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New charges against Vatican's former 'Monsignor 500 Euro'

John L. Allen Jr. | Jan. 21, 2014 NCR Today

UPDATE: *Adds comments from spokesman for Vatican bank on freezing of accused former Vatican official's accounts.*

Rome

A second arrest warrant has been issued for a former Vatican accountant known as ?Monsignor 500 Euro? for frequently flashing large bank notes, this time on charges of faking donations in order to cover a substantial money-laundering operation.

Until his removal in June 2013, Monsignor Nunzio Scarano had been an official at the Administration of the Patrimony of the Apostolic See (APSA), the department that administers both cash investments and property for the Vatican.

The 61-year-old Scarano was originally arrested in June and charged with participating in a $30 million scheme to smuggle cash from Switzerland into Italy on behalf of a family of Italian shipping magnates, in tandem with a former agent of the Italian secret service.

The new charges stem from a separate money-laundering investigation, and suggest that Scarano engineered a series of false donations in order to try to cover movements of large sums of cash estimated to be in the millions of Euro.

Prosecutors believe that Scarano asked about 60 people to sign checks worth roughly 10,000 Euro each, ostensibly to cover the debts of a real estate company that owns several properties in the historic center of Salerno in southern Italy.

Prosecutors reportedly believe that Scarano actually paid each of these people for their checks with an equivalent amount in cash, using the checks to create a false paper trail to explain other deposits.

Reports did not suggest exactly where prosecutors believe the money originated, but suggested that Scarano may have been acting at the behest of various friends in Italian financial circles.

According to the news reports, investigators have forwarded a formal request to the Vatican that accounts belonging to Scarano at the Vatican bank be frozen while the prosecution unfolds.

A spokesman for the Vatican, however, promised that the Vatican would respond "swiftly" to the request, as it has, he said, with two other requests from Italian prosecutors that resulted earlier from the Scarano investigation.

Max Hohenberg, a spokesperson for the Vatican bank, told NCR today that Scarano's accounts had already been frozen back in July when the first reports of illicit activity surfaced, after the Vatican launched its own criminal inquest against him.

Hohenberg said that data culled at the time from his bank records showed that roughly 7 million Euro, or $9.5 million, had moved in an out of his accounts over a ten-year period.

Hohenberg also said that the significance of the Scarano case is that "it's the first instance of totally normal cooperation between the Vatican and Italy in the investigation of a financial crime, as you would expect to happen between any two states."

Scarano?s lawyer told reporters today that the former Vatican official had been ?profoundly disturbed? by the new charges and said he would ask a judge to order a psychiatric evaluation of his client.

Scarano is currently under house arrest stemming from the June arrest in Salerno.

Along with from the new warrant issued Jan. 21 for Scarano, officials of the Italian financial police also issued orders of house arrest for a second priest, a local pastor in Salerno, who allegedly helped Scarano organize the fake donations.

*(Follow John Allen on Twitter:**@JohnLAllenJr**)*

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