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All Hell breaks loose in the Holy See

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To say that the Vatican seems in turmoil would be putting things mildly, with two stunners in the arc of twenty-four hours: Yesterday's announcement that the president of the Vatican Bank has been unceremoniously fired, and today's revelation that a longtime personal servant of Benedict XVI has been identified as the alleged "deep throat" behind the torrid Vatican leaks scandal.

Perhaps it would be more accurate, albeit a bit crude, to say that all Hell is breaking loose in the Holy See.

Earlier today the Vatican spokesperson, Jesuit Fr. Federico Lombardi, announced that the Vatican's security forces had identified an individual as a source for the recent avalanche of leaks, but didn't provide the name. Various Italian news outlets, however, are reporting that the suspect is Paolo Gabriele, a layman who has worked for many years in the papal apartments as a butler and waiter for the pope.

According to reports, Gabriele is now being interrogated by the promoter of justice for the Vatican City-State, Nicola Picardi.

The accusation against Gabriele comes on the heels of release of a sensational new book by Italian journalist Gianluigi Nuzzi, titled *His Holiness: The Secret Papers of Benedict XVI*, collecting recently leaked documents and adding some new ones.

Materials in the book include confidential information about Vatican finances, reports from the Vatican security services (including a write-up of an incident in which a car belonging to the security service was riddled with bullets outside a Roman restaurant), memoranda documenting internal power struggles, correspondence from prominent Italian personalities requesting personal favors, even the notes of a private meeting between the pope and the Italian president.

Already, some commentators are openly wondering if Gabriele is being served up as a "scapegoat" to disguise the complicity of more senior figures. Veteran Italian writer Andrea Tornielli wrote today that the leaks scandal seems to have been orchestrated by "a refined mind, who knows church politics," casting doubt on whether a layman working as a papal butler truly fits that profile.

Meanwhile, the move against the president of the Institute for the Works of Religion, the so-called "Vatican Bank," has raised new questions about the direction of Vatican efforts at financial reform and transparency.

When prominent Italian economist and banker Ettore Gotti Tedeschi was named the institute's president in 2009, he was touted as the new captain of Benedict XVI's financial glasnost. Among other things, Gotti Tedeschi had been a contributor to the pope's 2009 encyclical on the economy, *Caritas in Veritate*, and an internationally popular speaker on ethics in the economy.

Yesterday, however, the Vatican announced that Gotti Tedeschi had been given a vote of no-confidence by the institute's supervisory council. By the usual standards of Vatican communiqués, the statement was remarkable for its lack of face-saving finesse.

The council, the statement bluntly reported, has long felt "growing concern" about governance, and "despite repeated communications in that sense" with Gotti Tedeschi, "the situation recently has deteriorated further." As a result, the statement said, the council "unanimously adopted a vote of no confidence." (Technically that may not be correct, given that the institute's president is a member of the council, and presumably Gotti Tedeschi didn't vote against himself. The upshot is that the other four members were on the same page.)

"The members of the council regret the events that led to the vote of no confidence," the statement said, "but believe that this action is important to maintain the vitality of the institute."

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The members of the supervisory council who adopted the vote of no-confidence are:

- Ronaldo Hermann Schmitz, German, former executive director of Deutsche Bank
- Carl Anderson, Supreme Knight of the Knights of Columbus
- Manuel Soto Serrano, a Spanish banker and accounting professional
- Giovanni De Censi, an Italian banker and businessman

Ultimately, control over the Institute for the Works of Religion rests with a five-member Commission of Cardinals, which is meeting today. There seems little to reason to believe, however, that they will overrule the decision of the supervisory council "if that were in the cards, it's unlikely the Vatican would have released yesterday's statement, which was dispatched to journalists via an e-mail alert.

So far, Gotti Tedeschi has not commented at any length, although one news agency quoted him as saying that he's torn between a desire to "explain the truth" and a desire not "disturb the pope" with further polemics.

Today's Italian papers are full of different, and contradictory, reconstructions of the events that led to Gotti Tedeschi's downfall. At least four different versions have been floated in the early coverage:

- Theory #1: Gotti Tedeschi was suspected of being another one of the moles behind the Vatican leaks scandal, and thus his removal was a form of punishment.
- Theory #2: Gotti Tedeschi ran afoul of the Vatican's powerful Secretary of State, Italian Cardinal Tarcisio Bertone, partly over the fate of a large Italian Catholic hospital system which Bertone wanted to control, partly over revisions to the Vatican's anti-money laundering norms.
- Theory #3: Gotti Tedeschi got the axe because of internal resistance to his policy of transparency, including his willingness to give testimony to Italian authorities investigating suspect transactions without waiting for formal requests to move through diplomatic channels.
- Theory #4: Gotti Tedeschi never took his role at the Institute for the Works of Religion seriously, devoting the lion's share of his time and energy to his work with Italian banks and his own speaking and writing. (By his own admission to Italian investigators, he only showed up two days a week). Internally, this version holds, Gotti Tedeschi was more an obstacle to reform rather than an agent of it ? in part because of inattention, in part because he didn't support the efforts of the institute's director, Paolo Cipriani, and his staff to bring things up to snuff.

In coming days I'll file a report sorting through these accounts. We should get a sense fairly soon of how outside experts are reacting to the shake-up, since European regulators evaluating the Vatican's efforts to comply with international anti-money laundering standards are due to render a preliminary judgment in July.

Various Vatican officials have insisted that Gotti Tedeschi's removal does not signal any retreat from efforts at satisfying international standards of transparency.

According to the most commonly cited figures, the Institute for the Works of Religion has roughly 33,000 clients, most of them clergy and religious orders. The majority is located in Europe, though some 3,000 are in Africa and South America. All told, the value of its holdings, known as its "patrimony," is estimated at roughly \$6.5 billion.

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