

New Vatican Bank scandal threatens to erupt

John L. Allen Jr. | Sep. 21, 2010 NCR Today

This morning, Italian authorities announced that U.S. \$30 million in funds belonging to the Vatican Bank have been seized, and the bank's president and another senior official have been placed under investigation, following allegations of money-laundering. Specifically, prosecutors apparently believe that the Vatican Bank is being used by some Italian entities and VIPs to disguise financial fraud or tax evasion.

The formal name for the Vatican Bank is the "Institute for the Works of Religion," or IOR, and its current president is the distinguished Italian economist and Catholic layman, Ettore Gotti Tedeschi.

The \$30 million seized by civil authorities were in an IOR account at another Italian bank, called Credito Artigiano.

The appointment of Gotti Tedeschi in 2009 was widely seen as a move towards greater transparency and better business practices at the Vatican Bank, which had been mired in scandals in the 1970s and 1980s under American Archbishop Paul Marcinkus. At the time, the Vatican Bank was linked to the collapse of other giant Italian institutions and paid out more than \$240 million to creditors.

This morning, the Vatican's Secretariat of State issued a statement in response to the charges against the Vatican Bank and Gotti Tedeschi. In a nutshell, the statement expresses the Vatican's commitment to "full transparency" with regard to the Vatican Bank, and "full confidence" in Gotti Tedeschi.

The following is an *NCR* translation.

Communiqué of the Secretariat of State

The clear desire for full transparency regarding the financial operations of the Institute for the Works of Religion (IOR), demonstrated many times by the authorities of the Holy See, is well known. That requires that procedures designed to prevent terrorism and money-laundering be put into effect. For this reason, the authorities of IOR for some time have been pursuing the necessary contacts and meetings, both with the Bank of Italy and the relevant international bodies – the Organization for Economic Cooperation and Development, and the Financial Action Task Force – in order to insert the Holy See into the so-called "White List."

The Holy See, therefore, is perplexed and astonished by the initiative of the Prosecutor of Rome, especially since the information necessary is already available from the relevant offices of the Bank of Italy, and analogous operations are going on concurrently with other Italian institutions of credit.

Regarding the cited transactions, it should be noted that these are operations of a transfer of credit for non-Italian institutions, the consignee of which is the IOR.

The Holy See expresses its maximum confidence in the president and director general of the IOR.

Source URL (retrieved on 01/28/2015 - 03:45): <http://ncronline.org/blogs/ncr-today/new-vatican-bank-scandal-threatens-erupt>