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# Vatican court freezes accounts of jailed monsignor

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The Vatican's criminal court has frozen the Vatican bank accounts of a monsignor arrested in Italy and has opened its own criminal investigation into how he used the accounts.

Msgr. Nunzio Scarano was suspended in late May from his job as an accountant in the Vatican office overseeing property and investments. The Vatican suspended him when it learned that he was under criminal investigation in Italy.

Scarano has been in a Rome jail since his arrest June 28; he has been charged with fraud, corruption and slander in a case involving an alleged plot to bring 20 million euros ($25 million) in cash from Switzerland to Italy. He also has been named in a separate investigation in southern Italy on suspicion of money laundering after several claims that he gave people cash in exchange for checks marked as donations.

Jesuit Fr. Federico Lombardi, a Vatican spokesman, said the court order July 9 to freeze Scarano's accounts was part of a separate Vatican investigation "triggered by several suspicious transactions reports" that the Vatican bank filed with the Vatican's Financial Intelligence Authority.

The investigation, he said, "could be extended to additional individuals."

When Scarano was arrested, the Vatican expressed its willingness to cooperate with Italian authorities in their investigation. Lombardi told reporters July 12 that is still the case and that the information might flow in both directions now that the Vatican has its own investigation going.

The Vatican bank ? formally known as the Institute for the Works of Religion ? has commissioned the Promontory Financial Group to review "the accounts in question," Lombardi said. Promontory is a private international financial strategy, risk management and regulatory compliance consulting firm.

The Vatican bank already has hired Promontory to begin a full review of "all client relationships and the anti-money laundering procedures it has in place," Lombardi said.

In addition, when the Vatican bank's director and deputy director resigned July 1 in the wake of Scarano's arrest, Ernst von Freyberg, president of the Vatican bank, created the position of chief risk officer and hired an expert with U.S. banking experience to fill the role.

Lombardi said that under Von Freyberg, who was appointed in February, the bank is "systematically identifying and will have zero tolerance for any activity ? whether conducted by laity or clergy ? that is illegal or outside the statutes of the institute."

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