

Rotten to the core -- God is not a Banker

by Lynn Stuart Parramore via sal - *Alternet Saturday, Mar 2 2013, 12:21am*

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God's Racket: Why It's High Time to Shut Down the Vatican Bank

It's a place where angels fear to tread; where criminals, frauds and mysterious corpses turn up as regularly as rats in the metro. The Institute for Works of Religion, commonly known as the Vatican bank, was set up in 1942 by Pope Pius XII to manage the vast Vatican finances. Often referred to as the world's most secret bank, the operation is run by a CEO and overseen by five cardinals who report directly to the Pope.

The bank's official role is to safeguard and administer property intended for works of religion or charity. The actual activities of the bank are somewhat different. They include money laundering for narcotics traffickers, bribery, skimming charitable funds to enrich priests, and tax evasion for wealthy Italians.

Finance, Vatican-Style

The scandals associated with the Vatican bank, particularly over the last four decades, are so sordid and improbable as to strain the creativity of a supermarket tabloid. The Church's past offenses of selling indulgences and charging fees for sacraments have been updated for the world of modern finance, complete with shell companies, speculation and secret transfers. (For more on the antecedents of the current bank, see Betty Clermont's handy synopsis [3] at Daily Kos.) Last year, Italian journalist Gianluigi Nuzzi published a book [4] delving into the intrigue and corruption swirling in a bank that has been answerable to no one. It was an eye-opener.

In May 2012, Pope Benedict XVI's butler was arrested for leaking documents bristling with claims of financial corruption and criminal activity involving major Italian companies. The last Vatican bank chairman, Ettore Gotti Tedeschi, was shown the door when it was revealed that the bank was running afoul of international money-laundering standards. Leaked material and reporting reveals a bank that appears to be a kind of rogue offshore vehicle favored by various kinds of miscreants, including right-wing politicians, mafia types and tax evaders who wish to hide their financial transactions. Kind of like HSBC, only with God's imprimatur.

Subsequent investigations have resulted in a shutdown of credit card transactions at all Vatican venues; right now, God can only take cash. In an attempt to restore relations with the international financial community, outgoing Pope Benedict appointed [5] a new director of the bank, German lawyer Ernst von Freyberg, as one of his final acts. So far that's not looking so good, as Freyberg has been revealed to have unfortunate links [6] with a company with a history of making warships, including those produced for Nazi Germany.

Skeletons In the Vault

The same month the butler story broke, sinister echoes of earlier scandals emerged when the Catholic Church's top exorcist (yes, you got that right) claimed [8] that a pile of bones buried in the tomb of a notorious gangster - and church doner -- belonged to a missing schoolgirl who was forced to perform for priests' sex parties. The gangster's girlfriend at the time claimed that American

monsignor Paul Marcinkus, the scandal-ridden chief of the Vatican bank from 1971 to 1989, was behind the abduction. Whether or not that's true, the years of Marcinkus' reign were certainly unusual.

In the 1980s, the Vatican bank was involved in a major political and financial ruckus involving the \$4.7 billion collapse of Banco Ambrosiano. Marcinkus was under consideration for indictment in 1982 in Italy as an accessory to the bankruptcy, but he escaped earthly justice when the Italian courts ruled that his status as a priest and high-ranking prelate of the Vatican gave him diplomatic immunity from prosecution. One Roberto Calvi [9], known as "God's banker" because of his close association with the Holy See, was the chairman of Banco Ambrosiano. He also did business with the Mafia [10], and was found in June 1982 swinging from Blackfriars Bridge in London the day after his dismissal from the bank. The death was ruled a murder, and is widely suspected to have been a mob hit.

Some years earlier, in 1968, we meet the shady figure of Michele "The Shark" Sindona [11], who became a Vatican financial adviser despite the small matter of his past job as manager of heroin operations for the Gambino crime family. A world-class hustler who specialized in money-laundering, he was a member of the notorious P2 Lodge [12], a bogus "Masonic" lodge considered to have operated something like a right-wing shadow government. Like other Italian bankers associated with the Vatican, Sindona trumpeted [13] his sleazy activities as the defense of free enterprise against leftist political forces.

Sindona ended up in prison for bank fraud and ordering the murder of a lawyer appointed to liquidate his Italian banks. He later died there after drinking a cyanide-laced coffee. Some say his poisoning was an attempt to keep him from talking about the sudden death of 65-year-old Pope John Paul I just 33 days after taking office. The reform-minded Pope had been speaking out against the profiteering of the Vatican Bank, and theologian Abbé George de Nantes, among others, has made a case for murder. (If you saw *The Godfather Part III*, you may recall a storyline involving the Vatican bank, organized crime and the sudden death of a fictional pope.)

Too Corrupt to Exist

Right now there's a power struggle going on in the Vatican concerning how the bank should operate, whether to modernize and become more transparent, or to keep on operating under the radar and doing all the shady business it can get away with.

If anyone thinks that the Vatican bank could be cleaned up, I would suggest thinking of the mythic Augean stables. Essentially, a racketeering entity has been operating as a non-profit dedicated to doing God's work. Jesus was famed for throwing the money-lenders out of the temple. In the Vatican, they run the temple.

The Vatican needs cash, and as its influence in the West declines in favor of poorer areas of the globe, there is no telling what else it will do to get it. The bank has had multiple opportunities to clean up its act after noxious scandals, and has repeatedly failed to do so.

Andreas Wassermann and Peter Wensierski of *Der Spiegel* described [14] the corruption at the heart of the bank:

"Its business model depends on keeping things as shrouded as possible from all financial authorities. Capital gains are untaxed, financial statements are not disclosed and anonymity is guaranteed. The bank's exotic status of belonging to a religious monarchy in a sovereign state the size of a city park

has shielded it from investigations and unpleasant external monitoring.”

Here’s an idea: Shut it down. Why shouldn’t priests use regular banks just like everybody else? Why should a bank housed in a medieval defense tower gobble donations and launder illicit funds, giving haven to cheats, criminals and wealthy parasites? The Vatican bank is too corrupt to exist.

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