



CHARITY COMMISSION
FOR ENGLAND AND WALES

Inquiry Report

**Funds raised for charitable purposes and held
on charitable trusts in the name of Adeel Ul-Haq**

A statement of the results of an inquiry into charitable funds raised by and held on charitable trusts in the name of Adeel Ul-Haq.

Published on 28 July 2016.

This report concerns the Charity Commission's ('the commission') inquiry that was opened into the charitable funds held by an individual known as Mr Adeel Ul-Haq ('the First Trustee').

Background and source of concern

On 4 March 2014 the commission received a request from the police, the North East Counter Terrorism Unit ('NE CTU'), for any information the commission held relating to the First Trustee and another individual ('the Second Trustee') to assist a criminal investigation. A response was provided on 4 March 2014 confirming that the commission had no records or information relating to the First or Second Trustee. This was confirmed, on 7 March 2014 in a witness statement which was used to assist NE CTU's ongoing criminal investigation.

On 10 March 2014 the First Trustee was arrested and subsequently charged, on 1 July 2014, with terrorist financing contrary to section 17 of the Terrorism Act 2000. The Second Trustee, who was also arrested on 10 March 2014, was later released from bail without charge.

On 15 April 2014 the commission opened a statutory inquiry ('the inquiry') into charitable funds raised by and held on charitable trusts in the name of the First and Second Trustees ('the funds'), under section 46 of the Charities Act 2011 ('the Act'). The inquiry closed on 28 July 2016 with the publication of this report.

Prior to the opening of the inquiry the commission was in regular contact with the NE CTU in respect of its investigation. On 3 April 2014 the NE CTU shared information with the commission under section 54¹ of the Act relating to evidence it had obtained regarding the First Trustee and the funds raised, purportedly to support those affected by the humanitarian crisis in Syria. An analysis of this information identified a risk to the funds and their proper application by the First Trustee. The First Trustee had solicited charitable donations through his Twitter account in support of 'humanitarian aid convoys' and other aid efforts to assist those affected by the Syria crisis. When funds are raised for a charitable appeal the individual(s) who has control of those funds will hold the funds on trust and are responsible for applying those funds for the charitable aims set out in the appeal. Although there was no registered charity, the First Trustee was a trustee of the funds raised and donated as a result of the appeal(s) he made and by doing so, assumed all the legal duties and responsibilities of a trustee for a charity.

The inquiry was initially opened into the funds held and/or raised by the First Trustee and the Second Trustee who, for a period, held some of the funds raised by the First Trustee. The commission directed the Second Trustee to transfer the charitable funds she held into another bank account (for further information see 'Regulatory action taken'). The Second Trustee complied with this direction and did not feature further in the inquiry.

¹ A relevant public authority may disclose information to the commission if the disclosure is made for the purpose of enabling or assisting the commission to discharge any of its functions.

At the time of opening the inquiry the commission did not issue a public statement due to the ongoing criminal investigation into the First Trustee. This is in accordance with the commission's published policy relating to public statements on live cases².

Issues under investigation

Separate from the criminal investigation conducted by the NE CTU, the commission identified the following regulatory concerns:

- funds raised for charitable purposes at risk of abuse and/or being misapplied
- ongoing risk to charitable funds held by the First and Second Trustees

The scope of the inquiry was to:

- secure charitable funds held in bank and/or building society accounts in the name of the First and Second Trustee to ensure they were applied properly for charitable purposes
- verify the end use of all charitable funds raised and expended by the First Trustee.

In addition to its own investigation, the commission continued to support and liaise with the NE CTU in respect of its criminal investigation and the subsequent criminal prosecution.

Due to the identified risks relating to the funds, upon opening the investigation the inquiry exercised its regulatory powers to protect the remaining funds. Further details can be found in this report under the heading 'Regulatory action taken'.

Findings

The inquiry found that funds were solicited by the First Trustee via a Twitter account between July 2013 and April 2014. The inquiry found no evidence to suggest that the funds donated by the public were given in anything other than good faith, to assist with the humanitarian crisis in Syria. The First Trustee had made public statements that the funds would be used for that purpose whilst soliciting donations and with reference to his previous journey to Syria as part of an aid convoy. Examples include:

"...keep the donations coming dear brothers and sisters. InshaAllah our work is not over. We will continue to support our suffering brethren".

"If you want to donate money InshaAllah to aid those in Syria DM or @ me for a follow back. 100% donation policy..."

In addition to directing donations into his personal bank account(s), the First Trustee directed donors to make payments into a PayPal account in the name of the Second Trustee which were then transferred into her personal bank account. This bank account held a mixture of the charitable funds and the Second Trustee's personal funds. The inquiry found that it was mismanagement and/or misconduct to mix funds held for charitable purposes with other funds in this way. It was also a breach of fiduciary duty because she failed to protect the funds and to ensure that they were applied solely for charitable purposes.

² <https://www.gov.uk/government/collections/statements-on-live-cases-charity-commission>.

The funds which were paid into the Second Trustee's PayPal account were then either transferred into her personal bank account, withdrawn, and given, in cash, to the First Trustee or used by him to make personal purchases from eBay, paying for them through PayPal.

The inquiry identified that between July 2013 and April 2014 in excess of £12,370 was donated or raised by the First Trustee and deposited into his personal bank account or the PayPal account of the Second Trustee. Due to the lack of proper records kept by the First trustee the inquiry can make no assessment or determination as to the extent, if any, of charitable donations provided to the First Trustee in cash which were not deposited into a bank account.

The Second Trustee confirmed, during her police interview, that all payments made into her PayPal account were charitable donations. Additionally, the inquiry established that some of the credits into this account included payment references to indicate that they were charitable donations. On this basis the inquiry was satisfied that all the funds in the Second Trustee's PayPal account were charitable.

The inquiry identified that charitable donations deposited into the Second Trustee's PayPal account were then used to purchase goods, on behalf of the First Trustee, including the following:

- Professional Powerful 1mW Green Beam Laser 'Lazer' Pointer Pen
- Travel Secret Hidden Security Leg Wallet Money Belt bag Pouch Water Resistant
- Night Vision Scope

Upon discovering these purchases the inquiry had immediate concerns that the funds may not be being used for charitable purposes. In particular, whilst recognising that it is not illegal to purchase such items, the inquiry was extremely concerned by the use of charitable funds to purchase a night vision scope and its potential usage given that it can be used for hunting or surveillance.

The inquiry found that it was a misapplication of charitable funds to purchase these items. This amounts to misconduct by the First Trustee and mismanagement. The First Trustee knew or ought to have known it was wrong to do so. It was also a breach of fiduciary duty in not ensuring that the funds were applied solely in furtherance of the charitable purposes for which they were raised.

The inquiry identified payments in excess of £2,000 made to another charity. The commission contacted the trustees of that charity to ensure that its trustees can account for the funds donated to them and are complying with their legal duties and responsibilities.

The inquiry found that a significant portion of the funds raised by or donated to the First and Second Trustee have not been accounted for. With the exception of those funds protected by the commission through the actions taken by the inquiry (see further the 'Regulatory action taken'), those misapplied for the purchases referenced and those donated to another charity, other funds deposited into the bank account of the First Trustee could not be accounted for. The First Trustee failed to provide any records or evidence to support his claim that the funds were expended for their intended charitable purpose. Charity trustees have a duty to account for all the funds they receive; failure to do so is a breach of this fiduciary duty.

Conclusions

The commission concluded that the First Trustee had solicited charitable funds from the public via Twitter for a specific purpose but had breached his fiduciary duty to protect and apply those funds properly for the purposes for which they were raised. The commission concluded that the items the First Trustee purchased on eBay with the charitable funds, including a laser pen, a money wallet and night vision scope, could not be used for furthering the charitable purposes for which the funds were raised and raised serious concerns about what the intended purpose of their use was.

There was evidence of misconduct and mismanagement by the Second Trustee in mixing charitable funds with her own personal funds.

Charitable funds raised by or donated to the First Trustee were not accounted for; there was a serious risk of further misapplication, in breach of duty, to any remaining funds or any funds which could be recovered if the First Trustee was to remain a trustee of the funds. The commission took regulatory action to remove the First Trustee as a trustee, the effect of which was to disqualify him from being a trustee.

On 10 February 2016 the First Trustee was convicted under section 5 of the Terrorism Act 2006 (preparation of terrorist acts) and section 17 of the Terrorism Act 2000 (entering into or becoming concerned in a terrorist funding arrangement) and received 5 years imprisonment. The commission issued a **public statement** following this conviction.

Regulatory action taken

Upon opening the investigation on, 15 April 2014, the inquiry made an order under section 76(3)(d) of the Act to freeze the building society account, in the name of the First Trustee, which contained charitable funds. This order protected the remaining charitable funds so that they could not be spent by the First Trustee without the commission's prior authorisation. During the period in which this order was in place no requests to release funds held in the account were made and the commission did not authorise the release of any funds from the account.

On 25 April 2014 the commission made an order under section 84 of the Act directing the Second Trustee to provide information about any charitable funds held in any accounts in her name and to transfer those funds into the building society account of the First Trustee which was subject to the commission's freezing order referred to previously. The Second Trustee complied with this section 84 order and following that she no longer featured in the inquiry.

On 21 July 2014, having identified another charity willing to accept and apply the funds held in the building society account of the First Trustee, the commission issued an order under section 85 of the Act directing the building society to apply, by means of a bank transfer, the funds held in the account to another registered charity to apply them for the intended charitable purposes. The funds protected and subsequently applied totalled £2,885.26. These funds were used by the registered charity, as part of an existing programme to support displaced and conflict affected individuals in and outside of Yarmouk (Damascus) to meet some of their minimum needs for one month. The funds enabled the delivery of emergency food parcels and hygiene kits and led to the improvement of personal hygiene and sanitation in often crowded collective shelters and apartments shared by multiple families. In exercising its power under section 85 of the Act, the commission discharged, under section 337(6) of the Act, its previous freezing order on the account in the name of the First Trustee.

On 17 September 2014 the inquiry made an order under section 79(2)(a) of the Act to remove the First Trustee from being a trustee of funds raised for charitable purposes and held on charitable trusts. The criminal charge, under section 17 of the Terrorism Act 2000, in addition to the various failings identified in this report further increased the risk that any charitable funds in the possession of the First Trustees would be applied in breach of duty and not solely to further the charitable purposes. The inquiry considered that it was an unacceptable risk for him to remain as a charity trustee.

As a result of being removed as a trustee by order of the commission the First Trustee is disqualified from being a charity trustee or trustee of a charity in the future without a waiver from the commission or the courts. It is a criminal offence to act as a trustee whilst disqualified.

The commission was advised by the NE CTU that, during the criminal trial, the First Trustee stated that he was not subject to an investigation by the commission in respect of his purported charitable work and the funds which he had raised. In response to this, on 28 January 2016, the commission provided the NE CTU with a written statement to provide to the court to refute and correct the account provided by the First Trustee.

As part of its criminal investigation, the NE CTU seized and held £1,310 following its search of the First Trustee's address. These funds were the subject of a cash detention order under the Proceeds of Crime Act 2002. The commission made a formal claim that these funds were charitable donations given to the First Trustee. The First Trustee had no known sources of income other than the charitable funds deposited into his account. He had provided no evidence or account in respect of these funds and their provenance. Following the outcome of the criminal prosecution, and having identified another charity willing to accept and apply the funds, on 11 April 2016 the commission made an order under section 85 of the Act to direct the NE CTU to apply £1,310 in charitable property, by means of a bank transfer to another registered charity. The commission issued the order to the NE CTU as it (the NE CTU) had no authority to apply the funds without an order of the commission. These funds were used by the registered charity to support an existing project to assist those affected by the crisis in Syria. This includes the provision of food parcels, non-food items, such as hygiene and winterisation kits, cash grants to help with immediate shelter needs and clean water and other essential sanitation services.

All identified funds held by or donated to the First and Second Trustees by the public have been protected and applied as a result of the commission's intervention and regulatory action. Funds previously expended - other than those for eBay purchases and donated to another charity - cannot be accounted for or recovered.

Issues for the wider sector

The abuse of charity for criminal, including terrorist purposes, is wholly unacceptable. Separate from any criminal investigation and prosecution, the commission will take any regulatory action it considers appropriate to end such abuse and ensure that charitable funds and property are protected and properly applied. As a civil regulator the commission will work collaboratively with the police and other regulators and partners as appropriately in support of the criminal investigation and any subsequent prosecution.

Funds raised for charitable purposes in England and Wales, even if they are not raised by a charity, fall within the commission's regulatory jurisdiction. People who manage and are responsible for appeals for charitable purposes (including those created by non-charitable organisations) hold the position of trustee and have the legal duties and responsibilities of trustee.

Trustees are under a legal duty to ensure that their charity's funds are applied solely and reasonably in furtherance of its objects. They must also be able to demonstrate that this is the case. 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 public benefit.

Members of the public should exercise care and caution when asked to donate to an individual soliciting funds and/or property with a representation that it is for charitable purposes whether they are being asked to donate in person, on Twitter, Facebook or other social media. The commission produces **Safer Giving advice** for the public on how to donate safely to support the work of registered charities.