

CHAPTER 1

Bevagna, Umbria, Italy | December 1978

On a sunny day in mid-December, the small medieval Umbrian town of Bevagna was quiet as usual. Situated at the top of the highest point within the walls surrounding the village stood the 13th century church of Church of San Francesco assessable by a flight of stairs. The church bells tolled at midday. Inside a priest celebrated a requiem mass. The modest casket resting on a catafalque before the altar held the remains of an elderly Roman Catholic priest. A former resident of Bevagna, Monsignor Vittorio Scarpelli left over fifty years ago to attend seminary then to spend his life in service at the Vatican in Rome.

The elderly local priest conducting the mass was assisted by two altar boys. The pews were entirely empty of congregants. The priest and altar boys represented the only attendees to the service. Monsignor Scarpelli had no living relatives. Scarpelli having served his entire career in Rome, the elderly priest saying mass constituted Scarpelli's only personal relationship with Bevagna. The final stages of cancer brought Scarpelli back for interment in his place of birth. The older priest knew Scarpelli from a young age when attending seminary together before pursuing different ecclesiastical careers.

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They remained in touch over the years largely through correspondence. The last time seeing each other was when Scarpelli visited Bavagna a month before his death. A profoundly sad time. Not only did Scarpelli share his medical condition and provide funds to arrange for returning his remains for burial in Bevagna, but he also requested something his old friend would find uncomfortable. Scarpelli asked him to hear his final confession.

Not a confession to unburden a reciting of typical transgressions. This was about a disturbing act of moral complexity that was to be fulfilled following his death. Yet Scarpelli would not burden his friend by equally embroiling him in this dilemma of conscience. His friend would undoubtedly advise a course of repentance that Scarpelli had already rejected. The seal of the confessional bound a priest to absolute confidentiality. What Scarpelli had to confess would create in his friend the same conflict of conscience that Scarpelli was suffering. Acting on a matter of conscience would commit a conflicting grave sin with whichever course of action he chose. He therefore made his confession purposely vague. Hardly a proper confession of the whole truth but a form of contrition that might allow him to die with a measure of peace.

Scarpelli began his confession, "Bless me, Father, for I have sinned. My last confession was three months ago. Yet I have never related the circumstances of a particularly grave sin until today. Facing my imminent death, I must expunge a terrible burden that I have concealed for years. I have set in motion the revelation of certain information that I swore to conceal upon the threat of excommunication. Yet I contrived to commit this act to address what I determined as a higher spiritual responsibility. A responsibility to call out a conspiracy of evil that is coursing through the Vatican. An evil that has dire implications for the Holy See.

"I choose not to be more specific to avoid encumbering you as my confessor with a similar intractable conflict of conscience. What I have done defies a sworn oath affecting the Holy See. However, I firmly believe that in the eyes of God, He will look on my behavior with understanding and compassion. My actions will revealing certain knowledge by the Vatican of illicit

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activities that run counter to the fundamental mission of the Church. My death will serve to bring a merciful end to the torment of possessing information with which I must remain silent."

His friend listened without interruption for several moments before responding. "You understand, Father, that I cannot grant absolution by the Sacrament of Penance without understanding the nature of the sin."

Scarpelli replied, "Of course. I understand completely, my old friend. Yet my conscience still feels strangely at ease by at least relating to you my inner conflict. Perhaps through telling you of my distress God will hear me and either grant His absolution or deliver what He deems as appropriate judgement upon my soul. You may never know what I have set in motion. Better that way. Thank you for hearing my imperfect confession, Father." Scarpelli made the sign of the cross. "Nothing more I can say. God bless you for being my friend, Edgardo."

Monsignor Scarpelli returned by train to his spartan apartment in Rome. With instructions prepared and devoting his remaining days to prayer, he died peacefully in his sleep within a few weeks.



Monsignor Vittorio Scarpelli resigned his position as Assistant Archivist of the Vatican Secret Archive just a few months prior to his death. He spent three decades in the ultra-secure recesses of what amounts to a concrete bunker within the Vatican at the Cortile del Belvedere adjacent to the Vatican Library. The material contained within the Vatican Secret Archive are the holdings of documents deemed the pope's personal property, not those of any department of the Roman Curia, the governing body of the Holy See.

The Curia consists of administrative departments by which the pontiff governs with absolute authority the Holy See representing the ecclesiastical jurisdiction over the Roman Catholic Church. That authority also includes sovereignty over the city-state known as Vatican City. The Holy See, as the supreme gov-

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erning body of the Roman Catholic Church worldwide, is considered a sovereign entity under international law.

The Vatican Secret Archive contains classified materials not available to outsiders or even Vatican ecclesiastical staff without specific authorization of the reigning pontiff. Furthermore, access to material from any former pontificate is denied for 75 years after the close of a pope's reign.

In his final days, Scarpelli contemplated the meaning of his imminent death in this year of so much turmoil and tragedy for the Roman Catholic Church. Pope Paul VI died on 6 August after a pontificate stretching fifteen years. Then the unexpected election of the Patriarch of Venice Cardinal Albino Luciani, was followed by his death just thirty-three days under circumstances surrounded by misinformation, mystery, and conspiracy rumors of foul play. 1978 became the year of three popes with the death of two popes followed by the election of Polish Cardinal Karol Józef Wojtyła taking the name John Paul II. John Paul's election as the first non-Italian pope since the 16th century only added to the unprecedented circumstances within the Vatican.

The secrets Scarpelli intended to release perhaps could be beneficial in cleansing the Vatican of unholy corruption. At least Pope Paul VI who suffered so greatly in the last months of his papacy would not have to face increased personal attacks. Many of Pope Paul's failures during his fifteen-year pontificate contributed to embroiling the Vatican bank in an international financial scandal that continued growing.



Emma Nicoletti was at heart an investigative journalist. Someone not satisfied with merely reporting news but seeking to discover in-depth details sufficient to form a larger picture of newsworthy events. Nicoletti's parents were academics prior to WWII. The family survived by fighting with Italian partisans against the invading Nazis after Mussolini was deposed in 1943. That year she was just sixteen. Armed with a revolver, she carried messages for the Italian Resistance. Her father was killed by the retreating Nazis in late 1944. Her mother survived the war and returned to teaching at the University of Bologna. Only eigh-

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teen when the war ended, Emma wanted desperately to leave the chaos of post-war Italy. Instead of becoming a student at the University of Bologna, her mother arranged for her to study in New York.

Her parents became close with an American OSS agent that worked closely with their partisan group during the war. The American was a New Yorker. Emma already spoke passable English because of her parents' insistence that it was necessary for a professional career. With her mother's and the American's help, she secured admission to the Columbia School of Journalism. The American and his wife sponsored her to live with them while attending Columbia until her graduation in 1950.

Returning to Italy, she secured a position with Italy's largest newspaper *Corriere della Sera* headquartered in Milan. A representative newspaper of the moderate bourgeoisie, *Corriere della Sera* was considered politically center-right-leaning. It took ten years of toiling at conventional reporting before she was able to convince the editor to allow her to pursue more complex stories with broader interest.

Investigative journalism required skills in research. How to draw information from interviewing people. How to connect a piece of information to a new line of inquiry? What sources to use? How to take vast amounts of information and begin shaping a larger picture? How best to obtain corroboration? A willingness to delve into complex subjects to accurately understand in sufficient depth to communicate with readers. It took diligence, concentration, patience, and most of all an intellect, challenged by the hunt for truth. She served enough time on reporting events to add editorial conclusions to her pieces that clearly demonstrated exceptional skills. Eventually her editor selected her to cover stories requiring deeper serialized treatment in successive articles as the story broadened.

Her current position was as a senior reporter with *Il Sole 24 Ore*, a daily broadsheet newspaper also headquartered in Milan. Established in 1965, by 1978 *Il Sole 24 Ore* was regarded as the leading financial newspaper in Italy for its objective reporting. She came to *Il Sole 24 Ore* in 1975 as the disintegrating financial empire of Italian financier Michele Sindona began making headlines in Italy and the United States. While financial affairs were

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not Nicoletti's specialty, her articles covering Sindona while at *Corriere della Sera* brought her to the attention of the managing editor of *Il Sole 24 Ore*. Nicoletti's writing explained obscure financial business terms in concise language understandable to the average reader. Her pieces therefore created greater interest than otherwise dry business reporting. Events surrounding Michele Sindona engendered wider interest beyond reporting of financial wrongdoing. Nicoletti's reporting delving into the complexities of Sindona's international business enterprises showed a remarkable talent for explaining complex international finance using offshore tax havens.

Within the breaking scandal of Michele Sindona there surfaced unexplained financial involvement of the Vatican's *Istituto per le Opere di Religione*, in English the *Institute for the Works of Religion*, or simply the IOR. Popularly called the Vatican Bank, the IOR did not operate as a conventional bank, neither retail, commercial, nor investment. It was a hybrid creation that reported directly to the pontiff in a closed environment of secrecy that went beyond the inherent general secrecy of the Vatican.

Nicoletti identified Sindona's strong personal ties to Pope Paul VI. Her sources also uncovered business associations between Sindona and Banco Ambrosiano Chairman Roberto Calvi. Those sources further revealed extensive business connections between the Vatican Bank and Banco Ambrosiano. That association would play prominently in extending the financial scandal of Italian banking by several years.

Ownership of *Corriere della Sera* had recently been acquired by Angelo Rizzoli, founder of the largest publishing empire in Italy. The investment became an immediate financial disaster. Substantial loans were necessary to sustain *Corriere della Sera*. The large state-owned banks refused to loan money resulting from lack of support by *Corriere* for the governing Christian Democrat coalition of Italy. Rizzoli was saved by loans provided by Banco Ambrosiano, a prominent private bank.

At the time, Nicoletti knew nothing of the connection between her employer *Corriere della Sera* and Banco Ambrosiano. She knew only that Ambrosiano was identified with both Michele Sindona and the Vatican Bank thereby it became a line of inquiry she began developing. Later she would find out more

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about Banco Ambrosiano's bailout. That would prove another subset of the widening financial scandal in which Banco Ambrosiano would figure prominently. For the new owner of *Corriere della Sera*, Nicoletti's reporting critical of the Vatican ran counter to the business interests of the newspaper. Attempts by the managing editor for her to avoid reporting on the newspaper's own financial difficulties further aggravated her sense of journalistic freedom.

Nicoletti's incisive reporting on the implications of the Sindona financial empire collapse impacting the economy of Italy however was enough to impress the managing editor of *Il Sole 24 Ore*. Accusing *Corriere* of practicing self-censorship she readily accepted a job offer from *Il Sole 24 Ore* to jump ship.

As a coauthor of a well-researched exposé on the Vatican Ratlines published in 1962, she had firmly established her investigative journalistic credentials. Her work did not reflect any political bias. Nor was any subject out of bounds. That included the Vatican. Her book viciously savaged Pope Pius XII for condoning Roman Catholic priests actively assisting World War Two war criminals by facilitating their escape to South America. Emma Nicoletti followed the facts wherever they led. Vatican silence and absurd justifications by apologists about the despicable episode incensed her sense of injustice. She was raised Catholic however this was not a matter of religion. Her condemnation was toward the Vatican. A tiny sovereign state ruled by an absolute monarch that had no business in interfering with secular events. Priests were not entitled to give absolution for mass murderers by aiding in avoidance of justice.

Nicoletti was at her office desk when the mailroom cart attendant deposited several pieces of mail in her inbox. One envelope caught her attention. The return address read from a law firm in Lugano, Switzerland. She did not recognize the name of the firm. Inside were two letters. She read the one from the lawyer first.

Heffelfinger Mischler & Andrist

Lugano, Switzerland

27 February 1979

To: Signora Emma Nicoletti:

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Subject: Estate of the late Monsignor Vittorio Scarpelli

Dear Signora Nicoletti:

As estate executor, I wish to inform you of the passing of Monsignor Vittorio Scarpelli in December of last year. Father Scarpelli was interred in his place of birth in the town of Bavagna, Umbria. Father Scarpelli spent his entire life in service to the Holy See and with no living family he engaged our law firm to administer his modest estate. I understand he did not know you personally but wished to bequeath to you a body of materials that he believed you would find useful in your professional work. I am not familiar with the nature of these materials, however Father Scarpelli felt them of sufficient value that he sequestered them in the custody of the private Swiss bank Societe Generale located here in Lugano on Viale Stefano Franscini 11.

The documents are held at the bank under your name. Attached is a sealed letter from Father Scarpelli that will provide you with the necessary instructions and account number to retrieve those materials held within the bank's vault. I have also included a letter of introduction to the bank should any issue arise with respect to the disposition of said materials in their custody.

Should you require further assistance in this matter, please do not hesitate to contact me.

Yours sincerely,

Gianantonio Volpi

Gianantonio Volpi
Attorney at Law

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For an investigative journalist the lawyer's letter was mysteriously intriguing. Reading the first paragraph of Monsignor Scarpelli's letter, her jaw dropped.

Dear Signora Nicoletti,

I am sure you are wondering what this is about. I chose to bequeath to you my only possessions of value. Perhaps tainted possessions that were not mine to give away, yet nonetheless of value to expose truth in the pursuit of justice. That it involves the Holy See of the Roman Catholic Church the material I am providing carries much greater moral meaning than the secular misdeeds that it exposes. Misdeeds by the Vatican Institute for the Works of Religion, the IOR, commonly known as the Vatican Bank. Yet as you will find within this store of documents, the misdeeds go beyond those administering the Vatican Bank. Misdeeds suggesting a more pervasive cancer permeating the Holy See for at least a decade.

As you probably know the Institute for the Works of Religion functions apart from governance by the Roman Curia as does the other major financial institution of the Holy See, the Administration of the Patrimony of the Apostolic See. The APSA is governed under the dicastery of the Secretariat of the Economy and serves as the treasury and central bank of Vatican City and the Holy See. The APSA is the successor dicastery of the Roman Curia created by Pope Pius XI in 1929 to manage the £750 million lire in cash and £1,000 million lire in 5% Italian government bonds transferred to the Holy See as financial compensation for the loss of Papal States sixty years earlier with the unification of Italy. This

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windfall salvaged the Holy See from near poverty status by providing funds sufficient to embark on investment with sustaining revenue.

Pope Pius XII chose to remain in close control of secular affairs with the establishment of the Vatican as a sovereign city state. Before becoming pontiff, Eugenio Pacelli was Cardinal Secretary of State to Pope Pius XI. As Pius XII, he chose to act as his own secretary of state. With respect to financial affairs, he chose to exert increased control by creating the IOR in 1942 as the principal financial institution responsible to the pontiff directly. The IOR is not subject to oversight or even audit by the Curia as the administrative body of the Holy See. It produces no financial reports even for internal distribution. While the Vatican operates with unusual secrecy in every respect, the IOR added another layer of impenetrable secrecy. The IOR is therefore more comparable to what are considered tax havens such as those that exist in the Bahamas, Cayman Islands, Lichtenstein, Luxemburg, and even Swiss banking. Locations that levy no taxes on profits from outside their sovereignty, while providing comprehensive secrecy from reporting of corporate ownership or financial transactions.

I fear I am preaching to the choir. You undoubtedly possess a broad working knowledge of international finance given your journalistic reporting. Forgive the ramblings of a dying old man.

It is worth noting that I spent the last thirty years of my ecclesiastical career as the assistant director of the Vatican Secret Archive. Some confuse this with the Vatican Library. As with the financial institutions of the Vatican, there again ex-

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ists the same critical distinction between the Vatican Library and the Vatican Secret Archive.

The holdings in the Secret Archive are considered the pope's personal property, distinct from the Roman Curia or the Holy See. Access to the Vatican Secret Archive is controlled directly by the sitting pontiff. Furthermore, requests for access to materials even with papal consent are predominantly declined until after 75 years of the reign of a prior pontiff. I cite this only to explain just how documents relegated to the Secret Archive become inaccessible even to ecclesiastical princes of the Church. This is the exclusive repository of documents that the pope alone deems necessary to bury.

Those documents secured in the Swiss bank vault were stolen by me over the last decade. A violation punishable by excommunication. However, I embarked on this because I could not remain a willing participant in such a vast crime committed not only by an institution within the Holy See, but with the knowledge of two of the recent Vicars of Christ. Namely Pope Paul VI and Pope John Paul II. Within the Roman Catholic Church, the pope is considered the Vicar of Christ and speaks for Jesus Christ and represents God on Earth. To engage in such base acts of sin resulting in untold damage to perhaps millions of people is an affront to every Catholic and to those that have dedicated their lives in the service of the Lord.

Which sacred oath do I honor? Uncertainty as to what to do in my position with exposure to incriminating evidence drove me to remove incriminating documents as my way of searching for truth. Was there substance to allegations of the IOR partnering with those named in the in-

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ternational scandal? Why does the Holy See choose to remain largely silent? I prayed for divine guidance. My diagnosis with terminal cancer I believe to be God's answer to my moral dilemma. I shall expose the evil lurking within the Vatican and death shall save me from excommunication and the denial of the sacraments. Please forgive my philosophizing rationalizations.

I chose you as my instrument because of your objective journalistic efforts to pursue the truth. The documents relate to how the Vatican in the form of the IOR became a willing participant in financial crimes including outright theft, bribery, tax evasion, currency manipulation, and money laundering of illicit funds from organized criminal activity. It does not paint a comprehensive picture. It instead provides critical pieces of information to add to the body of work of those in journalism and law enforcement investigating these crimes with tenacles spreading across the globe.

You came to mind as someone to entrust with my trove of documents for another reason. Your earlier published book condemning of the Vatican Ratline for aiding in the escape of war criminals from justice following World War Two made you a voice for truth. That era of grave moral error by Pope Pius XII and other clergy held a special interest for me as it did for you. Like you, I was a researcher. The archetypical archivist. Assisting mass murderers to avoid justice profoundly troubled me. It did so since in my professional capacity my superior, the Archivist of the Vatican Secret Archive, played an instrumental role in facilitating the ratlines in the years following the war.

I speak of Archbishop Marcello Tagliente. His name appears in certain documents included in the

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documents cache. Unfortunately, how he might be related to the functioning of the IOR is not clear. Yet I will provide you with information that is likely not known beyond the walls of the Vatican and only whispered by a few within its walls. Archbishop Tagliente as the Archivist of the Vatican Secret Archive is largely a cover. His principal function is directing the Vatican secret services. The secret intelligence service known as Santa Alleanza was created five centuries ago and the more modern creation of the counterintelligence service Sodalitium Pianum in 1913 before the Great War.

Tagliente was ordained in 1939. Pope Pius XII personally installed Tagliente into the Vatican Secretariat of State. Here Tagliente worked closely with Monsignor Giovanni Montini, the future Pope Paul VI. It is from this early start that Father Tagliente became indoctrinated into the Vatican intelligence service. Scant records existing as to Tagliente's professional history is a tribute to his ability to remain in the shadows for decades.

To add a further layer of secrecy to these unspoken Vatican intelligence organizations, Pope Pius XII installed Cardinal Gideon Fumasoni-Biondi as head of Santa Alleanza. However, the conspiratorial Pius XII made Monsignor Tagliente the functional chief while serving as assistant director of the Vatican Secret Archive as cover in 1956. The Vatican secret services suspended operations under John XXIII's short five-year pontificate. Paul VI resurrected Tagliente's clandestine role while the Pope's secretary served the official role as head of Santa Alleanza. With Pope John Paul II, Archbishop Tagliente continues to direct the Vatican intelligence services, with the visible recognized head currently being Archbishop Luigi Poggi.

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Why is this of importance? It is my belief that there is far more to the Vatican's participation in these financial misadventures than just independent actions of the president of the IOR, Bishop Paul Marcinkus. That Marcinkus remains in place is inexplicable except as perhaps cover. As for Archbishop Tagliente, his elevation to archbishop occurred only after my leaving the Vatican and part of the new pontiff's important appointments. That means that Pope John Paul II recognizes the value of Archbishop Tagliente and his likely continuing role heading the Vatican secret services. You will find in your research of Archbishop Tagliente that he holds a degree in economics and a doctorate in international law. Bishop Marcinkus curiously has no background in banking or even finance. Perhaps the new pope wants Tagliente to expand his scope of secret activities.

I have insufficient time remaining to pursue these mysteries further. I hope my contributions will be of use. Good hunting, Signora Nicolette. May God be with you.

Monsignor Vittorio Scarpelli

FrVScarpelli

Emma Nicoletti leaned back in her office chair absorbing what she had just read. She knew full well the function of Vatican Secret Archive. This was the repository of the holiest of holies. More accurately the darkest secrets that the Roman Catholic Church wished to conceal indefinitely. If this priest was truly the assistant archivist, what he stole might be a journalistic treasure trove.

From her desk, she extracted a map of Italy. Lugano, Switzerland was right on the border with Italy fifty kilometers northwest of Como, only eighty kilometers from Milan.

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To her editor, she pleaded the need to take a couple of days off for personal reasons. Nothing on her desk that could not wait. She telephoned the Swiss lawyer and arranged a morning appointment for the next day. Enough time to meet with the lawyer then pay a visit to the Swiss bank. Anticipation demanded examining the documents immediately. Should the documents live up to Scarpelli's hype, she needed to assess the quality of the material. Best to do that in the security of the Swiss bank.

