Roddy, Sarah, Julie-Marie Strange, and Bertrand Taithe. "Policing Fraud: Regulation and Accountability in the Charity Market." *The Charity Market and Humanitarianism in Britain, 1870–1912*. London: Bloomsbury Academic, 2019. 81–98. *Bloomsbury Collections*. Web. 26 Apr. 2023. <<http://dx.doi.org/10.5040/9781350058019.ch-004>>.

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Policing Fraud: Regulation and Accountability in the Charity Market

We have argued strongly in the previous chapters that the voluntary charity sector that took shape in the late Victorian period operated in many significant respects as a market. Given that even the most gung-ho of Victorian capitalists accepted that financial markets needed ground rules in order to operate efficiently and engender trust among those who engaged with them, the regulation of the charity market will be our next subject. Business historians have tended to argue that ‘self-regulation’ by businesses was of paramount importance in the laissez-faire Victorian economy, with the state only beginning to play a bigger role in the process in the twentieth century.¹ That view may well underestimate the state’s growing role in, for example, prosecuting corporate crime in the nineteenth century.² Nonetheless, in the virtual absence of government oversight, ‘self-regulation’ is the model that the charity sector had to adopt. In both Britain and the British Empire more widely, fundraising was a private matter and charities were largely exempt from state scrutiny. The remit of the Charity Commission, put on a permanent footing in 1853, was restricted to the control of endowments and land supporting the vast majority of hospitals and many schools.³ Even then, the commission often limited itself to good governance advice and paper exercises.⁴ It had neither the jurisdiction nor the means to tackle the surging number of urban charities, charitable funds and causes, relief funds and foreign emergency appeals.⁵ Most philanthropic enterprises remained entirely unregulated by the state until the Charities Act of 1960.⁶

The management of fraud and the contingent establishment of accountability mechanisms were, therefore, crucial factors in how the new voluntary charities policed themselves in this period. The development of particular financial and administrative practices as normative within the charitable marketplace was inextricable from the phenomenon of ‘charity fraud’, that is, the perceived misuse or misappropriation of donations. Given the lack of a legal framework to

police the charitable marketplace, the ‘charity fraud’ was a slippery construction, defined in symbiosis with, and in opposition to, shifting notions of ‘best’ or ‘virtuous’ practice. In this context, individual charities eagerly seized fraud denunciations to advertise and authenticate their own legitimacy. This shaped a contested but oddly virtuous exchange market: by the turn of the twentieth century, charities not only published account sheets but debated them publicly too.⁷ Yet, as innovative administrative practices became increasingly normalized, the boundaries of ‘fraud’ expanded to include organizations unable or unwilling to keep pace. The dynamic and extra-legal character of this process meant that definitions of charity fraud and attempts to regulate it were neither fixed nor resolved: charity fraud remained a discursive product of those who took the trouble to denounce it.⁸

This chapter draws on the exposés of charity frauds published by the society journal *Truth* and the little-used ‘Enquiry department’ archives of the Charity Organisation Society (COS), which interrogated the management of charities on a national scale, to illustrate how self-regulation of the charitable marketplace developed in a vacuum of state regulation. These agencies, we argue, established a business-oriented, administrative and accounts-based measurement of charities’ legitimacy. A case study from the start of the twentieth century then illuminates how mechanisms for identifying fraud, developed by *Truth* and the COS, were applied at a regional level by an individual charity entrepreneur, while the final section considers where the state and donors fit into the picture.

Establishing the parameters of legitimacy: the COS and the press

In his groundbreaking article on charity and the Victorians, Brian Harrison noted that snobbery and self-aggrandizement combined to make the financial administration of charitable management the ‘grubby aspects’ of philanthropy, a source of waste and duplication. Further, a new category of crime emerged in the latter half of the nineteenth century, the ‘charity fraud’, whereby smiling swindlers quietly misappropriated charitable funds. According to Harrison, these frauds were rarely exposed for fear of frightening off subscribers.⁹ Harrison was labouring under a misapprehension. Since the publication (and revision) of that essay, patronage and networking practices among charitable committee members have received considerable critical attention but the charity fraud, variously conceived, remains little understood.¹⁰ The Charity

Commission, as noted, dealt only with endowed charities, that is, charitable trusts set up by wills, rather than those which raised money by direct appeal to the public. Cases of fraudulent fundraising brought to court generally fell under arcane Tudor vagrancy laws and were overwhelmingly at the petty end of the scale.¹¹ Ignored by law enforcers and beyond the remit of state control, the bureaucratic management of charitable associations, relief funds and myriad small organizations was left to the scrutiny of a self-regulating marketplace.

As Anna Clark argued so persuasively, the history of regulation and reform bears a close relationship to that of scandal.¹² The philanthropic marketplace was no exception and, as this chapter demonstrates, relied heavily on allegations of financial or administrative abuse to define best practice. The public had long turned to the press to make the complex world of finance 'imaginatively visible', to act as adjudicator of 'trustworthy' financial systems and, through the circulation of information (in some cases, rumour), to effect changes to financial practices.¹³ In the absence of robust legislation, fraud had to be presented and proclaimed, a process that increasingly raised issues of measurable accountability and performance, or effectiveness, to identify and define boundaries between the licit and illicit. In this context, 'authentic' charities urged the public to give donations less from the heart, and turn instead to careful discrimination based on identifying sound financial practice.

By the final quarter of the nineteenth century, the number of charitable schemes operating across Britain had mushroomed. In his survey of English philanthropy, David Owen estimated that London charities alone expended up to seven million pounds annually by the late 1860s.¹⁴ As the *Times* speculated in 1888, however, a 'handsome share' of annual donations simply 'leak[ed] away'. Donors had no machinery for discerning the 'wholesome' charity from the 'shifty or shiftless', a discriminatory language more commonly applied to recipients.¹⁵ Correspondence to the editor noted that the public discriminated between charities on the basis of patrons or well-known figures on committees, an inadequate safeguard as few patrons, or even committee members, were engaged in the everyday operation of charities.¹⁶ Many charities, in fact, were 'altogether unreal' in that they amounted to 'one-man' organizations. At the other end of the spectrum, large and 'splendid' institutions pleaded longevity and size as guarantor of credibility.¹⁷

Nationally, the most vigorous regulatory agent was the COS. Founded in 1869, it had well-known ambitions to 'rationalize' the multiplicity of overlapping charitable agencies and apply supposedly 'scientific' principles to the distribution of relief and charity.¹⁸ In the former it made little headway over the ensuing

decades, and by pursuing the latter, it would eventually find itself locked in an ultimately losing battle with quite divergent philosophies, notably Fabianism.¹⁹ However, as Owen noted, one achievement of the COS over its lifetime was its ‘war on charity malpractice’, in which it vowed to police fundraisers as diverse as the begging letter writer and the ‘fly-by-night’ charity.²⁰ To this end, the COS employed a variety of regulatory tools that, in the process, helped define what ‘fraud’ and ‘legitimacy’ in the context of charity actually meant.

First, the Society produced two separate publications aimed at guiding the benevolent through the philanthropic field. The *Charities Register and Digest* issued for sale from 1882, followed in a line of similar attempts to provide basic information on assorted provident agencies, including Sampson Low’s *One Shilling Guide to the Charities of London* (published periodically from 1850), Herbert Fry’s *Shilling Guide to the Charities of London* (annually from 1863) and Thomas Hawksley’s *Charities of London* (1869).²¹ While acknowledging this lineage, the COS version was far more comprehensive. Fry’s first edition had 175 pages while his fifty-fifth, issued in 1919, had 359; already in 1890, the COS register contained almost 1,000 pages and boasted a national remit. The register gave details of the aims and management structure of known charities and ostensibly invited would-be benefactors to make independent judgements as to which of the listed institutions might best carry out the work they wished to see done. The introduction outlined the COS philosophy and urged donors to give only to those agencies which conformed to it. ‘A list of charities’, it noted, ‘without some knowledge of the modes in which their benefits ought to be turned to account, is like a pharmacopoeia without knowledge of the elements of medicine.’²²

While the Register had its uses, the COS also produced a more explicit ‘Cautionary Card’ from at least the early 1870s. This was a ‘black list’ of charities considered beyond the pale of charitable support, which was privately distributed, chiefly to COS subscribers.²³ A charity could be included on the Cautionary Card for numerous, not always clear, reasons. The knowledge base of both the register and the Cautionary Card was nonetheless the same. Since its inception, the COS had operated an ‘Enquiry Department’ at its central office in London, which was closely supervised by the COS secretary (for most of the relevant period, C. S. Loch²⁴) and which employed a number of visitors who, as the name suggests, visited and investigated charitable causes to gauge their worth. These visitors then produced reports of varying length and detail on individual charities that could be sent in response to public requests for information. Such requests might be made from a variety of motives. To some correspondents, it seemed almost habitual to refer all appeals received to the authority of the

COS; for others, only especially suspicious circulars were queried; and for many subscribers, the COS was contacted only in instances where the appellant's name was recognized from the Cautionary Card.²⁵

Much the greatest number of queries on Loch's desk were in response to another ingeniously deployed weapon in the COS arsenal, the press 'advertisement'. Concentrating on charities the COS considered the most dubious, generally prominent 'one-man' outfits, this practice involved placing a simple notice, usually in the classified columns of the *Times*, along the following lines: 'Persons receiving appeals from [named individual and/or institution] are requested before responding to them to communicate with the Secretary, Charity Organisation Society, 15, Buckingham Street, Adelphi.'²⁶ This prompted two responses. First, it tended to attract a flood of correspondence from those who had been the targets of the charity's appeals, enabling the COS to put its case against their continued support privately and directly.²⁷ Second, it planted a seed in the minds of readers, who might never get in touch with the COS, that the given charity was, in some degree, untrustworthy. Both techniques, the COS hoped, would lead to a reduction in the charity's income. This advertising reached only a limited section of the population, *Times* readers, but it was an influential section, including those whose net worth attracted constant charitable appeals, and who were likely to be solicited to lend their names to charity committees.²⁸ From the COS's point of view, it was significant that such publicity could be achieved without giving the 'advertised' charity any basis on which to engage in lengthy, and perhaps counterproductive, libel action. The infamous Barnardo arbitration case of 1877, which exonerated Barnardo of COS charges of misappropriation of funds, had probably been as damaging to the COS's reputation as Barnardo's, if not more so. The 'advertisement' that raised public suspicion but made no allegation against persons or organizations was a neat and effective trick.²⁹

This reflects the extent to which, Barnardo notwithstanding, the press rather than the courts became the main public arena in which charity fraud was combated, even as it was also (at least partially) perpetrated there.³⁰ Indeed, the COS soon had a journalistic comrade in arms. From 1876, Henry Labouchere published the weekly newspaper *Truth*, a curious mix of society gossip and investigative exposures, with an estimated weekly circulation, by the 1880s, of 30,000.³¹ Labouchere was by far the most proactive and risk-taking agent in terms of publicizing supposed charity frauds. An initial, typically gung-ho, series from its first issues named several alleged 'charity-mongers of modern Babylon', many already known to the COS.³² Among the concerns *Truth* targeted as unworthy of public support were the ubiquitous begging letter imposter and the 'padrone'

of the ‘Italian slave trade’.³³ As the paper pointed out, however, successful as these ancient practices were in extracting money, they were ‘excelled by the ingenious managers and secretaries of certain sham Associations and Missions, the nominal objects of which have a larger attractiveness than the diseases and poverty of the letter writers’.³⁴ Among many ‘one-man bands’ singled out for opprobrium were, at the larger end of the scale, Dr ‘Bernardo’ [*sic*] and Reuben May’s Golden Lane Mission in Great Arthur Street, and, perhaps more ‘fly-by-night’ in nature, a German named William Christian who ran the Middlesex Soup Kitchen and James Colmer, discussed in Chapter 3, who operated a ‘Society for Finding Employment for Distressed Gentlewomen as Printers’.³⁵ The series signed off with the hope that the examples adduced would ‘serve as beacons’ to warn a benevolent public against the ‘quicksands’ of craft, deception and villainy in ‘charitable’ practice more generally.³⁶

Although the personnel of COS and *Truth* cooperated closely, Labouchere’s newspaper tended to publish and risk damnation in a manner that the more cautious COS avoided. Labouchere was sued for libel on numerous occasions, although few charity cases appear to have gone against him.³⁷ The COS was frequently pressed for legal guarantees of indemnity by nervous editors to whom they communicated cases of fraud.³⁸ Other newspaper editors might seek advice from the COS on potentially fraudulent appeals from charities, and carry COS adverts, but the same editors might, frustratingly, continue to carry the appeals and adverts of charities on the COS blacklist.³⁹ In contrast, *Truth* traded on scandal and was sufficiently dedicated to the exposure of fraudulent charities that it eventually began producing its own Cautionary List.⁴⁰ It is worth noting that some newspapers carried clippings from *Truth* or reported *Truth*’s investigations, thereby advertising suspicious charities from a distance and without fear of litigation.⁴¹ Not surprisingly, the COS harnessed Labouchere’s paper and on at least one occasion, discussions about preparing a file specifically for exposure in *Truth* took place.⁴² As Loch told one inquirer, ‘[W]e are in no way officially responsible for the *Truth* book, but the editor constantly appeals to us for information, and is no doubt guided by it to a considerable extent.’⁴³

Administration and accountability

An active process of exposure, driven by two zealous national institutions, was clearly in place, therefore. The question arises, however, as to what, precisely, the COS and *Truth* were exposing and with what end in mind. Unscrupulous

fraudsters who, ostensibly, ran charitable schemes while creaming profits for personal use may have been what came to mind for many who read about 'sham' charities.⁴⁴ But it needs to be emphasized that the terms on which the COS and *Truth* cried fraud, while fairly well defined, were also broader than one might imagine. The question was not so much what constituted fraud *per se* but, rather, as *Truth* asked, what constituted a 'real charity'?⁴⁵ The answer was an organization that, while disbursing alms, also conformed to a set of specific administrative measures. First, according to the COS and *Truth*, a charity needed to have a committee overseeing its fundraising and relief work. This was hardly a new development; the board of eminent citizens was certainly the oldest form of legitimacy and required that these figures had sufficient local clout to impact on the public perception of the charity.⁴⁶ This reputational management mechanism had always been open to challenge.⁴⁷ Cronyism and nepotism were potential flaws, and gathering a prestigious board was neither an easy nor a cheap process. The COS and *Truth* further stipulated, however, that such boards had to meet regularly and could not consist simply of respectable persons who lent their name to the enterprise without ever exercising functions of oversight. From the charity entrepreneur's viewpoint, of course, gathering a board that was both *prestigious* and *active* was an even more difficult process.

Second, the charity had to account for all the money it received and expended via a regularly published, readily available, detailed and, ideally, independently audited balance sheet. The production of accounts was not necessarily expensive since they were often kept at a basic level that would have been familiar to anyone working with double entry books. Yet, accountancy historians nevertheless remind us that, even in the late nineteenth century, double entry books, the alleged bedrock of the Protestant ethic according to Max Weber, were not all that common in many businesses.⁴⁸ Auditing, moreover, added further expense. Third, the proportion of money expended on administration costs and other non-relief expenses ought not to be too high, although this point was difficult to define precisely. Excessive management costs, it was implied, often signified fraudulent practice. Yet taken together, all of these administrative stipulations could potentially tie charities into an impossible race towards greater transparency and low cost delivery; management burdens increased in order to satisfy notional accountability tests, but administrative costs needed to be low enough to pass those tests. While other criteria might be taken into account in judging a charity, particularly by the COS (the level of overlap with other organizations in provision of services, for example), these were the key facets of a charitable institution that could be considered 'legitimate', and any

institution, however well intentioned, that did not conform to them could be publicly branded, in some measure, as fraudulent.⁴⁹

The COS's mechanisms for authenticating charities caused some confusion among the donor community. Loch received numerous letters from benefactors of particular institutions plaintively wondering on what grounds their favourite charity had been placed on the Cautionary Card. As he explained to one correspondent, names on the card were not to be taken necessarily as rogues; it was, he noted, rare to come across institutions that were completely nonexistent and many were on the list not because any definite criminality could be detected, but because they were grossly mismanaged.⁵⁰ The nuances of these distinctions may not always have been clear to the benevolent public, either in the stark cautionary lists or the sensational press denunciations. However, the culture of suspicion they engendered meant that even small voluntary organizations were increasingly expected by sections of the philanthropic public to adopt the administrative infrastructure of 'real charities' as outlined above. Not having a committee or failing to publish detailed accounts were gradually established as suspect choices, allowing space for misappropriation of funds to take place. Many organizations complied in order to dispel the cloud of suspicion. For example, Great Arthur Street Mission's eventual adoption of COS-approved financial practices after its founder Reuben May's death, saw it removed from the COS cautionary card after thirty years in 1911, even as the COS continued to regard its actual work as 'a quaint survival of primitive Christianity' for which there was no real need.⁵¹ Yet many charities who satisfactorily met COS or *Truth* criteria, might expect, not just to escape implications of impropriety, but to be promoted in the very publications that exposed frauds and urged caution. Both the COS's *Charities Register* and *Truth*'s Cautionary List juxtaposed identification of fraudulent outfits with advertisements for what they assured readers were well-regulated and transparent organizations. Thus, the exposure of fraudulent practices in the charitable marketplace established the parameters of 'legitimate' charity: it was two branches of the same work.⁵²

Becoming accountable: self-regulation in action

Although the COS waged a typically ambitious (some might say overreaching) national campaign to identify fraudulent practices, similar principles could be seen playing out at a regional level, where the process of identifying, proclaiming and preventing charitable 'fraud' often focused on a failure to conform to

particular administrative niceties. The case of Jones versus Jones in Edwardian Liverpool – mentioned in Chapter 3 – provides evidence of the self-interest involved in such self-regulation. In March 1908 the Reverend Hugh Lloyd Jones (Lloyd Jones), Birkenhead, warned Herbert Lee Jackson Jones (Lee Jones), Liverpool, that he intended to sue him and his printer for defamation of character and libel. Lee Jones invited the reverend to ‘proceed at pleasure’ and forwarded the name and address of his solicitor.⁵³ The legal threat was the culmination of a three-year feud between the men, much of which Lee Jones conducted through his charity’s journal, *The Welldoer*, and letters to the local press.

Lloyd Jones operated a charity, the Gospel News Mission, also known as Elgin Street Mission and, prior to that, United Church Mission, in Birkenhead. Operational for around fifteen years, the Mission purportedly provided breakfasts for poor children, parcels for poor widows, Christmas festivities and winter fuel for poor families in Birkenhead. Lee Jones’s charge against Lloyd Jones was that his ministerial status was fraudulent and that he misappropriated the charity’s funds. Lloyd Jones was by no means the only target for Lee Jones’s suspicion. In 1905, Lee Jones had a ‘blacklist’ of six ‘discreditable’ charities operating in the Liverpool and Wirral region: three ‘missions’ and three children’s homes.⁵⁴ Lee Jones also ran a charity, the Liverpool Food Association (renamed the ‘Liverpool Food and Betterment Association’ in 1898 and ‘The League of Welldoers’ [LWD] in 1908), founded in 1893, delivering welfare services in the dockland area of North Liverpool.⁵⁵ Similarity between the two charities increased when Lloyd Jones changed his signature from ‘Hugh L. Jones’ to ‘H. Lloyd Jones’ around 1906: Lee Jones was known as H. Lee J. Jones. The two men, both in their thirties at the time of the scandal, were the founders, figureheads and administrators of their respective charities. The LWD was a large and relatively successful outfit by regional standards, constantly expanding its remit in the first decade of the twentieth century, although the charity’s debts were well publicized.⁵⁶

Though these debts made him vulnerable to public scrutiny Lee Jones declared a ‘special’ interest in Lloyd Jones’s exposure: if the two men were apt to be confused in the public mind, Lee Jones hoped public castigation of Lloyd Jones would distance the LWD from its competitor, the Mission.⁵⁷ First, Lee Jones called the authenticity of ‘Reverend’ Jones’s identity into question.⁵⁸ Jones also mistrusted the changing and concurrent use of multiple names for a single charity (it was ‘not nicely’ suggestive) and the absence of any public affiliation between the Mission and a recognized denomination. Jones could also call on other allegations in the public domain against the ‘reverend’. An article in the satirical journal *Porcupine* in February 1905 cast doubt on Lloyd

Jones's credibility, asking how donations to his Mission were spent.⁵⁹ In 1907 Lloyd Jones sought a reduction in a debt order only for the case to be thrown out, the judge concluding that Jones ran a business disguised as a charity in order to cheat his creditors. Lloyd Jones appeared to have pocketed 90 per cent of the previous year's Mission funds for personal use. Despite the judge's description of Lloyd Jones as a predator upon the public, it was not within his remit to bring formal charges.⁶⁰ When Lloyd Jones next tried to fundraise in Birkenhead Park, however, he met with public hostility and required police protection.⁶¹ His associates in the Mission were hardly worthy characters: one of his fundraisers, James Baxter, carried previous convictions for collecting donations for an entirely bogus charity.⁶²

The crux of Lee Jones's accusations of fraud rested not on this association with dubious individuals but on the opacity of the Mission's balance sheets. Accounts for the year ending 30 September 1907 showed that the Gospel Mission raised over £170, 65 per cent of which was disbursed on rent, coal, gas, cleaning and Lloyd Jones's 'allowance'. The remaining 35 per cent went on 'general expenses', into which costs for printing, postage, 'incidentals', furniture and the distribution of free meals and outings for poor children factored. As Lee Jones observed, the (limited) objective of the charity was casually 'lumped' with general expenses. Lloyd Jones's annual 'allowance' was £5 more (£65) than the expenditure on 'general' costs although Jones lived with his wife and five (soon to be six) children at the Mission, supported by a domestic servant, and he undoubtedly benefitted from the 'expenses' on rent, fuel and so on.⁶³ As Lee Jones observed, it was impossible to verify the authenticity of the reverend's claims of distributing over 5,000 meals per year. His accounts were signed off by two members of the 'committee' rather than independent auditors. That one of the committee members, James McKinley, was barely literate hardly boosted faith in the administration of the Mission.⁶⁴ Transparency did not improve when, in 1910, Lloyd Jones appointed his 19-year-old son, a grocer's assistant, as honorary secretary of the Mission.⁶⁵

Despite Lee Jones's collaboration with the Liverpool police in investigating several charities at this time, his efforts did not result in legal proceedings for fraud.⁶⁶ Neither Jones, nor the police, had any grounds on which to prosecute Lloyd Jones, or others, in courts of law because the organizations under scrutiny ostensibly disbursed *some* charity, albeit a paltry percentage of funds procured. In the absence of police prosecution, Jones turned to the press to discredit Lloyd Jones and denounce his practice as scandalous. Since 1905, Lee Jones had pressed editors of the city's press, *Evening Express*, *Liverpool Courier*, *Daily Post*

and *Mercury*, with recommendations that they develop a localized 'black list' to prevent newspapers inadvertently promoting suspect charities by running appeals or stories about the charity, copy that was often submitted, as Lee Jones knew only too well, by the charity rather than independent reporters. The fact that philanthropic articles provided such easy (unverified) copy for newspaper editors often thwarted attempts to combat fraudulent practice. Other charities that Jones investigated at this time, such as the Bethesda Children's Homes and White Rock Children's Home, frequently sent photographs of smiling waifs with cheery stories of 'good works' for inclusion in the press, a process that simultaneously legitimated and promoted the organization.⁶⁷ It was high time, Jones urged, that local and regional charities were 'placed upon a proper footing'.⁶⁸ That Jones's appeal effectively duplicated national 'blacklist' schemes, most notably that run by the Charity Organisation Society, illustrates his doubt about the value of schemes that demanded members of the public be proactive in seeking information about charities they sponsored. Similarly, Jones's lobbying of newspapers to take a lead in denouncing fraud replicated Labouchere's utilization of *Truth* as a 'beacon' against deception but demonstrated the need for local responses to local charities. His action raised the very pressing problem of how far the public trusted a charity's legitimacy simply because it was local and, imaginatively at least, familiar. The vast majority of donors gave to charitable schemes on impulse rather than decisions made in full awareness of 'sound' financial mechanisms.⁶⁹

Jones was exasperated that his previous warnings to newspaper editors against specific charities had been ignored. Indeed, unless supported by the police, anxieties about 'fraud' or 'misappropriation' were difficult to authenticate. Nevertheless, Jones's petitioning bore some success, with some editors rejecting copy from organizations on his blacklist.⁷⁰ That these were usually balance sheets that bore no evidence of independent audit, and unauthenticated reports of recipient relief suggests an increasing awareness among newspaper editors of mechanisms for testing an organization's credibility.⁷¹ The difficulty for Lee Jones was that newspaper editors were neither consistent nor were they courts of law. When financial reports appeared legitimate enough, newspapers tended to run with the story. Certainly, following the run of disastrous publicity in 1907, Lloyd Jones staged at least one Mission event, a Christmas party, in collaboration with well-established, national organizations, such as the Band of Hope and Salvation Army, which lent Jones the sheen of legitimacy, although how far participation of these bodies was official is unclear.⁷²

Lloyd Jones was relatively confident in his enterprise although he failed to pursue his action against Lee Jones for libel. His assurance rested on the lack

of clarity over legitimacy in the charitable marketplace. Who, he asked, had authorized Lee Jones as ‘cock of the walk’ to legitimate charities? Charitable ‘fraud’ was subjective and Lloyd Jones exercised ‘no more tomfoolery’ in philanthropic endeavour than Lee Jones ‘or anyone else’. It was ‘scandalous’ that Lee Jones should accuse him of fraud while ‘squandering’ the funds of the LWD and failing to publish a list of subscribers.⁷³ The LWD ran highly successful fundraising bazaars: what, asked Lloyd Jones, happened to all that money? Both charities claimed the support of a committee but were, in practice, the respective empires of Jones and Jones. Both men lived in the headquarters of their organization. Lloyd Jones suspected that Lee Jones’s energetic persecution of small charities was to disguise shortcomings in the LWD. He had a point. Despite his increasing efforts to toe the bureaucratic line, Lee Jones was investigated by the COS on several occasions. From the outset, the Liverpool branch of the COS had kept a watchful eye on the charity’s operations, especially as Lee Jones, in his early twenties, was relatively unknown to the city’s elite. Correspondence between Lee Jones and the Anglican Venerable Archdeacon Madden and the Liberal MP William Rathbone in the first years of the Food Association’s operation highlights a degree of suspicion towards Jones in terms of his motives (to ‘play shop [in the slums]’) and his ‘promiscuous’ giving.⁷⁴ Jones came to the attention of the national COS in 1905 following an inquiry from Charles Dowding, a vicar from the Lake District, who considered a newspaper advert for the League read ‘fishily’. Loch made inquiries to the Liverpool branch, even asking if Lee Jones was anything to do with Lloyd Jones. Although they found nothing untoward with the organization, the COS could not recommend it because the charity’s debts meant it was not self-supporting.⁷⁵ The difference with Lee Jones was that, unlike Lloyd Jones, far from profiting from the charity, he kept it functioning by sinking his and his mother’s capital into the venture.⁷⁶

For Lee Jones, the exposure and policing of local organizations in the local press was pivotal to raising public awareness, not only of ‘discreditable’ schemes but also of the very need to discriminate. In this sense, his zeal for exposing suspect charities was self-legitimizing. By identifying what was wrong with other charities, Lee Jones implicitly stated what was right about his. This was not lost on other organizations. Following initial press features on Lloyd Jones in 1905, the secretary of the Birkenhead Cinderella Society, a welfare scheme for children, wrote to Lee Jones declaring his intention to ‘take up the pen’ against the ‘reverend’. In the same letter, he ‘justified’ the operation of the Cinderella Society and expressed ‘fraternity’ with Lee Jones.⁷⁷ Such correspondence

suggests an anxiety to authenticate charitable enterprise, partially at least, by participating in the exposure of others.⁷⁸

The parochial conflict between Jones and Jones illuminates the violent controversy and libelous dispute that could exist between charity entrepreneurs at the turn of the twentieth century. Immediately significant at a regional level, the case study also highlights the voluntary bureaucratic machinery for identifying fraud, validating charitable practice and regulating finance, which had emerged piecemeal within the charitable marketplace over the previous thirty years. Lee Jones's motivation in pursuing 'suspect' charities may have been self-interested but his campaigns borrowed heavily from mechanisms of voluntary administrative scrutiny that had emerged at a national level since the 1870s. That he appropriated such mechanisms on behalf of a presumably ignorant public suggests, on the one hand, the limited success of these modes of scrutiny: the work of combating charity fraud in a self-regulating market was never redundant. On the other hand, the Jones case demonstrates how far the COS's parameters for identifying and proclaiming fraud, especially the scrutiny of charitable organizations' administration, had become normative even in the periphery of the charity market.

State responsibility versus donor responsibility

Therefore, while an idea of what charitable legitimacy meant may have been diffused repeatedly by *Truth* and the COS, there were several factors, as the 'Reverend' Lloyd Jones case attests, that prevented the complete excision of fraud from the charity marketplace on a national scale. First was the remarkable ingenuity, and adaptability, of would-be fraudsters who wore the sheen of respectability by gathering a nominal committee and publishing some kind of balance sheet. At least one of *Truth's* warnings to the naively benevolent actually offered reassurance to the imposter: 'So long as you are continent, patient, and not too greedy,' it noted, 'you need hardly fear scandal.'⁷⁹ This may also explain why the COS was careful in the distribution of its detailed reports on charities: correspondents who requested a report were questioned closely about their motivation for doing so, for fear that COS investigations would give clues to the would-be swindler in avoiding detection.⁸⁰ It is notable that Lee Jones's pursuit of Lloyd Jones may have raised public suspicion for a time but was hardly successful in ridding the region of a resourceful fraudster. In 1914, the national magazine *John Bull* catalogued Lloyd Jones's 'astonishing' record of chicanery,

dating from at least 1892.⁸¹ At the time of publication, Lloyd Jones had moved premises and was running his Mission as ‘St. Jude’s Mission Church’. Once again, he appeared to have the apparatus of an authentic charity, a meeting room, ‘children’s home’ and balance sheet available on request. On inspection, these were each of dubious legitimacy: there were no children in the home, no flock at the Mission and the accounts were authenticated by the secretary and treasurer of the Mission, roles filled at that time by Lloyd Jones.⁸²

Indeed, the second problem facing the presumptive regulators of the charity marketplace was the continued absence of legislation to deal with fraud in the charity sector. Tudor vagrancy law was hardly appropriate for regulating sophisticated, ever-changing modern fundraising practices and the Charity Commission could barely cope with its limited remit of regulating endowed charities. Those promoting regulation of the charitable market were divided on the means to achieve it. While the COS lobbied the home secretary for an extension of the Charity Commission’s powers, *Truth* echoed Liberal MP Joseph Chamberlain’s criticism of the ‘irresponsible body’ and called for its powers to be ‘pared down’.⁸³ The shortcomings of the Charity Commission did not stifle isolated calls for an alternative state regulation of the voluntary charity sector, although an attempt by Lord Shaftesbury to introduce legislation to ‘prevent frauds on charitable funds’ in 1873 was thwarted. Members of parliament felt that the proposed accounting regulations would be too onerous on what they still, anachronistically, imagined the voluntary sector to be: small groups of benevolent women in country parishes. Moreover, opponents to the bill deemed that protecting ‘fools’ who were taken in by rogues should not take precedence over allowing genuine charities to flourish without excessive state regulation.⁸⁴ Parliament, forced to act against fraud in other sectors, remained unwilling to regulate the charity marketplace, perhaps mindful that a kind of self-regulating moral economy, overseen by the COS and others, was developing in lieu of any such action.⁸⁵

Yet the self-appointed arbiters of that moral economy continued to lobby for legislative backing and stricter judiciary.⁸⁶ In its ‘charity-mongers’ series of articles, *Truth* had noted, ‘Socially as well as financially the injury worked by fraudulent charities is so serious, and yet so very difficult of detection, that the necessity for legislative interference is unquestionable.’ As the newspaper reflected, manipulators of frauds were ‘among the cleverest scamps of the day’, and knew just how far they could go to escape the law. Shaftesbury had continued to press for a charity fraud bill that would allow any subscriber of twenty pounds to a voluntary fund to summon the charity manager before a court to reveal

accounts and expenditure, but *Truth* thought it unlikely the bill would get parliamentary time that year.⁸⁷ *Truth* and the COS repeated the call for charity registration or licensing and a charity inspector on several further occasions, at one point stressing that this was not suggested 'out of tenderness for those who waste their money on such institutions' but, rather, for the sake of intended beneficiaries of donations who were the 'real victims' of misappropriated or squandered funds.⁸⁸ Notably, both *Truth* and the COS compared the situation extant in the charity sector with that in private companies, imagining that much more stringent legislation was in place to deal with fraud and embezzlement in the financial sector⁸⁹; although historians disagree on how effective these laws were.⁹⁰

There were obvious and pressing reasons for the COS and *Truth* to repeat calls for statutory regulation. As a charity, the COS, like Lee Jones, had a clear financial interest in attempting to shut out allegedly fraudulent competitor organizations from the charitable marketplace, but also took on a considerable financial burden in doing so. If the state were to regulate the sector, the COS might be relieved of some of this outlay. Moreover, an 1890 *Truth* article pointed out the potentially high costs to the newspaper editor and proprietor of denouncing alleged fraudsters. If the recently exposed Walter Austin, head of the 'London Cottage Mission', went ahead with threatened libel action, Labouchere lamented, 'I have still before me a certain expenditure of many hundreds – probably thousands – of pounds, the prospect of recovering any of which, assuming everything in my favour, is extremely remote.' For this reason, he went on, 'no man in his senses' would 'make a public charge of dishonesty' against such fraudsters, leaving the average 'charity-swindler' little to fear from exposure in the press.⁹¹

Further to parliamentarians' 'fools' remarks, the longer a publicity campaign against a supposed charity fraudster went on, the more frustrated cautioners became with a public that gave money without asking questions or heeding warnings. As a former superintendent of police who thwarted a bogus Manchester mission in 1888 later reflected, many people sent large donations annually to institutions they knew nothing about when 'a little inquiry' would often show that a considerable portion of their money was 'squandered' in expenses, and that the intended recipients received only 'the pittance which is left'.⁹² Likewise, charting Lloyd Jones's history, *John Bull* proclaimed him an 'imposter of the first rank'.⁹³ That it did so in 1914, over twenty years after Jones's first scam and almost ten years after the local scandal, suggested that however much the public was alerted to rogue philanthropists, they were woefully susceptible to imposters who, with little fear of legal prosecution, could make considerable profit from

perpetual reinvention in an ever proliferating and unregulated charitable market. By 1915, Lloyd Jones had moved to another address in Birkenhead and was operating the 'British Tract Enterprise', ostensibly raising money for soldiers at the front by selling 'soldiers' wallets' and assorted pamphlets.⁹⁴ As early as 1908, the Reverend Samuel Hawkes urged Lee Jones to abandon his efforts at pursuing Lloyd Jones and the purveyors of the 'Bethesda' Mission and Home for Friendless Girls: the police were impotent and both cases had been 'so fully' set before the public that if people were wronged by the fraudsters, they 'deserved to suffer'.⁹⁵

Thus, while continuing to call vainly for legislation, those agents who sought to regulate charities placed some responsibility for charitable fraud on the shoulders of the public, without whom it could not be perpetrated. *Truth* increasingly assigned blame for fraudsters' success to these unquestioning donors, particularly 'early subscribers by whose help the swindle is started'; those who had their attention called to the truth by a body like the COS but went on giving regardless; and committed annual subscribers who never received any financial report that would 'bear investigation'. Such outright 'negligence' made donors culpable in the perpetuation of fraud.⁹⁶ Donors, the COS told readers of its *Charities Register*, had to learn to discriminate not only between charities that were 'useful' and those that were not, but also those that were well regulated and those that were mismanaged.⁹⁷ In a legally unregulated, but highly public and information-saturated charity marketplace, the onus was on charitable donors to act responsibly and to exercise what is now termed 'intelligent giving'.⁹⁸ In that sense, the perception of who the 'victims' of charity fraud were changed subtly over the period. 'Charity' as a concept, 'good' charitable institutions and the deserving recipients of charitable aid were innocent casualties of charity fraud. Many of those whose money was misappropriated received less sympathy.

Conclusion

Fraud debates and scandals raised essential questions of legitimacy, authenticity and respectability. By narrowing the range of possible answers to these questions, the COS and *Truth*, as well as those policing the parochial boundaries like Lee Jones, introduced normative, capitalistic approaches to what had often been considered a premodern form of exchange. The alms-giving of old did not entail such publicly monitored accounts or the demonstration of efficient relief. The drivers of such accountability practices were multifaceted. There was

undoubtedly the shared culture of the world of business and finance at a time when every charity called on financially powerful and savvy individuals to act as major donors and members of the board. But to be accountable, and to be seen to be so, was also part of an identity-shaping process. Accountability was relevant to the self-narrative of the institutions themselves. To be transparent was to be open and popular, clearly connected to the rich and powerful, while calling on the generosity of the greater number. A less blatant motor of accountability was probably a desire to include and exclude in equal measure. The actual costs of bringing together a board of patrons, publishing accounts and auditing them, that is, devoting a fraction of the sums raised to the cost of running a charity, were all ways of pricing out of the market the smaller, often more ad hoc, charities which had dominated the charity and humanitarian market in the first half of the nineteenth century. Any organization led by a single individual would be the focus of scrutiny for both *Truth* and the COS and would struggle to meet these demands. The emphasis on publishing accounts, associated usually with a complete annual summary of activities, sought to establish or restore credibility in a very contemporary sense.⁹⁹ The echoes that both narratives and accounts might obtain in the press (and all the public relations efforts that this press coverage entailed) were not within the means of every charity entrepreneur.

This market logic also entailed a degree of *caveat emptor* assessment of charities by the givers. Yet it is not evident that this drive towards regulatory practices responded to genuine public anxieties. Rather, they emerged as a mechanism to control an expanding but highly competitive market devoid of other regulatory dimensions, enabling individual organizations to proclaim virtue through advertising 'best practice' and identify fraud by pointing at those who did not conform. Press scandals served as an expurgatory exercise through which purity and order could be re-established, albeit, perhaps only temporarily. To patrol charities as a unique, morally pure, sphere of activity was to set tight limits to the range of people and expertise allowed to compete for public generosity. Paradoxically, it also entailed a more jaundiced worldview in which the hydra of fraud would always grow new heads and false identities, making policing a necessary but thankless task. This was recognized by those who did the 'cleaning up'. After the conviction of William Harper Bradshaw, 'one of the most disgraceful cases in the fertile annals of charitable imposture', who ran a seaside children's home, ostensibly but unknowingly patronized by several peers and MPs, *Truth* noted that '[t]he charity world is full of Bradshaws. I have at least half a dozen of them under my observation at the present moment.'¹⁰⁰

Later, recalling the exposure of Walter Austin, it complained that ‘as soon as one is down another springs up in his place.’¹⁰¹

This lament did not entail a call for the abolition of charity and one could think about *Truth*’s efforts as merely a way of limiting fraud to what accountants now call ‘an optimal level’, the threshold of tolerated abuse below which further regulation would stifle innovation and enterprise, while allowing ‘legitimate’ charities to grow.¹⁰² The idea of the market as, in Stephen Hopgood’s phrase, ‘the most efficient mechanism’ for meeting public needs was in the ascendant then as it is now, but the late-nineteenth- and early-twentieth-century regulators sought to harness ideas of a ‘good marketplace’ in order to close it to the ‘discreditable.’¹⁰³ In the story of Lee Jones versus Lloyd Jones it is unclear whether the so-called clergyman delivered any of the relief for which he obtained funding. His status as a ‘one-man band’, lack of transparency and accountability attracted suspicion. Ironically, these were the same reasons that the COS repeatedly investigated his adversary, Lee Jones. The COS and *Truth* attempted to shape a moral economy for the charity market but, in the absence of adequate legislation, their main focus was formal and fetishized bureaucracy. In order to flourish, charities increasingly sought to establish their own legitimacy via the voluntary adoption of such bureaucratic strictures, and via the denunciation of those who failed to act similarly. In a sense, if fraud did not exist, it would have to have been invented. As the next chapter shows, such practices and preoccupations characterized even the fundraising initiatives of elite networks, activists that might, perhaps, have had their legitimacy almost taken for granted. That, at the start of the twenty-first century, charities, and their critics, remain preoccupied with authenticating business practices as a signifier of legitimacy highlights just how important the innovations of the Victorian period were.¹⁰⁴