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Vatican Bank president 'humiliated' by probe

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The president of the Vatican Bank has declared himself 'humiliated' to be the object of a money laundering probe, while the mayor of Rome has expressed 'solidarity' for Vatican Bank officials and 'perplexity' about the investigation revealed yesterday.

'Since I was nominated to the presidency of the Institute for the Works of Religion, I have worked, together with the director general, Paolo Cipriani, to resolve the problems for which today I'm being investigated,' Ettore Gotti Tedeschi told reporters yesterday.

†The Institute for the Works of Religion (IOR) is the formal name of the Vatican Bank.

†'I feel deeply humiliated for what's happening, and I don't intend to add anything else,' Gotti Tedeschi said to the Italian news agency ADNKRONOS.

†Roman authorities announced yesterday that some \$30 million in funds belonging to the Vatican Bank have been frozen and that both Gotti Tedeschi and Cipriani are under investigation for allegedly violating European Union norms on combatting money laundering. The probe began when the Bank of Italy signalled two suspicious transactions in which the source of funds was not identified in keeping with EU protocols.

†The \$30 million was deposited by the Vatican Bank in another Italian institution, Credito Artigiano. The transactions involved transfers to two other banks, JP Morgan in Frankfurt and the Banca del Fucino.

†Authorities stress the moves do not mean that the Vatican Bank is necessarily guilty of money laundering, merely that the proper disclosures were not made at the time of the transfers. That omission, according to a 2007 Italian law that applies the EU norms, carries a penalty of six months to a year in jail

and a fine of U.S. \$670 to \$6,700. A related offense carries a penalty of six months to three years and a fine of \$6,700 to \$67,000.

tThis is the first time since an Italian court recognized authority over the IOR in 2003 that the Vatican Bank or its directors have been investigated for alleged violations of Italian banking laws.

tYesterday the Vatican released a statement from the Secretariat of State expressing 'perplexity and astonishment' over the investigation, insisting that the Vatican Bank has for some time been working towards meeting transparency standards of international financial organizations.

The statement also expressed 'full confidence' in the bank's leadership.

Also yesterday, the mayor of Rome, Gianni Alemanno, expressed his 'personal solidarity' with Gotti Tedeschi, saying 'I know his seriousness and professional and institutional correctness.' Alemanno expressed hope that the situation 'will be clarified as quickly as possible.'

During the 1970s and 80s, the Vatican Bank was rocked by a series of scandals under American Archbishop Paul Marcinkus. Though it never acknowledged guilt, the bank paid out more than \$240 million to creditors to settle claims.

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