

Former head of Vatican bank found guilty of embezzlement

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Caloia led the bank from 1989 to 2009. (Photo: Vatican Media / AFP)

Vatican City, January 22 (RHC)-- A former head of the Vatican bank, Angelo Caloia, has been found guilty of embezzlement and money laundering and sentenced to eight years and 11 months in prison,

making him the highest-ranking Vatican official to be convicted of a financial crime.

The Vatican court on Thursday also convicted Gabriele Liuzzo, 97, and his son Lamberto Liuzzo, 55, both Italian lawyers who were consultants to the bank. Caloia led the bank, officially known as the Institute for the Works of Religion (IOR), from 1989 to 2009. The 81-year-old Italian was tried over corrupt real estate deals.

He was accused of conspiring with others to make millions from the below-market sale of more than 20 IOR properties in Italy and laundering the proceeds in Switzerland. The court established that the defendants “pocketed some of the money paid by buyers, or in any case money belonging to IOR ... for a total of around 19 million euros (\$23m)”, the Vatican said in a statement.

Prosecutors claimed the illicit gains were worth 59 million euros (\$71 million) in total, but judges did not find evidence of wrongdoing for some of the 29 deals under scrutiny. Liuzzo and Lamberto were sentenced to eight years and eleven months, and five years and two months respectively.

The court ordered the sequestering of about 38 million euros (\$46 million) in defendants' bank accounts that were frozen and a payment of more than 20 million euros (\$24 million) in damages to the IOR and its real estate company.

The defendants maintained their innocence and had sought to call as witnesses former Vatican secretaries of state and cardinals who sat on the bank's oversight committee, in a sign they intended to demonstrate that the cardinals were aware of the sales and approved them.

It was not immediately clear how the sentences would be carried out or whether the two main defendants would actually serve prison time given their ages. But the trial was significant given that it showed a willingness by the Vatican to prosecute its own for shady business deals that have long characterised the Holy See's murky finances.

The IOR, founded nearly 80 years ago, has been embroiled in a long list of political and financial scandals, gaining a reputation as a money-laundering haven for Italian politicians and mafia groups. It has cleaned up its act over the last decade, as part of Vatican financial transparency reforms pursued by Francis and his predecessor, Benedict XVI.

Vatican prosecutors are currently investigating another suspect real estate deal, concerning a luxury property in central London, which may lead to a criminal trial. And earlier this week they announced the imminent start of an embezzlement trial against Cecilia Marogna, known as “the Cardinal's Lady” for her links with disgraced Cardinal Angelo Becciu.

She billed the Vatican about 500,000 euros (\$608,000) for informal intelligence work but is suspected of using part of the money to splurge on luxury goods.

Marogna was hired by Becciu, who was fired from a powerful Vatican job in September by the pope after he accused him of syphoning off Vatican charity funds to help his siblings. Becciu has professed his innocence, and since his dismissal, he has not been publicly charged with any crimes.

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