

[Vatican](#)



St. Peter's Basilica at the Vatican is pictured from a terrace in Rome in this Aug. 9, 2018, file photo. (CNS photo/Paul Haring)

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European evaluators warned June 9 that the Vatican's efforts to investigate and prosecute financial crimes were suffering from understaffing and inexperience, as well as the mistaken belief that its own cardinals and bishops were immune to criminal conduct.

The Council of Europe's Moneyval commission issued a [lengthy report](#) into the Holy See's compliance with international norms to fight money laundering and terrorist financing. Overall, the evaluators gave the Holy See good grades, finding that it was complying with most standards, had taken steps to improve its laws and had achieved effective levels of international cooperation.

But the evaluators complained that Vatican prosecutors had only managed to bring a handful of money laundering cases to trial in the past decade. They said the lengthy time needed to reach both an indictment and conviction showed only a "modest" functioning of the judicial system, and warned that the sentences handed down to date were so "minimal" that they provided no deterrent value.

And most critically, the report strongly faulted the Holy See for having ignored the possibility that its own employees might be abusing their offices and the Vatican's financial system for their own personal gain. They said their evaluation process couldn't be completed until the Vatican undertakes a "comprehensive assessment" of the risks posed by insiders and enhances its own supervision of staff to detect possible crimes.

The report was issued amid a two-year criminal investigation into the Vatican secretariat of state's 350 million euro (\$425 million) investment in a London real estate deal that has implicated a half-dozen Vatican employees and a handful of

outside Italian brokers who are accused of fleecing the Holy See of tens of millions of euros in fees.

No indictments have been handed down, though the report said a trial was expected to begin this summer. The investigation has exposed that high-ranking officials in the secretariat of state — as well as Pope Francis himself — were aware of the deal and approved it, but to date aren't known to be under investigation.

The Moneyval evaluation ended before Francis took measures to address one of the major loopholes flagged by the report: that cardinals and bishops have enjoyed near-immunity from prosecution by the lay-led Vatican tribunal.

Francis on April 30 [removed the procedural obstacles](#) and made it clear that prosecutors needed only his consent to proceed with investigations against cardinals and bishops.

The Vatican submitted to the Moneyval evaluation process after it signed onto the 2009 EU Monetary Convention and in a bid to shed its image as a financially shady tax haven whose bank has long been embroiled in scandal.

After its first 2012 on-site evaluation, the Vatican received passing grades but subsequent progress reports have repeatedly faulted Vatican prosecutors for failing to actually bring charges in the many cases of suspicious transactions.

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The June 9 Moneyval report repeated that complaint, saying both the prosecutor's office and the office of the Vatican's financial intelligence unit were too short-staffed to handle the workload. It also said the personnel the Vatican did have were inexperienced in investigating and prosecuting complicated financial transactions and crimes.

While some delays were due to slow responses from other countries, Moneyval faulted prosecutors for sitting on cases, waiting for convictions of suspects elsewhere and said they must set targets to bring cases to trial.

The evaluators also faulted the Vatican's reliance on part-time prosecutors who also practice law in Italy, a foreign jurisdiction, warning that they might have conflicts of

interest and recommending that they be dedicated full-time to Vatican cases.

The evaluators also took strong issue with the Oct. 1, 2019 raid into the Vatican's financial intelligence unit, which was authorized by the pope and marked the first public disclosure about the investigation into the London real estate deal. As part of the raid, Vatican gendarmes [seized computers and files](#), including confidential documentation provided by other countries to the Holy See to help in the global fight against financial crimes.

As a result of the unprecedented raid, the Egmont Group of national financial intelligence units [suspended the Vatican](#) from its confidential information sharing network for two months, until Vatican prosecutors agreed to never conduct such an unannounced seizure again.

According to details of the agreement, which have never been released, if Vatican prosecutors need such information in the future, an official from the Vatican intelligence unit will ask the foreign unit for prior authorization to share the data with prosecutors. If the foreign unit refuses, Vatican prosecutors will have to resort to a formal request for their cooperation.

The Moneyval report criticized the conduct of Vatican authorities in staging the raid, saying there was no evidence they had carried out any risk assessment about the international consequences.

The raid also resulted in the departure of the office's top managers and the hiring of replacements whom Moneyval said had "very limited" experience in law enforcement or financial intelligence. The report lamented the "institutional memory loss" that resulted and said it was a priority to provide the new staff with sufficient training and to take measures to reduce the high turnover in the office.