trustees that trustee A received reimbursement payments for expenses incurred whilst visiting Kurdish hospital patients in Birmingham, Wolverhampton and Coventry. When asked by the inquiry to provide receipts and records substantiating these expense costs, they could not. The trustees advised the inquiry that they had not retained these.

It is important that controls over expense payments are applied without exception to all those involved with the charity, including trustees. A written policy should be in force for payment of expenses. The policy should set out the requirement to complete expenses claims and to provide receipts. Expenditure controls help ensure that only necessary and authorised spend is made and that funds exist within approved budgets to meet it. Controls also ensure that payments are made only for the goods and services actually received and at the agreed cost. Expense claims should be supported with receipts and a record should be kept of the claim and the payment to the individual. The trustees of the charity stated that they were not aware of the need to apply these financial controls in relation to expenses incurred. Failure to produce supporting documents calls into question the legitimacy of the expense claims and whether they were incurred in furtherance of the charity's purposes.

Although the trustees were unable to provide the inquiry with any financial records to account for the reimbursement payments, the inquiry used its powers under section 52 of the act to obtain bank statements from trustee A's personal bank account and the charity's bank account. Trustee A's bank account statements indicated regular payments to PalTalk and from January 2011 to February 2013 a total of £11,315.92 was transferred from the personal account of trustee A to PalTalk. During the same period the charity's bank account shows a total of £13,650.66 had been transferred to the account of trustee A. Although this might appear to support the trustees' explanations of the reimbursements for the PalTalk payments and possible additional expense payments (totalling £2,334.74) related to the hospital visits, the inquiry identified that it was only trustee A that received any reimbursement payments from the charity, despite the fact that all the trustees advised that they were involved in the hospital visits. The inquiry was not satisfied with the trustees' explanation and found that the trustees were unable to properly account for the charity's expenditure and they had not kept sufficient accounting records to evidence or explain the charity's transactions. Furthermore, if the PalTalk facility was being run by and for the charity, it should have been contracted with and paid for directly by the charity out of its bank account.

#### **b) the financial controls and evidence of the proper end use of the charity's funds**

It is a duty of charity trustees to ensure that internal financial controls are in place in order to ensure that the charity's resources are safeguarded and the charity can fulfil its aims. In order for a charity to achieve its aims, the trustees must ensure that the charity's assets are properly used, its funds are spent effectively and its financial affairs are well managed. This includes, but is not limited to keeping sufficient accounting records to explain all transactions and show the charity's financial position. Correct administration of the charity's finances ensures risks to assets are minimised and that the trustees are able to prepare timely and relevant financial information to accountants and the commission.

Trustees have a duty to manage their charity's resources responsibly and to comply with their charity's governing document and the law. Clause 24 of the charity's governing document states that the trustees must comply with their legal obligations in relation to retaining full and proper accounting records and the submission of annual accounts.

The inquiry found that the trustees were unable to provide details of any internal financial controls in place in the charity and were unable to demonstrate evidence to show the proper end use of the charity's funds. The trustees stated that they were unaware of the need to keep such records. The commission found that the trustees did not comply with the terms of the governing document or their fiduciary duties to do so.

## 2. Misconduct or mismanagement in the administration of the charity

### a) whether the charity has provided a platform for designated individuals

Trustees are custodians of their charities, and have a responsibility and duty of care to their charity which includes taking necessary steps to safeguard their charity and its beneficiaries. This includes links to or associations with terrorist activity and organisations or terrorist abuse<sup>4</sup>. Trustees must be vigilant to ensure that a charity's assets or resources are not used for activities that may appear to support terrorist activities. Concerns about a charity involved in promoting, supporting or giving a platform to inappropriate radical and extremist views, would call into question whether what it was doing is lawful under both criminal and charity law.

There are financial restrictions on the affairs of 'designated' individuals and entities, who may seek to take advantage of charities and their work. Trustees must therefore put in place proper procedures for managing the risks of coming into contact with designated entities, groups or persons, and taking appropriate steps if the situation arises. Trustees must ensure that they do not commit a criminal offence if they deal with designated individuals and entities.

It can also raise the question as to whether the charity is operating in furtherance of charitable purposes and in a way which is for the public benefit.

During the course of the inquiry, the trustees were asked to explain how the charity's activities furthered its purposes, in particular:

- the use of its website which contained material relating to Mullah Krekar
- an event entitled 'Free All Muslim Hostages' held by the charity in Birmingham in February 2013 which involved speeches in support of the release of individuals imprisoned for crimes relating to terrorist offences

### The charity's website

The inquiry examined the website [www.didinwe.net](http://www.didinwe.net) and found it to contain substantial material relating to Mullah Krekar (who was designated by the UN Security Council in 2006). Mullah Krekar is also known to have been sentenced to serve 5 years in jail after being found guilty for making repeated death threats against Norwegian politicians and Kurds<sup>5</sup>.

Examination of the website found that it contained written, audio and video material relating to Mullah Krekar's interpretation of the Koran and other religious speeches. The charity's website also contained contact details for Mullah Krekar with suggested times to contact him. Overall, the inquiry identified 28 text and audio articles with the name of Mullah Krekar in their titles on the charity's website. Although the content of the material was not contentious, it was not clear how it was furthering the charity's objects. Material which promoted a designated individual was not an appropriate use of a charity's website. It would, in the commission's view, lead a reasonable member of the public to infer a link between the charity and terrorism.

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<sup>4</sup> Under the Terrorist Asset-Freezing etc Act 2010, persons or entities are designated because HM Treasury has reasonable grounds to suspect (in the case of an 'interim' designation) or believe (in the case of a 'final' designation) that they are or have been involved in terrorist activity or are owned, controlled or acting on behalf of or at the direction of someone who does.

<sup>5</sup> <http://www.thelocal.no/20120327/mullah-krekar-arrested-over-new-threats>

When questioned about the content of the website, the trustees initially claimed that the website was not linked to the charity. The trustees informed the inquiry that they were not responsible for the material posted online and that the website was managed by individuals living outside of the UK. They informed the inquiry that the website was established before the charity existed and when the trustees formed the charity in 2010, they took over the website with the domain name www.didinwe.net. This domain name was listed as the charity's website address on the register. The trustees advised the inquiry that they did attempt to update the website when it was first inherited in 2010, however felt that they lacked the skills to administer this and did not update its historical content. They therefore permitted the website to continue to be managed by the same individuals who had previously administered it. The trustees disputed that the website was not linked to the charity as they did not manage its content.

The inquiry established that the email address displayed on the website was an identical email address used by the trustees to correspond with the commission. The inquiry also found that the charity's website was registered by an individual who shared the same residential address in the UK as trustee A. The website name was the same name as the charity. This led the inquiry to conclude that the website was in fact the property of the charity and that it was established either by an individual residing at the same property as trustee A or potentially trustee A himself. If, as the trustees suggested, the website was not linked to the charity, they had a duty to ensure that the charity's details on the register were up to date and that if the website was in fact not associated then it should have been removed.

The trustees confirmed to the inquiry that the PalTalk facility, the charity's chat room, was also used by Mullah Krekar for live webinars which were accessed by beneficiaries seeking religious education. The contents of the webinars are unknown to the inquiry, but all took place subsequent to Mullah Krekar's designation by the UN Security Council. This calls into question the trustees' decision making in providing and/or lack of action to stop a platform to a designated individual and permitting him access to the charity's beneficiaries.

During the first interview, the trustees stated that the charity had no affiliation with Mullah Krekar, but they could see no problem in his details being on the website or in him using the charity's chat room facility to communicate with their beneficiaries.

Trustees have a legal duty to act in the best interests of their charity, which includes protecting its reputation. The material relating to Mullah Krekar on the charity's website and his unfettered use of the charity's chatroom created a link between the charity and a designated individual and risked damage to its reputation. The inquiry found that the trustees failed in their duty to act in the best interests of the charity as they were unable to demonstrate that they had considered the risks of permitting the charity's website to be used as a platform for a designated individual and the potential consequences of this on the charity's reputation. The inquiry advised the trustees to remove the website details from the register, which was updated by the trustees on 20 September 2013.

The inquiry also reviewed a number of other video files which were uploaded to YouTube by trustee A. Two of the videos featured Osama Bin Laden and one, which praised martyrdom, had been personally translated by trustee A. Another video featured a banner displaying the phrase 'Islamic Revolution' and trustee A delivering a speech with inappropriate anti-Western content. Although the videos appeared on YouTube and not directly on the charity's website, many of them bore the name of the charity.



The inquiry found that trustee A placed the charity's reputation at undue risk by deliberately displaying the name of the charity in the YouTube videos and publishing this material to a public website. This could reasonably lead a member of the public to conclude that the charity is associated with proscribed terrorist groups and/or individuals.

In summary, the inquiry finds that the trustees failed to act in the best interest of the charity by permitting its website and the PalTalk chat room facility to be used as a platform for a designated individual. This placed the charity's reputation at undue risk and created an association between the charity and the designated individual. Furthermore by allowing the charity's name to be displayed in the uploaded YouTube videos this would reasonably lead a member of the public to conclude that the charity is associated with and/or in support of proscribed terrorist groups and/or individuals.

### **The Birmingham event**

In February 2013 the inquiry was made aware of an event entitled 'Free All Muslim Hostages' ('the event') taking place in Birmingham. During the first interview the trustees explained that they made the decision to support the event in an effort to raise public awareness of the charity. The charity's name was also used to facilitate rental of the event space. The trustees informed the inquiry that the charity had not been involved in the organisation of the event itself and it was not responsible in funding the event. However, the inquiry obtained promotional posters for the event which contained a contact number identical to the personal number provided by trustee A to the inquiry. Furthermore the inquiry inspected video evidence of trustee A disclosing that he was an organiser of the event to a police officer in attendance. Trustee A spoke at the event, along with Anjem Choudary<sup>6</sup> and Abu Izzadeen<sup>7</sup>, both individuals who are professed in the media to hold controversial views and have links to proscribed or contentious organisations. Although the inquiry could not obtain a copy of or extracts from the content of trustee A's speech, the inquiry has established through open source material that he spoke on the subject of Mullah Krekar.

The trustees knew and accepted that Mullah Krekar was designated in 2006. However during the second interview with the inquiry they rejected the significance of the sanction. Referring to Mullah Krekar, trustee A stated *"we are aware that he is known by the UN as a terrorist or as a bad person... we don't care nor don't value what the UN say."*

Charities and their trustees must comply with the law. This means they must not promote or support extremist views or activity that promotes terrorism or terrorist ideology through the charities' work. As part of their charity law duties, trustees must always act in the best interests of their charity. They must act reasonably and prudently and they must ensure that the charity's funds, assets and reputation are not placed at undue risk, and that it is complying with the wider legal framework. They must not engage in activities which would lead a reasonable member of the public to conclude the charity supports terrorism. Individuals are designated under the asset freezing legislation regime when they are suspected of being someone who commits, attempts to commit, participates in or facilitates the commission of acts of terrorism.

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<sup>6</sup> Information also in the public domain links Mr Choudary to the proscribed group Islam4UK - <http://news.bbc.co.uk/1/hi/uk/8453560.stm>  
<http://www.webcitation.org/5mjjwYVAA>

<sup>7</sup> [http://news.bbc.co.uk/1/hi/uk\\_politics/4130454.stm](http://news.bbc.co.uk/1/hi/uk_politics/4130454.stm)  
<http://www.theguardian.com/uk/2006/feb/11/religion.muhammadcartoons>

The inquiry found that the trustees failed to properly consider or manage the risks posed by the charity's connections with and providing a platform to a designated person. The trustees knowingly supported activities that were in the commission's view improper for the purpose of the charity. The inquiry found that the trustees were not acting in the best interests of the charity and their actions amount to misconduct and/or mismanagement on the part of the trustees in the administration of the charity.

**b) whether or not the trustees have complied with and fulfilled their duties and responsibilities as trustees under charity law**

Trustees must act in accordance with their legal duties as defined by the charity's governing documents and the law. This includes:

- ensuring the charity is accountable
- managing the charity resources responsibly
- ensure the charity is carrying out its purposes for the public benefit
- acting in the charity's best interests
- acting with reasonable care and skill

The inquiry requested evidence from the trustees to demonstrate how they were managing the charity's finances and to account for how charitable funds had been applied in furtherance of the charity's objects. It found no evidence of internal financial controls and the trustees had failed to keep any records relating to trustee decision making, monitoring of charitable activity or due diligence carried out. During the second interview, the trustees advised the inquiry that they were unaware of their duties to retain these records. The inquiry found that the trustees failed in their duties to ensure the charity is accountable and to manage the charity's resources responsibly.

The event which took place in February 2013 in Birmingham undermines the duty that trustees have to manage the charity's resources responsibly which includes safeguarding the charity's reputation. The trustees made the decision for the charity to support and facilitate an event which was outside of its objects. The event, which was attended by trustee A and one other trustee, included a speech by an external speaker who made homophobic remarks. An attending police officer requested that trustee A (who had declared himself to be an organiser at the event) stop the speaker from making such remarks. However no action was taken by trustee A or the other attending trustee. If trustees know that their charity's name is, or is likely to be, associated with an extremist activity/event or with extremist views, contrary to charity law, but do nothing about it, they are likely to fail in their duties as trustees. This also applies if they ought to have known about it had they taken reasonable steps and been vigilant. The trustees also failed to demonstrate that the risks associated with an event attended by external speakers had been reasonably considered or managed. Therefore the inquiry finds that the trustees failed to carry out their duties of safeguarding the charity's reputation.

The inquiry found that the trustees failed to file the charity's 2012 and 2013 accounts and annual return within the required deadline. A basic duty of charity trustees is to comply with the terms of their charity's governing document and file their accounts and returns under charity law. Clause 24 of the charity's governing document states that the trustees must comply with their obligations under the act in relation to the transmission of annual accounts and annual returns. Therefore the trustees have failed in their legal duties to submit their annual accounts and returns.

### **c) whether the activities of the charity are within the objects of the charity**

During the first and second interviews, the trustees informed the inquiry that the charity had undertaken the following activities in furtherance of their objects:

- religious education through the printing and distribution of religious books for Kurdish Muslims - the books were distributed in the UK and across Europe; some were sold for a fixed fee and others were freely distributed with a donation to the charity
- religious education via a chat room facility available to all the charity's beneficiaries
- visiting Kurdish hospital patients
- relief and support for refugees and unemployed Kurdish people in Britain

When questioned by the inquiry the trustees were unable to provide any evidence or documents substantiating the above activities of the charity had or were taking place. Specifically, the inquiry did not identify financial records relating to the sale of the religious books. It did identify Post Office receipts for the postage of parcels but it is unknown whether these related to the books.

As previously noted the inquiry examined the charity's chat room facility which is known to have been used as a platform for Mullah Krekar to contact charity beneficiaries. Although the content of these conversations remains unknown (as the trustees advised they are rarely recorded) the inquiry found that the promotion of a designated individual is not within the objects of the charity.

The trustees were able to provide the inquiry with anecdotal testimonies of the charity's work of visiting hospitals and its support to refugees and unemployed Kurds. However they had no documents, records or evidence other than this such as partner contracts, beneficiary/volunteer lists, evidence of organisation, monitoring reports, records of contact with beneficiaries was identified by the inquiry to substantiate this.

In accordance with the charity's governing documents and under charity law the trustees have a legal duty to retain and authenticate records relating to the charities activities, including financial records and decision making. The trustees did not demonstrate that they had fulfilled this duty.

The event which took place in February 2013 in Birmingham included promotional posters depicting Mullah Krekar, Sheikh Abu Hamza, Omar Abdul Rahman, Aafia Siddiqui and Khalid Sheikh Mohammed, all who have been convicted or charged with serious crimes relating to terrorism and attempted murder. Text taken from the event posters included the following wording:

'a special conference will be held to highlight the current war against Islam and Muslims...this conference will be demanding that Muslims in the West rise and free all Muslim hostages'

The inquiry established that trustee A was noted as a key contact on the promotional posters and was referred to as 'manager of Didi Nwe Organisation'.

The trustees informed the inquiry that they had taken the decision to support and facilitate the Birmingham event, and the event space was secured in the charity's name. During the event, trustee A identified himself as an organiser and he was also responsible for paying the fee for the event space.

The event provided a platform for the expression or promotion of views which were wholly inappropriate for a charity to host or be associated with and by allowing the charity to be involved in the event the trustees have failed to safeguard its reputation. Furthermore the event was not in furtherance of the charity's objects and raised questions about whether the charity was acting in compliance with the public benefit requirement.

When pressed by the inquiry, trustee A admitted to attending a similar event, with similar speeches, in Helsinki shortly after the Birmingham event. Trustee A stated that he attended the event in Helsinki in his private capacity but explained that he had been invited to give a speech. Trustee A informed the inquiry that a similar poster which was used for the Birmingham event was produced for the Helsinki event and it displayed the same images of the 5 individuals convicted of or charged with crimes of a serious nature. Although trustee A informed the inquiry that he did not create the posters for the event, again his contact details were displayed along with his charity job title. Therefore it would be reasonable for any member of the public to consider that the charity was associated to the Helsinki event. The inquiry found this was a further example of the charity's activities being outside of its charitable objects.

The inquiry established that since December 2014 the charity has not carried out any charitable activity.

## Conclusions

The commission concluded that:

- there has been misconduct and/or mismanagement in the charity's administration by the trustees
- trustee A had received significant funds from the charity but the trustees were not able to properly account for this or other charity's expenditure
- the trustees had not kept sufficient accounting records to explain the charity's transactions and activities, there were no internal financial controls in place and they were unable to evidence the proper end use of the charity's funds
- the trustees failed to exercise proper supervision and control and manage the charity's resources responsibly, including its reputation, by inappropriately permitting the charity's website and events to be used as a platform for and/or to promote a designated individual
- the trustees failed to comply with the terms of charity's governing documents and under charity law to submit annual accounts and returns to the commission
- the trustees failed to properly consider or manage the risks posed by the charity's connections with and providing a platform to a designated person; trustees are publicly accountable and have a responsibility and duty of care to their charity which includes taking the necessary steps to safeguard their charity and its beneficiaries from harm of all kinds, including links to or associations with terrorist activity and organisations or terrorist abuse; the commission concludes that the trustees have failed in this duty
- there was limited evidence of charitable activity and the charity effectively ceased to operate in December 2014
- the trustees did not properly discharge their legal duties as trustees under charity law - they failed to act in the best interests of the charity or with reasonable care and skill and failed to protect the charity's reputation

On 6 July 2015 the commission used its powers to remove all 3 individuals as trustees of the charity on the basis of the inquiry's finding of misconduct and/or mismanagement in the administration of the charity. The charity was removed from the register on 17 August 2015.

## Regulatory action taken

From opening the inquiry in January 2013 until September 2013, the commission was unable to meet with the trustees as they were outside of the UK for prolonged periods. The commission continued its investigative phase during this time, obtaining and scrutinising the charity's bank statements, obtaining information from its website, finding and examining linked YouTube videos and considering its activities (including the event in Birmingham). Meetings with the trustees took place in September 2013.

During the inquiry, information was exchanged with the police and law enforcement agencies under sections 54-56 of the act.

In order to gather information, the inquiry issued various Orders under section 52 of the act to obtain the charity's and trustee A's bank statements. A section 52 Order was also issued to the charity's website domain provider requesting details of the registration and payment of fees.

The inquiry established that since December 2014 the charity has not carried out any charitable activity and therefore the commission concluded that it was no longer in operation. Scrutiny and reviews of the charity's bank accounts indicated that only direct debit transactions have taken place since December 2014 and there have been no credits or debits relating to any charitable activity. The bank account, which in June 2015 had a balance of £8, has remained inactive. Owing to the low account balance the inquiry concluded that redirection or reapplication of these funds would have been a disproportionate use of time and resource to effect this.

On 6 July 2015 the commission used its power under section 79(2)(a) of the act to make orders removing all 3 individuals as trustees of the charity on the basis of the inquiry's finding of misconduct and/or mismanagement in the administration of the charity. The consequence of removal is disqualification from being a trustee of any other charity without a waiver from disqualification from the commission or the courts. It is an offence to act as a trustee whilst disqualified.

In July 2015 the commission concluded that the charity ceased to exist or was no longer operating and the bank was notified of this. The charity was subsequently removed from the register on 17 August 2015.

## Issues for the wider sector

The purpose of this section is to highlight the broader issues arising from the commission's assessment of the issues raised publicly that may have relevance for other charities. It is not intended as further comment on the charity in addition to the findings and conclusions set out in the earlier sections of this report, but is included because of their wider applicability and interest to the charity sector.

### 1. Application of charitable funds and financial controls

It is the fundamental duty of all charity trustees to protect the property of their charity and to secure its application for the objects of the charity. In order to discharge this duty it is essential there are adequate internal financial and administrative controls over the charity's assets and their use. Therefore, in order to show that they are complying with their legal duties, trustees must keep records and an adequate audit trail to show that the charity's money has been properly spent on furthering the charity's purposes for the benefit of the public.

Charity trustees must exercise sufficient control over their charity's financial affairs both in the UK and internationally. As an absolute minimum, they must keep proper and adequate financial records for both the receipt and use of funds and audit trails of decisions. Records of both domestic and international transactions must be sufficiently detailed to show that funds have been spent properly and in a manner consistent with the purpose and objectives of the organisation.

Trustees carry ultimate responsibility for the management of their charities. Ensuring there are sound financial controls in place and implemented is a crucial part of trustees' duties. Such systems help prevent financial crime, ensure the charity is reporting accurately to the public and help protect the charity's reputation. It is a fundamental duty of all charity trustees to protect the property of their charity and to secure its application for the objects of the charity. In order to discharge this duty it is essential that there are adequate internal financial and administrative controls over the charity's assets and their use.

## **2. Charities and affiliations to proscribed organisations and/or designated individuals**

Charities have a responsibility to ensure that their own reputation and the good name of the charity in the public's perception, is not brought into disrepute by inappropriate activities, or association with inappropriate organisations or individuals. Links between a charity and terrorist activity corrode public confidence in the integrity of charity. Links include, but are not limited to, fundraising, financial support or provision of facilities and formal or informal links to proscribed organisations. The conduct of, or comments made by, an individual connected to the charity (such as a trustee) in relation to terrorist, or criminal purposes may be taken into account.

Trustees must be vigilant to ensure that a charity's premises, assets, staff, volunteers and other resources cannot be used for activities that may, or appear to, support terrorist activities. People and groups can be designated for association with Al-Qaida and the Taliban (UN designations) or because HM Treasury reasonably believes that that person is/or has been involved in terrorist activity or for any other reasons given in the Terrorist Asset-Freezing Act 2010. Some are also designated as part of sanctions against foreign countries, governments, entities or individuals. Given the financial restrictions on the affairs of designated individuals and entities, they may seek to take advantage of charities and their work. Trustees must therefore put in place proper procedures for managing the risks of coming into contact with designated entities, groups or persons, and taking appropriate steps if the situation arises.

If trustees, charity employees or volunteers have information about possible terrorist activity they should telephone the Anti-Terrorist Hotline on 0800 789 321. Charity trustees, employees and volunteers are now under a positive legal duty to report their suspicions of terrorist financing offences to the police. If they do not, they may commit a criminal offence. In addition, if a charity is concerned about an immediate threat to life they should contact the police immediately.

The duties of trustees to act in their charity's best interest and to protect its property - which includes its reputation - apply to a charity's website and use of online and social media forums as it does to other areas of a charity's work. If trustees decide to social media and a website in the charity's name they need to ensure that it is regularly reviewed and monitor its content. This applies equally to content posted by the charity itself as well as comments or responses made by third parties. Responsibility for such monitoring can be delegated to a single trustee or smaller group of trustees, employee(s) or volunteer(s) but must be overseen and reviewed by the trustees who jointly retain ultimate responsibility.