

New Vatican transparency guru brings unique pedigree

John L. Allen Jr. | Sep. 12, 2012 NCR Today

ROME -- In the abstract, if one were to draw up the ideal profile of a financial expert the Vatican might enlist to help clean up its reputation as a magnet for scandal, the wish list might include the following four points:

- Someone with clear secular credentials as an advocate of transparency and a leader in the fight against money laundering;
- Someone who's had experience helping a place with a shady past attain new respectability;
- Someone comfortable in a multi-lingual and multi-cultural environment;
- Someone who understands an idiosyncratic small state with a monarchical system of government.



Defined that way, there probably aren't many people who would fit the

bill, but the Vatican seems to have found one: a 40-year-old Swiss lawyer named René Brülhart, who for the past ten years has led anti-money laundering efforts in the tiny European principality of Liechtenstein.

Yesterday the Vatican announced that Brülhart has been hired as a consultant to help organize its response to a first-ever evaluation of the Vatican delivered in July by Moneyval, the Council of Europe's anti-money laundering agency.

That review found the Vatican "has come a long way in a very short time," but also that serious problems remain. They include confusion about the powers of a new Financial Information Authority created by Pope Benedict XVI, and the lack of external regulation of the Vatican Bank.

The bank is currently still under investigation by Italian authorities for suspect transactions dating to 2010. Officials at the bank, technically called the Institute for the Works of Religion, have denied all wrongdoing.

Certainly Brülhart brings an impeccable pedigree. He joined Liechtenstein's financial intelligence unit as deputy director in 2001, and took over the top job in 2004. Since 2010 he's also served as vice-president of the Egmont Group, the global network of financial intelligence units, which are national-level bodies that coordinate the policing of financial transparency requirements.

Founded in 1995, the Egmont Group has headquarters in Brussels and includes 100 states as members.

In that role, Brühlhart has directed efforts to identify illegitimate assets held by the Gheddafi regime in Libya and by various armed movements in Nigeria. In Nigeria, Brühlhart oversaw a plan to invest the looted wealth in development projects rather than simply turning it over to individual claimants, in an effort to make sure that the money actually benefitted the local population.

Brühlhart achieved brief fame in 2003 when he helped return a Falcon 50 business jet worth several million dollars to the new Iraqi government after the fall of Saddam Hussein. The plane had been grounded in Jordan shortly before the 2003 U.S.-led invasion, and it turned out it was registered to a shell company in Liechtenstein controlled by Saddam.

Brühlhart helped to unravel the paper trail, and eventually the plane was returned to the new government of Iraq – the first case, according to an interview Brühlhart gave at the time, in which an asset held by Saddam outside Iraq was repatriated.

Given that background, Jesuit Fr. Federico Lombardi, the Vatican spokesperson, called the hiring of Brühlhart “a strong signal” of the Vatican’s commitment to transparency.

In Liechtenstein, Brühlhart also acquired experience in turning around negative perceptions of a small state vis-à-vis its financial systems. For much of its history, Liechtenstein was regarded as the Cayman Islands of Europe, a country with infamously strict banking secrecy laws that made it a haven for tax cheats and other depositors seeking to avoid scrutiny about the sources of their money.

Among other things, Liechtenstein was long famous for permitting the incorporation of “letter box” companies, meaning corporations with no physical presence in the country other than a post office box. At the peak of the practice, Liechtenstein had 35,000 citizens and more than 73,000 registered corporations, accounting for almost a third of state revenue.

As global expectations of transparency in tracking the movement of money began to change, however, Liechtenstein made efforts to clean up its dubious reputation. In 2009, the Organization for Economic Cooperation and Development removed it from its “black list”. Today, the country’s prime minister argues that Liechtenstein has transformed itself from a “tax oasis” to a “stability oasis.”

As head of Liechtenstein’s Financial Intelligence Unit since 2004, Brühlhart played a central role in those efforts.

As a Swiss national fluent in several languages, and with a decade of experience working in international organizations, Brühlhart also is arguably a good fit for an environment in the Vatican composed of personnel from all over the world.

Finally, Brühlhart’s years in Liechtenstein were arguably also a good preparation for Vatican service in another sense, given that it’s only 62 square miles in size, and in terms of government it’s a constitutional monarchy in which Prince Hans-Adam II is the head of state with the power to veto laws adopted by parliament.

In other words, it’s the European state closest to the Vatican in both size and political structure, which means in some ways Brühlhart ought to feel right at home.

To be sure, Brühlhart’s precise powers and responsibilities were not spelled out by yesterday’s brief announcement, which was delivered by Vatican Radio. He will apparently not direct the Vatican’s own financial intelligence unit, the “Financial Information Authority,” but only consult with it.

How much real power he'll have to effect change, therefore, remains to be seen.

In the meantime, two other aspects of the appointment seem notable.

First, the Secretariat of State, which is coordinating the Moneyval effort, has long been perceived as the most "Italian" of the various Vatican departments. That's not only because most senior personnel are Italian, but also because Italian culture and psychology permeate its work environment.

Yet in tackling its most sensitive recent challenges, the Secretariat of State has turned to non-Italians. The lawyer who helped draft its anti-money laundering legislation, Jeffrey Lena, is an American, as is the journalist, Greg Burke, hired to help the Secretariat of State with its communications challenges.

The hiring of Brühlhart is consistent with this pattern, and could be seen as an effort to challenge, or at least puncture, the predominantly Italian ethos of the Vatican's all-important administrative clearinghouse.

Second, at 40 years old Brühlhart is young by traditional Vatican standards. As it happens, the Vatican official overseeing the Moneyval effort, Italian Monsignor Ettore Balestrero, the Undersecretary for Relations with States (who likes to say he's "half American" because his mother is from New York), is himself 45.

In that sense, the transparency campaign could also be read as a sort of "youth movement" within an institution often perceived as a gerontocracy.

[John Allen is *NCR*'s senior correspondent, and is in Rome this week. Check back to [NCR Today](#) [1] throughout for his dispatches from the Vatican.]

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