Charity investigators act to close down £1.5m 'aid charity'

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by Michael Durham

CHARITY investigators have acted to close down a £1.5 million British 'foreign aid charity' because of corruption fears, following an unprecedented international operation.

Officials from the Charity Commission have spent 10 days in Zambia and will fly into Heathrow tomorrow, armed with evidence against Humana Ltd, which owns eight charity shops and hundreds of clothes recycling boxes in Britain.

A receiver was appointed on Friday after information was faxed to London showing that hardly any money raised from the sale of second-hand clothes in Europe was spent on aid projects in Zambia.

Humana, which opened in Britain in 1986, says it gave £462,000 in 1994, a third of its £1.5m turnover in Britain, towards development work in Angola, Mozambique, Zambia and Borneo.

There have been suspicions about the charity for years because of its close association with a wealthy Danish cult, Tvind, which has been accused of holding tens of millions of pounds in offshore accounts.

The secret trip to Zambia, which followed an Observer investigation, is the first time investigators have penetrated the complicated financial web to find evidence that money raised in Europe is not reaching its destination.

The Charity Commission discovered Humana projects were in reality paid for by other bodies, including the European Union and the Zambian government.

It is the first time British charity investigators have gone abroad to look at how foreign aid is spent, and marks a determination by the Commission to use powers it was given by parliament in 1993.

Since then the Commission has quietly suspended trustees, frozen bank accounts or appointed receivers at a handful of small charities, usually because of maladministration or incompetence. In each case the charity continued to operate.

When the receivers move in this week, Humana's three Scandinavian-born trustees - Mikala Gottlob, Lena Eriksson and Jytte Nielsen - will be
replaced. Shops are expected to stay open, and a separate charity running schools for disturbed children in Norwich and Humberside is expected to continue operating.

Stuart Crookshank, a leading Charity Commission investigator, said: `If there is any indication money is not being used properly we will act. I am particularly concerned about charities that send money overseas.'

The scandal is likely to prompt questions about the accountability of money raised by charities for use abroad. Labour will this week raise the issue in the Commons.

Joan Lestor, Opposition foreign aid spokeswoman, said last night: 'Safeguards need to be built into the system to make sure that money going abroad is properly used.'

_Humana's Rags to Riches Cash Trail - feature, centre pages._