



*"Watchman,  
what of the night?"*

*The watchman said, The morning cometh, and also the night: if ye wi  
enquire, enquire ye: return, come. Isaiah 21:11-12*

## U.S. - VATICAN RELATIONS Has Vatican Pressure Influenced Federal Banking Decisions?

Myers Finance & Energy (August 10, 1984) reports "the FDIC has bought \$4.5 billion of Continental's bad loans. It has paid \$3.5 billion for these loans. It has added a billion dollars in capital. The FDIC has entered the banking business through the shell of Continental Illinois." (p. 3)

Behind this transaction is the action of the Federal Reserve System which "lent the FDIC \$3.5 billion to put in the Continental kitty." While Mr. William Isaac, FDIC Chairman claims this action hasn't cost the taxpayers a penny, the \$3.5 billion loaned by the Federal Reserve System placed the taxpayers money on the line should the take-over of Continental Illinois by the FDIC fail.

C. V. Myers, editor of Finance & Energy, notes what he terms "the most explosive facts in US banking history." He writes:

"Insurance of over \$100,000 in Continental Illinois has been pledged by the FDIC and the Federal Reserve. But the FDIC guarantee on the Continental deposits is 'not a blanket guarantee for other banks,' according to an FDIC spokesman.

"This separates Continental Illinois from all other banks in the U.S. with the assurance of the full faith and credit of the U.S. It's the only bank so covered.

"The whole truth is abundantly clear. Continental is no longer an institution of any kind. It's an empty shell that has now been taken over by the U.S. government through the FDIC, who will appoint the officers of the bank and actually, therefore, run the bank. Despite all denials, Continental is a nationalized bank." (Ibid.)

There are some things one should know about Continental Illinois from both the past and the present. "Continental was a Money Center Bank. That means it dealt in foreign deposits. Its certificates of deposit would run up to a billion at a crack and even more. It had no substantial depositor base from business in the United States. Foreign money can leave as fast as it comes." (Ibid, p. 2) Further - "Continental has lent more than \$2 billion to Mexico, Brazil, Venezuela and Argentina - not to mention the bad domestic loans." (Ibid., p. 3) At the present time, resulting from the "bankruptcy" of the bank, William S. Ogden, former vice chairman of Chase Manhattan, now heads the bank. Keep this connection in mind.

The problem which this unique situation of the Federal government's involvement with Continental Illinois presents is how will other banks be effected. C. V. Myers outlines certain possibilities that could arise. He then asks a series of questions:

"Will the government stand behind all of the banks in the U.S.? Will it give its

citizens the same guarantees it gives foreign billionaires around the world at taxpayer's risk?

"What will be the repercussions on world banking if the U.S. takes such a step? What will be the repercussions on world banking if the government should come out and say those guarantees no longer exist for despositors at Continental? Would the money leave Continental once more?"

Then comes the bottom line of the article in Finance & Energy - "THE BANKING WORLD DEMANDS AN ANSWER." Will they ever get it, or do they know the answer? Is it the American people who do not know? We suggest that the answer can be found in the recently published book - In God's Name - by David A. Yallop. It is well documented and contains information obtained from highly placed sources within the Vatican, and the Catholic Church. Before giving excerpts from Yallop's research pertinent to the answer which "the banking world demands" background material needs to be given regarding two names which will appear in these excerpts. [All paging will be in reference to the book - In God's Name - unless otherwise indicated.]

The first name is Bishop Paul Marcinkus, now Archbishop, who was born in the suburb of Chicago, Cicero, of Lithuanian immigrant parents in 1922. The following year Al Capone, America's all-time Public Enemy Number One, set up headquarters in Cicero at the Hawthorne Inn at 4833 Twenty-second Street. The population of Cicero "became accustomed to the sight of Mafia in their midst." (p. 103) Marcinkus, the youngest of five children born to this immigrant family was guided to the priesthood by the parish priest, and was ordained the year that Capone died. "Monsignor William Gorman, who officiated at the Catholic burial" of Capone, explained to reporters - "The Church never condones evil, nor the evil in any man's life. This very brief ceremony is to recognize [Capone's] penitence and the fact that he died fortified by the sacraments of the Church." (Ibid.) Yallop clearly infers that the environment of Cicero helped to mold the character of Marcinkus.

Marcinkus went to Rome where he studied in the Pontifical Gregorian University

obtaining a degree in canon law. Rising in the Roman hierarchy, he was finally appointed by Pope Paul VI, after being consecrated Bishop, as the Vatican Bank's secretary. "For all practical purposes he was now running the bank." (p. 105)

The second name is that of Michele Sindona, who on June 13, 1980, was sentenced to a twenty-five year imprisonment and fined \$20,000, having been found guilty on sixty-five counts, including fraud, conspiracy, perjury, false bank statements, and misappropriation of bank funds. These charges and conviction grew out of the collapse of the Franklin National Bank.

Born near Messina, Sicily in 1920, Sindona was educated by the Jesuits. He graduated from Messina University with an excellent law degree. During the last three years of World War II, he put his law degree aside and dealt in black market activities with the aid of the Mafia. In 1946, he came to Milan and worked for a business consultant and accounting firm.

"Sindona's specialty, as American capital began to flow into Italy, was to show would-be investors how to dance their way through Italy's complex tax laws. His Mafia associates were suitably impressed with his progress. He was talented, ambitious, and, more important in the eyes of the Mafia, he was also ruthless, totally corruptible, and one of their own. He knew the importance of Mafia traditions such as omerta, the rule of silence. He was Sicilian." (p. 107)

Sindona was a shrewd "investor." In 1959, "the archbishop of Milan was trying to raise money for an old people's home. Sindona stepped in and raised the entire amount: \$2.4 million. When Cardinal Giovanni Battista Montini opened the Casa della Madonnina, Sindona was by his side. The two men became firm friends, with Montini relying more and more on Sindona's advice on problems other than diocesan investments.

"What Cardinal Montini [to be Pope Paul VI] may not have known is that the \$2.4 million were supplied to Sindona very largely from two sources: the Mafia and the CIA. Former CIA agent Victor Marchetti has revealed:

'In the 1950s and the 1960s the CIA gave

economic support to many activities promoted by the Catholic Church, from orphanages to the missions. Millions of dollars each year were given to a great number of bishops and monsignors. One of them was Cardinal Giovanni Battista Montini. It is possible that Cardinal Montini did not know where the money was coming from. He may have thought it was coming from friends." (p. 108)

Entering the banking business, and as a confidant of the next Pope, Sindona's progress was irresistible. He "created a Liechtenstein holding company, Fasco AG. Shortly afterward Fasco acquired a bank in Milan, the Banca Privata Finanziaria, usually called BPF. Founded in 1930 by a Fascist ideologist, the BPF was a small, very private, exclusive institution that served as a conduit for the illegal transfer of funds from Italy on behalf of a favored few." (pp. 107-108) "Again through his holding company, Fasco, he acquired the Banca di Messina. This move particularly pleased the Mafia families Gambino and Inzerillo, giving them, as it did, unlimited access to a bank in Sicily, in Sindona's own home region." (p. 109)

When Sindona became blocked in Italy from further expansion, he turned his attention to the United States. Acquiring the Franklin National Bank, he soon discovered that it was tottering on the edge of bankruptcy. "Within twenty-four hours of his purchase and before he had an opportunity to try out the boardroom for size, Franklin National Bank announced its trading figures for the second quarter of 1972. These showed a 28% drop from the same period for 1971. Sindona the Shark, the savior of the lira, and the man Marcinkus considered to 'be well ahead of his time as far as banking matters are concerned' took the news in typical Sindona fashion. 'I have important connections in all important financial centers. Those who do business with Michele Sindona will do business with Franklin National.' . . .

"As to the 'important connections,' no one could deny the truth of that. These connections ranged from the Mafia families Gambino and Inzerillo in New York and Sicily to Pope Paul VI, Cardinals Guerri

and Caprio, and Bishop Marcinkus in the Vatican. They included Andreotti and Fanfani in Rome [Italian Political leaders] and President Nixon and Treasury Secretary David Kennedy in Washington." (pp. 131-132) Kennedy prior to his appointment to the Treasury was chairman of Continental Illinois. Sindona's "connections" also "included intimate relationships with some of the most powerful institutions in the world - the Vatican Bank, Hambros of London, Continental Illinois, and Rothschilds of Paris." (p. 132)

There is one more item of interest arising from the trial of Sindona that should be noted. "Sindona's trial on the massive array of charges arising from the collapse of the Franklin National finally began in early February 1980. Right before it started, the Vatican gave clear indication that the Roman Catholic Church at least was going to stand by its former financial adviser.

"Cardinal Giuseppe Caprio, Cardinal Sergio Guerri, and Bishop Paul Marcinkus had agreed to a defense counsel request that they help Sindona's case by swearing depositions on videotape. Intrigued by what these devout men might say about Sindona, the prosecution had raised no objection to this unusual gambit. It is normal for witnesses to have their statements tested on oath, in a courtroom, in front of judge and jury. For the men from the Vatican, trial judge Thomas Griesa waived this consideration, and he instructed Sindona's lawyers to fly to Rome on Friday, February 1. The understanding was that the deposition would be taken the following day, and the lawyers would report back to the judge on the following Monday . . . .

"At the last minute - or more exactly, four hours before the depositions were to be sworn - the secretary of state, Cardinal Casaroli, intervened. There would be no depositions." Note carefully his reason: "They would create a disruptive precedent. . . . We are very unhappy about the fact that the American government does not give diplomatic recognition to the Vatican." (pp. 283-284)

Now we turn our attention to the answer the banking world demands regarding the government take-over of Continental.

The "healing of the deadly wound" (Rev. 13:3) in 1929 was not only political but also economic. "The modern wealth of the Vatican is based on the generosity of Benito Mussolini. The Lateran Treaty, which his government concluded with the Vatican in 1929, gave the Roman Catholic Church a variety of guarantees and measures of protection.

"The Holy See obtained recognition for itself as a sovereign state. It was exempted from paying taxes both for its properties and its citizens, exempted from paying duty on imported goods; it had diplomatic immunity and accompanying privileges for its own diplomats and those accredited to it by foreign powers. . . . The benefits for the Vatican were many, not least the fiscal ones.

'Article one. Italy undertakes to pay the Holy See, on the ratification of the Treaty, the sum of 750 million lire and to hand over at the same time Consolidated 5 percent State Bonds to the bearer for a nominal value of 1 billion lire.'

"At the 1929 rate of exchange this package represented \$81 million. A 1984 equivalent figure is approximately \$500 million. Vatican Incorporated was in business. It has never looked back.

"To handle the windfall, Pope Pius XI created on June 7, 1929, the Special Administration. Appointed to run it was a layman, Bernardino Nogara. Apart from having many millions of dollars to work with, Nogara had another important asset. One hundred years earlier, the Roman Catholic Church had completely reversed its position on money-lending." (pp. 92-93) Various Church councils had dogmatically stated that charging any interest was contrary to divine law - thus usury. So although the laws of the State might make the practice legal, to the Church it was heresy. In 1830, the Church reversed this position and considered only exorbitant rates as usury.

"Bernardino Nogara was a member of a devout Roman Catholic family; many of its members made, in a variety of ways, significant contributions to the Church, . . . but Bernadino Nogara's contribution was by any standard the most profound. . . .

"Nogara was reluctant to accept the job and did so only when Pope Pius XI agreed to certain conditions. . . . The ground rules Nogara insisted on included the following:

- '1. His decisions on what investments to make would be totally free from any religious or doctrinal considerations.
- '2. He would be free to invest Vatican funds anywhere in the world.'

"The pope agreed and opened the doors to currency speculation and to playing the market in stock exchanges, including the buying of shares in companies whose products were inconsistent with Roman Catholic teaching. Items such as bombs, tanks, guns, and contraceptives might be condemned in the pulpit, but the shares Nogara bought for the Vatican in companies that manufactured these items helped to fill the coffers in St. Peter's.

"Nogara played the gold market and the futures market." . . . (p. 93-94)

"Realizing, before many, the inevitability of the Second World War, Nogara moved part of the assets then at his disposal into gold. He bought from the United States \$26.8 million worth of gold at \$35 per ounce. Later, he sold about 20% of it on the open market at a profit so substantial that the original purchases were covered in their entirety. His speculation in gold continued throughout his time as head of Vatican Incorporated. . . . [Yallop's] research indicates that nearly 500,000 ounces are on deposit at the Federal Reserve Bank of New York; this single holding of the Vatican - purchased originally for less than \$20 million - is now worth some \$200 million.

"In 1933 "Vatican Incorporated" again demonstrated its ability to negotiate successfully with Fascist governments. The concordat of 1929 with Mussolini was followed with a concordat between the Holy See and Hitler's Third Reich. . . .

"For the Vatican, one of the major advantages to emerge from the very lucrative deal with Hitler was confirmation of the Kirchensteuer (church tax). . . . Substantial amounts derived from the Kirchensteuer began to flow to the Vatican in the years

immediately preceding the Second World War. The flow continued throughout that war (\$100 million in 1943, for example). In the Vatican Nogara put the German revenue to work alongside of the other currencies that were pouring in.

"On June 27, 1942, Pope Pius XII decided to bring another part of the Vatican into the modern world and into the ambit of Bernardino Nogara. He changed the name of the Administration of Religious Works to the Institute for Religious Works. The change did not capture the front pages of the world's newspapers; but by that act the IOR, or the Vatican Bank as it is known by all but the Vatican, was born. Vatican Incorporated had sired a bastard child. ... (pp. 95-96)

"The man whom Nogara selected to control the Vatican Bank was Father (later Cardinal) Alberto di Jorio. Already functioning as Nogara's assistant in the Special Administration, he kept a foot in both sections by retaining that position and assuming the role of first secretary, then president, of Vatican Bank. Apart from the controlling interests in many banks that Nogara acquired outside the Vatican walls, he now had two in-house banks to work with.

"Nogara, applying his mind to the task of increasing the Vatican's funds, went from strength to strength. The tentacles of Vatican Incorporated spread worldwide. Close links were forged with an array of banks. Rothschilds of Paris and London had been doing business with the Vatican since the early nineteenth century. With Nogara at the Vatican's helm the business increased dramatically: Crédit Suisse, Hambros, Morgan Guarantee, Bankers Trust (useful when Nogara wanted to buy and sell stock on Wall Street), Chase Manhattan, and Continental Illinois, among others, became Vatican partners." (p. 97, emphasis mine)

Newsweek (August 6, 1984, p. 48) in an article - "The First Nationalized Bank" - relates that two retired employees of Chase Manhattan were tapped to take over for the government for the beleaguered Continental Illinois. William Ogden, referred to as "the banker's banker," had been vice chairman of Chase Manhattan. John Swearingen, who had served as a di-

rector of Chase Manhattan, will serve as head of Continental's holding company. Both will be retained at \$600,000 per year and "can exercise options to buy up to 400,000 shares in the bank at \$4.50 per share each."

We return now to the story of "Vatican Incorporated" under Pope Paul VI. "Michele Sindona was the man chosen by Pope Paul VI to act as financial adviser to the Vatican; the man chosen after long friendship with the pope, to relieve the Church of its high-profile business position in Italy. The plan was to sell Sindona some of the major assets acquired by Nogara. Vatican Incorporated was about to distance itself from the unacceptable face of capitalism. Theoretically it was going to embrace the philosophy contained in the message Pope Paul VI gave the world in his 1967 encyclical Populorum Progressio." (p. 123)

Banca Privata, owned by Sindona began to flower. "In March 1965, Sindona sold 22% to Hambros Bank in London. Hambros, with its long-standing close links with Vatican finances, considered Sindona's direction of funds flowing into BPF 'brilliant.' So did the Gambino and Inzerillo families. So did Continental Illinois, which also bought 22% of the bank from Sindona. Continental Illinois was by now the major conduit for all U.S. investment by the Vatican. ...

"In 1964, Sindona had acquired yet another bank, this time in Switzerland, the Banque de Financement (Finabank) in Geneva. Largely owned by the Vatican, it was, like Sindona's first bank, little more than an illegal conduit for the flight of money from Italy. After Sindona's purchase of the controlling block of shares, the Vatican still retained 29% share in the bank. Hambros of London and Continental Illinois of Chicago also had a stake in Finabank." (p. 109)

Another problem arose during the Pontificate of Paul VI. It was the Chicago connection. "The total assets of the Roman Catholic Church in Chicago were by 1970 over \$1 billion." (p. 190) "There were \$60 million in parish funds on deposit with the Chicago chancery. Cody declined to tell anyone where the money was invested or who was benefiting from the interest."

"The Vatican's Chicago connection was by the early 1970's one of its most important links with the United States. The bulk of Vatican Incorporated's investment in the U.S. stock market was funneled through Continental Illinois. On the board of the bank along with David Kennedy, a close friend of Michele Sindona, was a Jesuit priest, Raymond C Baumhart. The large amounts of money that Cody funneled to Rome became an important factor in Vatican fiscal policy. Cody might not be able to handle his priests, but he did know how to make a buck. When the bishop controlling the diocese of Reno made some 'unfortunate investments' and its finances totally collapsed, the Vatican asked Cody to bail him out. Cody telephoned his banking friends and the money was quickly found.

"Over the years the Cody-Marcinkus friendship became particularly close. They had so much in common, so many vested interests. In Chicago, with its very large Polish population unwittingly aiding him, Cody began to divert hundreds of thousands of dollars via Continental Illinois to Marcinkus in the Vatican Bank. Marcinkus would then divert the money to the cardinals in Poland." (p. 191) One of the Polish cardinals became Pope John Paul II. He accomplished what Cardinal Casaroli fretted about during the pre-trial deposition attempt - "diplomatic recognition of the Vatican." All the details of the connection between the Vatican and the U.S. government are unknown. But the involvement between the two cannot be open to question; and the deep involvement of Continental Illinois with Vatican finances is a matter of record. All of these facts together should cast some light on why Continental Illinois became the first bank in the U.S. to be nationalized.

## OMINOUS

The Spot Light (August 20, 1984) placed on its front page an editorial of a political nature. While we consider Spot Light an organ of the Catholic Right, and while we are not interested in the political aspects of the editorial, it did state some very provoking thoughts for consideration.

In the section - "What Is An Actor?" - it was noted that an actor is "a hired hand who is successful to the extent that he or she can fool people." Then it observed that "all good actors have the ability to shed their real personality if they have one and 'become' someone else." But more importantly, the editorial continues, the actors "can satisfy their massive egos by basking in the light of constant publicity." Then "another thing all actors have to do in their professional calling is to memorize their lines. A good actor takes a script home and overnight memorizes his role. It's a necessary skill in their acting business, a skill few non-actors have." This "acting role" for the final times is inferred in the words of prophecy - "he had two horns like a lamb, and he spake as a dragon." (Rev. 13:11) In other words, it is the perfection of power to deceive.

On the world scene at the present time, we have two men who are wielding vast power, and who in their beginnings on the road to high office were actors - President Ronald Reagan, and Pope John Paul II. These two men forged the awesome triumph of the Papacy - diplomatic recognition by the United States. Their common background as actors may explain their affinity for each other. Further, and this dare not be overlooked, Dr Billy Graham, the "voice of Protestantism," aided President Reagan in accomplishing the recognition of the Holy See. (Church & State, March, 1984, p. 7)

This is only part of the ominous picture. Time (October 15, 1979, p. 14) in reporting on "The Pope in America" - and picturing the "hand-clasp" in the White House - prefaced this report with the comments of Mary Ellen Bickel, a Boston personnel manager. She said concerning the Pope - "He makes me think that the world and the people in it are not as bad as they seem." This but illustrates the success of John Paul II as an "actor." What is the real John Paul II really like?

If there is one book which casts light on the interworkings of the Vatican, and reveals the present Pope, it is In God's Name. Whether written with that objective in mind is immaterial; what it reveals is of consequence.

September 28, 1978, marked the 33rd day of the Pontificate of Pope John Paul I. After the morning audiences, Luciani had an appointment with Cardinal Baggio. He told him of the decision he was about to make concerning Cardinal Cody of Chicago. He was going to give him the opportunity to depart from office with "dignity" - the "opportunity to resign because of ill health" - but depart he must. (In God's Name, p. 208) That evening Luciani advised Cardinal Villot, his acting Secretary of State that Marcinkus was to be removed from his office as head of the Vatican Bank - not in a week, nor a month - "the following day." "A suitable post in Chicago would be found for him once the problem of Cardinal Cody had been resolved." (Ibid., p. 211)

The chapter on the thirty-three days of Luciani's Pontificate closes with this conclusion - "Pope John Paul I, was murdered sometime between 9:30 p.m. on September 28 and 4:30 a.m. on September 29, 1978." (Ibid., p. 216) Among the names listed as possibly involved in the Pope's murder are Cody, Marcinkus, and Sindona.

Then came the "actor" to the Papal throne. He chose the name of John Paul II. He was to act the part of his predecessor - the stage show - but what was the real Karol Wojtyla like?

"Marcinkus continued to function as head of the Vatican Bank and he declared that the Vatican did not and would not accept any responsibility for the \$1.3 billion that had disappeared.

"The Roman Curia refused to accept judicial papers that the Italian government attempted to serve on Marcinkus and others in the Vatican Bank. Protocol must be observed, the Curia insisted, even when the theft of \$1 billion is involved. The papers would have to be handed to the Italian Ambassador to the Vatican." (p. 321) Yallop adds - "In such a manner does Pope John Paul II preside over his Vatican Bank in May, 1984." He cites two more scandals and writes under the last cited incident involving Cardinal Ugo Poletti,

Cardinal Vicar of Rome - "In such a manner does Pope John Paul II preside over the Roman Catholic Church in 1984." Yet "on stage" he makes the people feel that the world is not so bad - as it really is!

As for Cardinal Cody, when Pope John Paul II visited the United States in October, 1979, Cody met him at O'Hare International Airport and "thrust a small wooden box into his hands as a 'personal gift.' Inside the box was \$50,000." (Ibid., p. 320) Earlier, Wojtyla had offered Cody a job in Rome, but he declined. With that gesture and response, the Pope indicated the Cody case was closed, so "intimated" Cody. (Ibid.) The money to Poland through Continental Illinois paid off, and the "personal" gift - that was just a bonus!

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#### LETTERS WITH A MESSAGE

"I consider your rendering the Remnant a great service in searching out and tabulating current events in the light of present-day fulfilling prophecy - which is, to me, of utmost importance. Like a print developing from the negative are events happening since the 1967 event which came on time from the undeveloped and dormant prophecy of Luke 21:24, taken from the mouth of our Lord. The disciples missed that salient point but, praise God, the Holy Spirit raised up Luke to record it in his synopsis so that the Remnant may be enriched in knowledge and strengthened in faith by this prophecy.

"I read with great interest your Thought Paper for August, just received. God bless you, brother."

- California

"Your copies of the Pope's letters were quite startling, as he quotes Isa. 2:3. In the light of Daniel 11:45, what would James White say if he could see this?"

- Maine

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