

Financier pursued by Vatican in ungodly row over financial crimes

Matthew Campbell

«The Times», 28 October 2023

The Holy See has charged a fund manager with financial crimes and the Pope himself authorised the seizure of his phones. The millionaire jokes that he is tempted to sort it out with a duel

Making money for investors was Raffaele Mincione's mission.

His London schedule was packed with brainstorming lunches and dinners in Mayfair, which he saw as a kind of "open-air stock exchange", he told a Vatican courtroom last summer.

"Everybody is obsessed with finding the deal," the fund manager said. "I received at least 20 to 25 proposals a day ... about the strangest things, foreign currency, the buttons of uniforms... I couldn't even begin to explain the possibilities that come up."

One day in 2014, the affable Italian-British businessman was approached by a Swiss bank with a proposition which surprised even him and which, as a good Catholic, he could hardly refuse. Could he help to invest €200 million (£170 million) of Vatican funds in a project to drill for oil in Angola?

Mincione, 58, was thrilled by the idea of working for the Pope, albeit indirectly. But he advised against the deal, which he considered too risk. Instead, he recommended that the Vatican invest the money with him to convert into luxury flats a disused building he owned in west London.

That decision led, ultimately, to an unwanted starring role in the Vatican's "trial of the century", in which Mincione is accused of serious financial crimes against the Holy See.

The trial began two years ago and he has not spoken publicly of the case, until now. A verdict is expected within weeks.

How he and nine other defendants ended up in the dock is a labyrinthine tale of money, skullduggery and international intrigue.

Some of the wilder details - including the revelation that the Pope personally authorised the bugging and seizure of Mincione's mobile phones while he was on holiday in Rome - recall the work of a certain American thriller writer who specialised in imagining sinister events involving the Catholic Church hierarchy.

"I feel I'm trapped in a Dan Brown novel," Mincione says, going on to compare the case against him to "the inquisition".

The Vatican claims it paid an inflated price for its stake in the Chelsea property. The former Harrods car showroom at 60 Sloane Avenue was owned by an investment fund that Mincione controlled, with whom the Vatican's money was deposited. Four years later, in 2018, the Vatican withdrew from the fund, having lost confidence in Mincione, and sought to buy the building outright. It eventually sank €350 million into the project before finally selling up last year to an American investment firm for a reported £186 million.

This was not only less than what they had hoped to get - it was reportedly less than what they had paid Mincione to end their original agreement with him.

Papal lawyers are seeking an 11½ year prison sentence for Mincione and £300 million in "moral damages"

But the man himself insists he did nothing wrong and hopes that a parallel case he has sought in the UK, where he has lived most of his life as a British citizen, will exonerate him of any wrongdoing. "After three years of studying everything, I am still confused about the reasons for this trial," he says. "I'm assuming the Pope has been fed the wrong information. It's very upsetting."

The 86-year-old pontiff took office with a mandate to clean up corruption in the Vatican. However, in 2020 he said that he was "not very optimistic" about prevailing in the struggle.

Other defendants in the trial include a disgraced cardinal, Angelo Becciu, who is accused of signing off on speculative investments including the London property deal, a woman called Cecilia Marogna who has been called a "Mata Hari" by the Italian press because she offered the cardinal "intelligence services" and Enrico Crasso, who is said to have invested the Holy See's money in Hollywood films, including the Elton John biopic *Rocketman*.

The Vatican court follows ancient traditions.

It is presided over by three judges, whose job is to search for the truth and pass sentence with the help of a prosecutor. Those involved are unversed in modern financial practices and struggled to keep up with the fast-talking banker's explanations of property appraisals and valuations. "They didn't understand what a fund was or an introduction fee," he says. "I had to explain it."

There is no jury. But, theoretically, defendants have the right, under a centuries-old statute, to challenge the prosecutor to a duel if they believe they are wrongly accused.

"I'd love to," chuckles Mincione, who accuses the prosecutor, Alessandro Diddi, of misrepresenting the facts - a conclusion echoed by a Southwark crown court judge who described as "appalling" the Vatican's "non-disclosures and misrepresentation".

Diddi is best known for defending leading mafia bosses and Giampaolo Tarantini, who recruited girls for bunga bunga parties at the homes of Silvio Berlusconi, the former Italian prime minister.

Mincione declines to say if he is a billionaire but his WRM investment group has evidently done well. Founded in 2009, it specialises in private equity, property and what its website describes as "special situations". The firm has offices in Milan, where we are sitting, London and Luxembourg. Mincione has homes in Chelsea, St Moritz and Patmos.

He argues that if anyone fleeced the Vatican it was not him: if it had stayed invested for the full term of seven years stipulated in the contract it would have made a handsome profit, he argues. The settlement price had been reached with the help of various independent appraisals, he adds.

Some observers think that the Vatican legal team has made fundamental errors in its prosecution of the case. At first it alleged that money from donations intended for the needy - a fund known as Peter's Pence - had been used to buy the stake in the Chelsea property.

This incendiary claim prompted not only headlines around the world but a slump in contributions to papal charities amid concerns over corruption in the Catholic Church. Later it turned out that the funds had not come from charitable donations.

"The story about Peter's Pence money being invested in speculative property deals simply wasn't true," said Thomas Reese, a Jesuit priest and senior analyst at Religion News Service. "And the prosecution didn't admit they were wrong about this until very late in the game. It makes you wonder about other things."

Far from originating from collection plates, the money the Vatican invested was an unsecured loan from Credit Suisse, the beleaguered Swiss bank battling claims of money laundering and tax evasion.

The close relationship between the Catholic Church and Switzerland has often prompted speculation. Under a deal struck by Pope Julius II in 1506, the Vatican has been protected by the Swiss Guards. Traditionally, it has favoured secretive Swiss banks to run its property portfolio, including prime sites in London and Paris.

The origins of this empire are believed to lie in the £50 million that Benito Mussolini, the Italian dictator, handed to the Vatican in return for papal recognition of his fascist regime in 1929.

Although Mincione met his co-defendant, Becciu, the cardinal, "two or three times" to keep him informed about the investment he was answerable under the contract only to Credit Suisse, he says, and finds it "suspicious" that he is on trial "for something I've done" for the Swiss bank. "Why isn't Credit Suisse here [in the dock]?"

Credit Suisse said in response that it was "neither a subject of the investigation conducted by the Vatican nor a party to the ongoing trial", adding: "Our internal review has not revealed any facts that would support any allegations against the bank." The Vatican did not respond to a request for comment on its relations with Credit Suisse or investments in London.

The trial has cast a shadow over Mincione's business. He felt obliged to return €2 billion in investors' funds while he works to restore his reputation. The case also has affected his wife, Maddalena, and two teenaged daughters, Asia and Athena, who attend London's Godolphin and Latymer school.

"There were all sorts of rumours at school, they told them [my daughters] that I was a mafioso, it was very upsetting," he says. He received a letter from the school saying it could no longer accept his donations for assisted places as it could "represent a potential reputational risk to the school".

"I found that horrible," Mincione says. "In England you are innocent until proven guilty. By not taking my money they found me guilty."

Mincione wishes he had listened to his father, who lived in London in the 1980s and warned him not to do business with the Vatican. In 1982, Roberto Calvi, a banker with ties to the Holy See, was found hanging under Blackfriars bridge. Police concluded that "God's banker", as he was known, had been murdered.

"My wife and friends of ours, they've expressed fears about Blackfriars solution", Mincione says with a grin. He is uncertain what to expect if he is found guilty: there is no Vatican prison but he has heard tales of some detainees being lodged in flats with visits from priests and supplies of barolo wine. He smiles again: "Better the barolo than Blackfriars bridge".