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Report: Vatican set to pass transparency test

John L. Allen Jr. | Jun. 19, 2012 NCR Today

ROME --tIf a report in Italy?s leading daily is accurate, it?s a rare bit of good news lately for the Vatican: Apparently, the Vatican is poised to pass a looming European anti-money laundering evaluation, touted by friends and foes alike as the first real measure of whether Benedict XVI?s financial reforms are for real.

tAccording to the June 19 story in *Corriere della Sera*, evaluators from Moneyval, the European anti-money laundering task force, are set to give the Vatican a score of only "partially compliant" or "non-compliant" on just eight of its 16 ?key and core? benchmarks. That?s enough for the Vatican to avoid being considered a problem state, which requires low scores on ten of the standards.

If a country drops below that threshold, it typically faces a more rigid review for "high-risk states" led by the Financial Action Task Force, considered the leading global body in the fight against money laundering.

While Moneyval does not issue an overall verdict of "pass" or "fail", many observers informally consider avoiding that process as a pass. Countries which have recently been subjected to the aggressive review include Bolivia, Kenya, Myanmar, Nigeria, Pakistan, Sri Lanka, Syria and Turkey.

tA source with knowledge of the Moneyval process cautioned that although the details in the *Corriere* story seem accurate, the evaluation will not be finalized until the agency's inspectors meet July 4 in Strasbourg.

Formal release of the report on the Vatican is expected roughly a month after that meeting, meaning early August.

Although Moneyval does not actually maintain a "white list," observers say that the results described in the *Corriere* report would likely place the Vatican somewhere in the middle of the pack ? countries judged to be moving in the right direction, but with work left to do.

tIn particular, the *Corriere* story suggested that evaluators have at least three particular concerns:

- Whether the Vatican?s new anti-money laundering law creates a political ?veto power? in the Secretariat of State over requests for international cooperation, for example in tracking suspect transactions;
- The absence of clear regulations outlining how the Vatican?s new financial watchdog agency, the Financial Information Authority, will perform inspections over other entities ? in particular, the Institute for the Works of Religion, the so-called ?Vatican Bank.?
- Whether the Vatican?s anti-money laundering law covers offenses committed before it came into effect on April 1, 2011. That?s especially sensitive in light of an on-going Italian civil probe of two allegedly suspect transactions performed by the Vatican Bank in 2010.

tOfficially, the Vatican has already answered the third point. The charge that offenses before April 2011 aren't covered was first aired last February by an Italian television program, and it brought a swift Feb. 9 denial from

the Vatican spokesperson, Jesuit Fr. Federico Lombardi.

?The judicial authority of the Vatican has the power to investigate suspect transactions in the period before April 1, 2011,? Lombardi said, ?including in the context of international cooperation with the legal authorities of other states, including Italy.?

tConcerning the inspection powers of the Financial Information Authority, Vatican sources say they are currently working to satisfy the concern.

tThe question of a ?political veto? over requests for international collaboration may prove more complicated, as sources say that sometimes requests by other states for financial data may themselves be political ? intended, for instance, to benefit one nation?s banks at the expense of others. Someone has to be able to ?screen? such requests, these sources say, to make sure that anti-money laundering mechanisms aren?t being used to pry loose confidential information for other motives.

tObservers say that where that power is lodged, and how it?s wielded, are almost always sensitive points.

tOfficially, Vatican spokespersons have refused to comment on recent reports about its Moneyvall evaluation, citing the agency?s prohibition on discussing the results before they?re issued. In a briefing with reporters yesterday, Lombardi said it would be a ?very great lack of correctness? to say anything now.

tOn background, however, Vatican officials say that if the *Corriere* report proves accurate, they would be largely content, especially given that this is the Vatican?s first-ever Moneyval evaluation. Some nations currently on their third or fourth round, they say, have similar results.

Lombardi has tried to play down the specific results, noting that it was the Vatican itself which requested a Moneyval evaluation, and describing that decision as a "historic" gesture towards transparency.

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