

Fraud Whitewash Puts IMF, Draghi to Shame

Feb. 6—Elio Lannutti is an outgoing member of the Italian Senate and chairman of the Association of Banking and Financial Services Consumers (Adusbef). Adusbef has filed the legal brief that started the current investigation in the city of Trani of the failed supervision of Monte dei Paschi di Siena (MPS), the world's oldest bank.¹

In an interview with *EIR*'s Claudio Celani today, Lannutti said, “[International Monetary Fund Managing Director Christine] Lagarde and [European Central Bank President Mario] Draghi should be ashamed for having ordered IMF inspectors to whitewash the Bank of Italy in the Monte dei Paschi fraud.” Lannutti referred to a statement released by IMF spokesman Gerry Rice to Reuters: “The IMF team’s preliminary view is that the Bank of Italy (BoI) took timely and appropriate action—within the limits of the legal framework—to address problems at MPS.”

Instead, according to Lannutti, the then-Italian central banker “Draghi knew that MPS had cooked its books, but did not move one finger, in order not to damage his ambitions to become head of the ECB.”

For instance, he asked, “Why did the Bank of Italy gave the green light for MPS Chairman Giuseppe Musari to become head of the Italian Banking Association in July 2010, despite the problems which had been detected and reported by Bank of Italy supervisors already?” The Bank of Italy has no formal power in the choice of the head of the banking association, but “it can raise its eyebrows.”

And, “Why did the Bank of Italy not veto the Antonveneta purchase by MPS in Spring 2008, when the global financial crisis had already exploded, and it was clear that MPS had no financial means of its own? They cannot tell us that there was a positive economic conjuncture,” Lannutti said. “By signing that Certificate of No Impedi-



ment, Draghi signed a death certificate for the bank.”

Against Bankitalia’s will, no bank acquisition or merger is possible, as was shown at the time of Antonio Fazio, Draghi’s predecessor, when similar operations were blocked by the Bank of Italy.

Prosecutors Under Fire

The legal investigation is leading directly into Draghi’s role, and that is the reason why many forces have mobilized to stop it, Lannutti said. In the past days, Italian President Giorgio Napolitano has scolded media and prosecutors because, in going after the Bank of Italy and Draghi, they are against the “national interest.” Following Napolitano, the self-ruling body of the Judiciary publicly attacked the Trani prosecution office, accusing it of going beyond its competence.

“Prosecutors there have large shoulders and won’t be intimidated,” Lannutti said. They tried in the past to stop prosecutor Michele Ruggiero, he said, in his investigation on rating agencies, but they failed. Standard & Poor and Fitch will soon stand trial.

Lannutti believes that the Trani investigation was helpful in the U.S. government decision to file its suit against S&P Feb. 4. Last Summer, indeed, the U.S. government requested Ruggiero’s papers. Some 8,000 pages were sent to the U.S. Department of Justice.

Among other evidence, the Trani prosecutors have wiretapped conversations between the CEO of S&P Italy, Maria Pierdicchi, and her public relations official Paola Valentini on Aug. 3, 2011, discussing strategy in view of the then-imminent demise of the Berlusconi government in Italy and its replacement by a technocratic cabinet. Three months later, on Nov. 9, Berlusconi resigned, and four days later, technocrat Mario Monti was appointed Prime Minister by President Napolitano.

1. See Claudio Celani, “Italy’s Monte dei Paschi: A Four-Century-Old Nemesis Casts Its Shadow Over Upcoming Elections,” *EIR*, Feb. 1, 2013.