

A Dope, Inc. kidnapping

## What's behind the Sindona affair?

Tuesday morning, Oct. 16, two and a half months after his Aug. 2 disappearance, Italian financier Michele Sindona reappeared in downtown Manhattan, with a three-week-old bullet wound in the leg. The case once again began making headlines in the world press, where it has most commonly been described as "mysterious."

Sindona had been scheduled to go to trial Sept. 10 on fraud charges in connection with the bankruptcy of Franklin National Bank in 1974. He is now free again on bail, awaiting trial set for Nov. 26; he faces similar charges in Italy. What lies behind his legal troubles, however, is clarified by the circumstances surrounding his kidnapping and release, which indicate that Sindona's enemies are the top management of the international drug trade: Dope, Inc.

A week before Sindona reappeared, the first arrest was made in his case—in Rome. One Vincenzo Spatola was arrested by Rome police while attempting to deliver letters from Sindona and his captors to Sindona's Rome attorney.

Spatola is from Palermo, where his family made its fortune speculating in the post-war construction boom which has transformed that city into one of Italy's ugliest. Their protector on the way up was Vito Ciancimino, a prominent Christian Democrat who in 1975 was the region's administrative counselor for the national housing agency. Ciancimino, a member of the Fanfani faction of the Christian Democrats, was the subject of an extensive report by the Italian Parliament's anti-Mafia commission of the early seventies.

The Spatolas are also known to be linked to the Gambino crime family in both Palermo and New York, and to its business partner "Tatuuccio" Inverillo. This gang launders dirty money from kidnapping and drug operations, operating in Sicily and in the Milan area controlled by the PSI mafia. Two Italian magistrates flew to Palermo immediately after Sindona reappeared, placed Spatola's two brothers under arrest, and interrogated them at length on their businesses—concentrating on the family members' frequent trips to Milan, Switzerland, and New York.

Vincenzo Spatola's brother Rosario is now in the

Rebibbia prison in Rome. According to the Italian press of Oct. 20, Rosario Spatola was in New York when Sindona disappeared. Investigators are now attempting to reconstruct his activities during his visit. Latest rumors have it that Rosario Spatola attended a "Mafia summit" at an unidentified hotel in New Jersey, at which the Sindona affair was discussed. It is also known that Joe Gambino, the Spatola brothers' uncle, travelled from New York to Palermo and then accompanied Rosario to Milan towards the end of September.

Another person arrested in the Sindona case is Luigi Cavallo, an extremely shady character who has been

### Who is Michele Sindona?

Born in 1920 in Patti, Sicily, Michele Sindona graduated from law school in 1947. He went to Milan, where Archbishop Montini, later Pope Paul VI, became his patron on the recommendation of the Archbishop of Messina. In 1959, Sindona founded the Banca Privata Finanziaria in Milan, with large deposits from the Vatican's financial arm, the Institute for Religious Works. By 1963, Montini had become Paul VI and Sindona became a member of the Church's committee of financial advisors. Sindona supervised the diversification of about \$2 billion in Vatican securities into U.S. firms, working with David M. Kennedy, then chairman of Continental Illinois Bank, later U.S. Treasury Secretary under President Nixon. By 1971, however, the Vatican had been involved in a losing legal battle with the Italian state, and came under increasing attack for the industrial development planning elaborated in Pope Paul's encyclical, *Populum Progressio*. Several of Sindona's major financial deals fell through. In 1972, he came to New York. Three years later he was almost ruined financially, and under indictment for fraud on both sides of the Atlantic.

involved in an attempted right wing coup d'etat in Italy and is known as a creator of "provocateur unions." Cavallo is said by Italian sources to have been considered both a CIA agent, and someone "very knowledgeable" on the terrorist Red Brigades. He was being investigated by Judge Emilio Alessandrini for links to both left-wing terrorist groups and the extreme right, before Alessandrini was murdered in January of this year.

Cavallo, according to the New York Times, was arrested in New York on Oct. 4 for entering the United States on a false passport. It emerged later that he was travelling with a journalist for the Italian newsweekly Panorama, whom he had promised to secure a "secret interview" with Sindona.

The Mafia, the CIA, the Red Brigades, right-wing Christian Democratic and Mafia-connected Socialist Party circles in Italy: These are the leads so far in the actual kidnapping. How about the Franklin Bank affair?

Sindona arrived in New York in 1972, having been more or less driven out of the Italian financial community following a series of bank failures in that country. Immediately upon his arrival, he was fleeced by Lawrence A. Tisch, chairman of Loew's Corporation, and a member of the board of Dope, Inc.

Tisch, according to New York Magazine, sold Sindona 21.6 percent of Franklin National Bank's stock, at the inflated price of \$40 a share, when the market price was \$32. What Sindona didn't know was that even \$32 was too high: Franklin had been hit by a series of disasters and had been losing money for at least two years. Based in Long Island, it made its fortune through loans financing the postwar suburban construction boom. When that ended in the mid-1960s, the resulting loan defaults started to drain Franklin's reserves. Then the bank was hit by a new state banking regulation allowing the big downtown banks to open suburban branches, meaning deadly competition.

Finally, in 1969, Federal banking regulations changed, requiring at least part of a bank's reserves to be charged against current income: by 1971 Franklin had lost \$7.2 million; and Tisch, a member of the Franklin board of directors, knew it. In fact, Tisch is now facing legal action by the Federal Deposit Insurance Corporation in connection with the sale.

Sindona's enemies in the press are equally slimy. The *New York Times*, for example, first attacked him after the 1974 collapse of Franklin Bank when Sindona was travelling throughout the country giving talks in universities on the international petrodollar market. In every article on the kidnapping, the *Times*—which editorially favors marijuana decriminalization—takes care to point out the "doubts" of the investigators about Sindona's story that he was kidnapped by Italian leftists who demanded money and information from him. In fact, the *Times* admitted in print on October 23 that it had flaunted the order by Judge Thomas Griesa that law enforcement officers could not talk to reporters about the Sindona case.

#### **What does Dope, Inc. have against Sindona?**

The drug running establishment on both sides of the Atlantic are the front end of a crew of bankers taking orders from the British and related aristocratic string-pullers in Italian finance, who have hated Sindona since 1969. In that year he joined the Vatican's financial advisory committee, and worked with Pope Paul VI on the financial end of Paul's development design as the Pope had outlined it in the encyclical *Populum Progressio* ("The Development of Peoples"). The plan for the industrial development of Italy and the Third World was considered a serious enough threat by the monetarist Italian banking establishment that they were determined to stop it, and ruin Sindona.

In 1968, the Vatican came under attack by the Italian banking authorities, and after losing several legal battles connected with its financial holdings, employed Sindona in the project of diversification. Sindona, working with David M. Kennedy, then chairman of Continental Illinois Bank, facilitated Vatican purchases of interests in major U.S. firms such as Colgate, Celanese, Chase Manhattan and Westinghouse. But, according to *New York* magazine, Sindona, a Sicilian, "could never break into the aristocratic financial establishment" in Italy, which "thwarted him in several major takeover attempts."

By 1971 Sindona was frustrated enough to decide to leave Italy. He came to New York City in 1972. In about two years, following a series of financial set-ups such as the Franklin operation, he had lost everything.