

Vatican monsignor's money-laundering charge a step in the right direction

Thomas Reese | Jan. 22, 2014
Analysis

The bad news is that [Italian police have charged a Vatican monsignor](#) [1] with using the Vatican bank for money laundering. The good news is that Italian police have charged a Vatican monsignor with using the Vatican bank for money laundering.

The Vatican's reputation has been tarnished for decades by financial scandals, going back at least to the Banco Ambrosiano scandal in the early 1980s. More recently, the documents leaked from the office of Pope Benedict two years ago contained allegations of financial corruption in the Vatican.

Msgr. Nunzio Scarano is only the latest scandal. He was first arrested for trying to smuggle 20 million euros into Italy from Switzerland for rich shipbuilder friends in Salerno. This involved a private jet, a financier and a former secret services officer. Although this had nothing to do with the Vatican, the police and the Vatican started looking into his background because he worked in the Administration of the Patrimony of the Holy See (APSA), the Vatican finance office, and had a number of accounts in Vatican bank, formally known as the Institute for the Works of Religion.

After a yearlong investigation, what did they find? It appears he had about 5 million euros in Vatican and Italian bank accounts, plus two apartments and a real estate company. One apartment has 17 rooms and an art collection worth around 6 million euros. In one scheme, he allegedly took 590,000 euros in cash from one Vatican bank account and divided it among 50 friends who then gave him cashier's checks from Italian banks, which he used to pay off his mortgage. Much of the money appears to have come from offshore accounts of his friends.

In the bad old days, the Vatican would have circled the wagons, stonewalled and dealt with the matter internally. They might have formed a committee of cardinals to investigate the problem and promised reforms, but nothing would have happened.

Today, things have changed. That is the good news. Elena Guarino, the Salerno magistrate who led the investigation, [told Reuters](#) [2] that the Vatican was fully cooperative and gave her much information on Scarano's bank movements. Last year, the Vatican froze two of his accounts containing 2 million euros.

Although Pope Francis is getting the credit for cleaning up the Vatican's finances, Pope Benedict deserves much of the credit. It was Benedict who decided the Vatican had to observe the international standards set by Moneyval, the European agency responsible for countering money laundering and the financing of terrorism. In other words, Benedict determined that the Vatican would be subject to outside scrutiny, something anathema to the Vatican for ages.

Francis has continued Benedict's reforms with a vengeance, replacing the bank's director and all but one of the

cardinals on the board that failed to properly supervise the bank. He has also brought in experts, including forensic accountants, to examine the bank. APSA is next on the list.

The backlash from the Vatican old guard is already appearing in news stories complaining about all the money being paid to outside (non-Italian) consultants working to clean up Vatican finances. Like Judas, they are saying, "Should not this money have been given to the poor?"

Don't be surprised if you hear of more financial scandals in the Vatican. We should consider this good news because it means that people are getting caught and the reforms are working.

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[2] <http://www.reuters.com/article/2014/01/21/us-vatican-bank-monsignor-idUSBREA0K0DE20140121>

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