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Breaking news: Leaders of troubled Vatican bank resign

John L. Allen Jr. | Jul. 1, 2013 NCR Today

In the latest sign of a shakeup at the troubled Institute for the Works of Religion, better known as the Vatican bank, a statement on Monday said the bank's leadership team has resigned in order "to increase the pace" of a "transformation" toward greater transparency and compliance with anti-money-laundering norms.

The resignations of Paolo Cipriani and Massimo Tulli, director and vice-director of the bank respectively, both laymen, are effective immediately.

The Vatican statement said Ernst von Freyberg, a German financier appointed in February by Pope Benedict XVI as bank president, will take over day-to-day operations on an interim basis, assisted by two newly appointed aides with backgrounds in secular banking.

The new team, according to the statement, will be advised on anti-money-laundering efforts by two officials of a Washington, D.C.-based financial consulting firm called the Promontory Group.

Though in the past Vatican officials had defended Cipriani, a layman with a banking background, Monday's resignations suggest that at least symbolically, he may be too associated with the problems of the past.

In 2010, while Cipriani was in charge, Roman magistrates froze $33 million in Vatican bank assets held in an Italian bank, charging violations of transparency protocols. The money was unfrozen in June 2011, but a criminal investigation of both Cipriani and the bank's former president, Ettore Gotti Tedeschi, remain open.

Last week, the Vatican announced that Pope Francis had created a special five-member commission to investigate the Vatican bank in his name, with an eye towards recommending reforms.

The full text of today's Vatican statement, released in both Italian and English, appears below.

COMMUNIQUE' OF THE PRESS OFFICE OF THE HOLY SEE ABOUT THE IOR-DIRECTORATE (1.July 2013)

President Ernst von Freyberg to assume General Director duties ad interim ? IOR-Directorate offers resignations ? Promontory seconding top level executives to fill the roles of Deputy Director and Chief Risk Officer

Vatican/Holy See 1. July 2013 ? IOR-Director Comm. Paolo Cipriani and Deputy Director Dott. Massimo Tulli have offered their resignations from their current positions. After many years of service both have decided that this decision would be in the best interest of the Institute and the Holy See. The Oversight Council and the Commission of Cardinals have accepted their resignations and asked President Ernst von Freyberg to assume the functions of the General Director ad interim with immediate effect. The Vatican regulator AIF has been informed accordingly. The Special Commission appointed on June 26 2013 has acknowledged the decision.

Ernst von Freyberg will be supported by Rolando Marranci as acting Deputy Director and Antonio Montaresi in

the newly created position as acting Chief Risk Officer with the remit of overseeing compliance and special projects. Previously Rolando Marranci served as Chief Operating Officer at a leading Italian bank in London. Antonio Montaresi has served as Chief Risk and Chief Compliance Officer with various banks in the US.

"In the name of the Oversight Council I thank Mr. Cipriani and Mr. Tulli for their personal dedication over the past years," said President Ernst von Freyberg. "I welcome Rolando Marranci and Antonio Montaresi as outstanding professionals," he said. "Since 2010 the IOR and its management have been working hard to bring structures and processes in line with international standards for anti-money laundering. While we are grateful for what has been achieved, it is clear today that we need new leadership to increase the pace of this transformation process. Our progress is in no small measure due to the continued support from the governing bodies of the Institute and its personnel."

The Oversight Council has also initiated a selection process with the aim of appointing a new General Director and Deputy Director in the near future.

Elizabeth McCaul, Partner-in-charge of the New York Office and Chief Executive Officer of Promontory Europe and Raffaele Cosimo, Chief Operating Officer of Promontory Europe were mandated this past May by the President of the Oversight Council to strengthen the Institute's anti-money laundering program in seven work streams including conducting a forensic review and screening its client relationships. Mr von Freyberg has also asked Elizabeth McCaul and Raffaele Cosimo to serve as Senior Advisors to support the management. Previously, Ms. McCaul served as New York Superintendent of Banks and is considered a leader in regulatory circles. Mr. Cosimo is an expert in bank governance and operations.

About the IOR

The "Istituto per le Opere di Religione" (IOR) is an institute founded in 1942 by Papal Decree. The IOR's purpose is to serve the Holy See and in the Catholic Church throughout the world, as set out in its Statutes. The IOR safeguards the assets of a clearly defined group of legal and natural persons that have an affiliation to the Catholic Church defined by Canonical or Vatican Law. A Cardinals' Commission, a Prelate, an Oversight Council and a Directorate constitute the IOR's corporate governance structure. The IOR, which has 114 employees, is exclusively situated on the sovereign territory of the Vatican City State.

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