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Arrested monsignor charges corruption in Vatican finances

John L. Allen Jr. | Oct. 3, 2013 NCR Today
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Just days after the Vatican bank attempted to project a new image of transparency with a first-ever audited financial statement, another Vatican financial department faced fresh charges of corruption and shady practices.

Italian newspapers today contained extracts from testimony given to Italian investigators by Msgr. Nunzio Scarano, a former accountant at the Administration of the Patrimony of the Holy See (APSA), who was arrested in June for alleged involvement in a plot to smuggle $26 million in cash into Italy from Switzerland at the behest of a family of shipping magnates.

APSA is the primary department that manages the Vatican's assets, including an "ordinary section" responsible for physical property and an "extraordinary section" that oversees an investment portfolio resulting from a large cash settlement paid to the Vatican by the Italian state in 1929.

While most of the assets of the Vatican bank ? technically, the "Institute for the Works of Religion" ? belong to dioceses and religious orders, the properties and funds overseen by APSA directly belong to the pope.

According to the newspaper extracts, Scarano charged that during his time at APSA, officials routinely accepted gifts from banks looking to capture part of the Vatican's assets, including "trips, cruises, five-star hotels, massages, etc." He claimed that APSA officials frequently transferred funds from one bank to another, in part in order to keep the stream of benefits flowing.

Scarano also reportedly asserted that officials rigged a competitive bidding process for awarding contracts to perform repairs on Vatican properties in favor of a well-known Italian businessman named Angelo Proietti, supposedly in exchange for a share of the profits.

Further, Scarano is quoted as alleging that APSA operated as a sort of "parallel bank," allowing certain lay Italian VIPs to put money into their investment funds, in part to avoid paying taxes on the income.

Scarano charged that one top official actually promised these lay investors that APSA would out-perform the Vatican bank, and said that the secret accounts represented a "skeleton in the closet."

A Vatican spokesman declined comment today on the charges, saying among other things that all that's on the record for the moment is Scarano's side of the story.

In mid-July, Pope Francis established an eight-member commission to study the Vatican's economic and administrative structures with an eye to possible reforms, a mandate which includes a review of APSA.

That body is headed by Joseph F.X. Zahra, a businessman and economist from Malta.

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