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# Vatican watchdog agency says increased reporting shows system works

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As the Vatican implements new controls on financial transactions, its watchdog agency has seen a steep rise in reports of suspicious transactions.

"It means the reporting system is working," said Rene Brulhart, director of the office that monitors and investigates Vatican financial transactions to prevent their use for money laundering or the financing of terrorism.

Brulhart presented the 2013 annual report of the Vatican Financial Intelligence Authority during a news conference Monday.

The number of suspicious transaction reports filed grew from six in 2012 to 202 in 2013, Brulhart told reporters. He said the majority of those reports involved transactions carried out through the Institute for the Works of Religion, commonly known as the Vatican bank.

After investigations by his office, Brulhart said, five of the reports were deemed worthy of further investigation and possible criminal charges and, therefore, handed over to the judicial offices of Vatican City State. He said he could not talk about the current status of those cases since they are now in the hands of the Vatican police and court system.

New Vatican finance laws and regulations issued by the Financial Intelligence Authority have "put the threshold quite low" for what triggers an obligation on the part of Vatican offices to file suspicious transaction reports, he said.

The annual report also showed a big jump in the number of requests for financial intelligence that Brulhart's office sent to its counterparts in foreign countries, and the number of such requests it received from foreign agencies.

During 2013, Brulhart's office signed cooperation agreements with Slovenia, the United States, Holland, Italy and Germany. He said the number of requests for information is likely to continue climbing as his office signs cooperation agreements with more countries.

The agreements and the sharing of information, he said, show the "strong commitment of the Holy See" to "fighting the evil of money laundering and financing terrorism."

Brulhart's report included the number of obligatory declarations to Vatican authorities by those carrying more than 10,000 euros (about $13,700) in cash into or out of the Vatican. In 2013, he said, the numbers of both dropped; there were 1,557 declarations of outgoing cash and 550 declarations for incoming cash.

Although the movement of large amounts of cash triggers special scrutiny, Brulhart said, there are legitimate reasons for large cash transactions at the Vatican. Ticket sales, for example, at the Vatican museums, generate cash, as do collections from the Catholic faithful. Many priests, bishops and religious orders work in countries without a secure banking system so cash payments in such cases are more common.

Brulhart also told reporters that his office had begun its first on-site inspection of the Vatican bank in January to ensure that its procedures and personnel were in compliance with updated Vatican finance laws. He said his office and the bank leadership would meet soon to discuss an "action plan" and a timeline for making improvements.

The bank, he said, has made significant efforts to comply with international standards and Vatican law; "they are doing their job."

The bank has been reviewing all accounts, collecting more detailed information on account holders and closing accounts belonging to people with no direct Vatican connection.

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