

# Hell to pay in the clash of the cardinals

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It was an afternoon early in 2017 and Cardinal George Pell, appointed to oversee Pope Francis's reforms of the Holy See's antiquated and sclerotic financial systems, appeared relieved and even proud as he closed his office door and turned out the light.

"They're nervous, we've got them on the ropes ... we were asked to clean up the stables and we must try to deliver," he said.

Pell had been in Rome for three years, leading the work of the powerful Secretariat for the Economy, and had just finished a particularly intense period of arduous meetings, interviews and heated discussions behind closed doors.

Installing the brusque, unpopular Australian cardinal in the engine room of a Vatican financial clean-up had been one of Pope Francis's first reformist acts. For the first time, some of the most senior Roman Curia, those who had long handled and dealt with the Vatican's money without any external oversight, would have to report to a brash outsider, and a non-Italian to boot.

Pell had moved swiftly after his 2014 appointment, firing his first salvo in December that year by revealing to Britain's Catholic Herald he had discovered "some hundreds of millions of euros tucked away in particular sectional accounts which did not appear on the balance sheet".

In an essay outlining his vision for the Vatican, he wrote that his discovery made it clear the Vatican's finances were in better shape than previously suggested and, while he implied no wrongdoing, he also issued a veiled warning that too many of the Holy See's departments had had "an almost free hand with their finances" and for too long.

Writing in English, which added insult to injury, Pell stated that the Pope's reforms were now "well under way and already past the point where the Vatican could return to the 'bad old days'." He later publicised the appointment of his own trusted team, among them several Australians and hand-picked, high-profile accounting and finance specialists.

## Complex investments

The Pope had also announced the appointment of the Vatican's first auditor-general, Libero Milone, a Dutch-born and London-educated former president of Deloitte.

Milone began his work as independent auditor in July 2015, and spent the following year and a half examining the complex series of investments executed by the Vatican's various financial entities to manage the multi-million-euro donations made to the church each year by the world's more than 1 billion Catholics.

And yet despite the authority vested by the Pope in Pell and the auditor-general's team, the complexity of transactions and intricate web of trust funds used to manage the donations would turn out to be impenetrable.

Requests for documentation and transparent detail more often than not hit a brick wall. "As an auditor, Milone had an auditor's



Cardinal George Pell was appointed in 2014 to investigate the Vatican's famously opaque finances

instinct and his 'antenna' said something was not right," a source told *The Weekend Australian*.

"By 2017, both men knew they were clearly onto something big, but nothing was ever forthcoming, just delay after delay after delay. Pell decided he wanted to put his foot on the accelerator, to move things on ... they had lots of clear signals something was amiss, that there was much they wanted to investigate, but they had no clear proof because the answer to their request was 'the papers are in the archive', 'the details are not available', 'come back another time,'" the source said.

## Real estate deals

Milone is understood to have written to the Pope in the weeks following seeking an audience to explain what he had found but never received an acknowledgement or response.

Pell decided that despite the lack of documentation, it was time for the Pope to be briefed on their suspicions. He also wanted to seek Francis's counsel on how to push past the blockages. "He wanted to warn him that if they did really start pushing, there would likely be a big backlash," the source said.

## Claims of 'espionage'

On June 19, 2017, the first bombshell landed. Milone had asked to meet with Cardinal Becciu, then Deputy Secretary of State, to discuss specific employment contracts for his staff and waited, oblivious of what was to unfold, in the small room beside Becciu's office in the Palazzo Apostolico.

A source said: "When Becciu arrived, he sat down, appeared relaxed, unfazed ... but rather than discuss contracts as expected, a bombshell: he accused Milone of espionage, of spying on him and spying on his superiors. He told him if he didn't resign, he would be pursued legally. No discussion was allowed. He referred him directly

to the head of the Vatican Police." (Domenico Giani, head of the Vatican Gendarmerie, was forced to resign a few months ago, although no details have been made public.)

Becciu later reiterated his accusations in public: "Milone spied on me and he spied on my superiors and if he had not resigned, we would have had to pursue him through legal means," he said.

## Conspiracy theory

Milone has long publicly denied Becciu's accusations but has categorically refused to comment on the detail of his suspicions or findings during the financial audits that preceded his removal.

During a veiled interview with Sky News in 2017, he said any seasoned financial investigator knows that "nobody reacts well to an audit" but an auditor's job is also to find solutions to difficult problems.

"Anything is possible, of course, and we are watching events closely but as is necessary with all Vatican scandals, before we talk about conspiracy — which in this claim is particularly grave — it is best to wait for the storm to settle. We have no evidence at this point either that investigators (into the London property deals) really are



Pope Francis with former auditor Libero Milone in 2016

looking at that particular allegation," he said. "What is fact, however, is that Pell shone a light into the Vatican's secretive reserve funds, deposited among the myriad diocese Vatican departments and, in particular, with the Secretariat of State, but long excluded from the official balance sheets."

## Power struggles

Cardinal Pell, who won his High Court appeal against his conviction on historical child sex abuse charges in April, remains in quarantine in Rome.

For more than two years, Pell and those close to him, enraged by the child sex charges and prosecutions, speculated about what role, if any, his Vatican enemies may have played in his jailing.

The Weekend Australian has been told about these discussions by multiple sources since 2017 but no one has furnished compelling evidence to back the conspiracy.

Despite the significant passage of time, all that exists is circumstance and gossip. But the re-

emergence of the financial scandal does dovetail with the narrative that Pell supporters were telling of secret payments to pervert the course of justice.

The Italian newspaper *Il Messaggero* quoted the former right-hand man to Becciu claiming that a bank transfer was made from the Vatican to a bank in Australia. The article quotes Monsignor Alberto Perlasca as saying the transfer was made at the same time that the child-abuse case against Cardinal Pell was developing in Australia.

It could, of course, be a mere coincidence.

The former choirboy at the centre of the convictions says he has no idea about what was being alleged. "My client denies any knowledge or receipt of any payments," his lawyer Viv Waller said.

Police agencies have declined to comment, but it is understood neither Victoria Police nor the Australian Federal Police are investigating this conspiracy theory.

AUSTRAC is the agency responsible for detecting criminal abuse of the financial system, but sources say a \$1.1m transfer from a multi-billion-dollar global agency wouldn't normally be red-flagged. "The Catholic Church is a big entity, and big entities move money around," sources said.

Senior sources insist the removal of Pell's arch rival and Pell's



Disgraced Italian cardinal Giovanni Angelo Becciu

return to the Vatican are "complete coincidence". And while no evidence has emerged of Becciu's alleged financial interference in the legal case against Pell, there is no question that in 2015 a series of damaging and strategically placed leaks to Italian media threatened to derail Pell's work in the earliest months of his appointment.

"Pope Francis understands that this kind of aid costs money and informed investment is needed, but not by nefarious speculation in markets or property deals," he said. "There is no doubt that Pell and Becciu were bitter adversaries in this — they came from opposite philosophical poles and their comments about each other in recent days makes that very clear."

## 'Irreparable damage'

Meanwhile, Pope Francis has quietly moved behind the scenes and upended the way donations are managed, demanding there be one centrally accountable donation repository with the Treasury, and that its management no longer be held solely in the hands of prelates but lay men — and, equally importantly, women — well-versed in modern financial management and resources.

He has appointed a former Ernst and Young manager, Fabio Gasperini, as general manager and set up a new 15-member Council for the Economy to oversee the Holy See budgets. This will continue to be chaired by German cardinal Reinhard Marx — the only one of the old guard who remains — and he will now be given counsel by seven lay financial experts, six of them women.

Peloso said the London property investigations also revealed that the transactions and deals were known not just to Becciu but among the very highest levels within the Vatican hierarchy.

"This kind of scandal, for the Church and for its credibility, is unsustainable if it wants to continue to be a bearer of moral authority. This level of conflict of interest ... does irreparable damage to the Church, and Pope Francis is only too well aware of this."

As one source quipped to *The Weekend Australian*: "God only knows where this affair will go next."

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One EoI per chief investigator (CI)-A will be considered.

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Guidelines explaining further details and eligibility criteria of this funding is available at [www.ach2.org.au/apply-or/](http://www.ach2.org.au/apply-or/).

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