

# Press release: Trustee who stole from miners' charity ordered to repay over £200,000

Trustees that benefitted from the use of charity funds for private building works were guilty of serious misconduct and mismanagement in the running of the charity, a Charity Commission [inquiry](#) has found. A trustee is now disqualified and was ordered to repay funds, resulting in over £200,000 being recovered.

The regulator opened a statutory inquiry into [Nottinghamshire Miners Home](#) in August 2007 after the Serious Fraud Office (SFO) raised concerns that the charity's trading subsidiary, Phoenix Nursing and Residential Home Ltd (PNRHL), may be being misused for the private benefit of trustees A and B and their families. This also brought up wider concerns about Trustees A, B and C's management and oversight of the charity.

The inquiry liaised closely with the SFO and South Yorkshire Police. Commission investigators used powers to obtain information from the banks of NMH, PNRHL, the trustees and the charity's accountant, which revealed that trustees A and B benefitted from £150,000 of charitable funds, through fraudulent invoicing, which were spent on building works carried out at private properties connected to the two trustees.

The Commission provided witness statements to support the prosecution, and gave evidence at the hearing in 2012, which resulted in trustee A being convicted of 14 counts of theft and automatically disqualified from trusteeship. Trustee B was found not guilty, however the Commission maintained that they were responsible for misconduct and/or mismanagement.\*

A claim was made under the Proceeds of Crime Act, and Trustee A was ordered to pay over £200,000 compensation to the charity, including over £50,000 in interest.

## **Protective action**

At the time of opening the inquiry, the charity had informed the Commission that it intended to sell a care home in Lincolnshire which it leased to PNRHL, claiming that it was failing as a result of the decline of the mining industry. Concerned that c. £1.5 million in sale proceeds could be at risk, the inquiry placed legal restrictions on the charity's bank accounts, those of its trading subsidiary and on the charity's solicitor. Both trustees A and B were suspended from their roles, and the Commission appointed an interim manager to take over the management of the charity in 2008.

## **Serious misconduct and mismanagement**

Following interviews and further examination of evidence, the inquiry

concluded that all three trustees failed to adequately discharge their legal duties as trustees. They also failed in their responsibility to review the performance of the trading subsidiary in administering the care home.

Trustee A and B's use of charitable funds for private building works and unauthorised personal benefit clearly amounted to serious misconduct and mismanagement in the administration of the charity.

### **Harvey Grenville, Head of Investigation and Enforcement at the Charity Commission said:**

This case involved an appalling and cynical misuse of funds intended for deserving people. Through the diversion of money for personal comfort, vital resources were taken from those they were there to help. Charities exist to improve lives and strengthen society, but the actions of these individuals meant that a community was badly let down.

Our intervention provided vital support to prosecutors, ensured that those responsible faced the consequences of their actions and enabled the sizeable recovery of charity funds. This should send a strong signal that this type of abuse will not be tolerated.

This inquiry protected important charitable assets and ensured that funds could be put to good use for mining communities in Nottinghamshire.

Limitations in the Commission's powers at the time meant it was not able to disqualify trustees B and C because their trusteeships had lapsed by this point. The Commission successfully fought for new powers to address this, which were granted under the Charities (Protection and Social Investment) Act 2016, putting the Commission in a stronger position to disrupt and stop the abuse and mismanagement of charities.

The Commission worked closely with the interim manager and newly appointed trustees to ensure that the recovered and remaining funds could be put to good use. The new trustees selected Nottingham Miners Welfare Trust Scheme (NMWTFS) as their preferred recipient charity. Following due diligence checks by the inquiry £1,142,573 was transferred to NMWTFS to support people connected with the Nottinghamshire area coal field, including vulnerable beneficiaries.

NMH was wound up and removed from the register of charities in January 2017. A full report of the inquiry is available on [GOV.UK](https://gov.uk).

**Ends.**

### **Notes to Editors**

1. The inquiry highlights risks that can arise from charities being closely linked to a non-charitable organisation. No charity should ever use or

be used by non-charitable organisations to pursue uncharitable interests. Newly published guidance from the Commission helps equip trustees to manage these types of risks. The guidance is available on [GOV.UK](https://www.gov.uk)

2. \*As the term of Trustee B's trusteeship had lapsed under the provisions of the charity's governing document, it was not necessary for the inquiry to take action to remove him.