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A reporter attends the 17th session of the trial of defendants accused of financial crimes at the Vatican in this May 20, 2022, file photo. (CNS photo/Vatican Media)

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One of the principal figures in the Vatican's bungled London real estate venture testified on June 6 that the Holy See would have turned a profit on its valuable investment if it hadn't pulled its money out of a fund prematurely.

Raffaele Mincione, a London-based fund manager, said it was an "irrational" decision by a client that should have known better.

Mincione broke two years of silence in testifying before the Vatican's criminal court, where he and nine other people are accused of a host of financial crimes related to the Vatican's 350 million euro project to develop a former Harrod's warehouse into luxury apartments.

Prosecutors have accused brokers and Vatican officials of swindling the Holy See out of tens of millions of euros in commissions and then extorting the Vatican for 15 million euros to get control of the London property. Mincione and the others deny wrongdoing.

Mincione had never agreed to be questioned before by Vatican prosecutors, fearing the same fate of another London-based broker who showed up during the investigative phase to be questioned and ended up jailed in the Vatican barracks for 10 days without charge.

Mincione's testimony therefore was new to prosecutors and the court and amounted to a practical lesson in high finance: the commissions, fees and risks that are normal in complicated financial instruments, as well as the multi-layered regulatory checks and internal and external controls that are designed to make sure deals are legit.

He told the court that after the Vatican scandal erupted in 2020 with prosecutors' claims of a vast fraud that he allegedly initiated, his firm hired PriceWaterhouseCooper to conduct an extensive forensic audit of the deal.

"There was not a single cent that was unaccounted for," Mincione said. "There was not a single action that was not confirmed. There was not a single expert report that was judged incongruous."

Mincione said he got involved in the deal when Credit Suisse, where the Vatican had some 200 million euros invested, asked him to evaluate a potential deal in an Angolan offshore oil venture. Mincione had worked on deals involving Russia's Gazprom and Brazil's Petrobras, among others, and was sought out because of his

expertise in the field.

After lengthy due diligence, Mincione's team advised against the Angola deal. But he said Credit Suisse and the Vatican secretariat of state then asked him to manage the money that had been set aside for the project. While he was under no obligation to inform the Vatican of his decisions as fund manager, he said he devised a fund that would invest half in real estate — the Harrod's warehouse — knowing that the Vatican was already comfortable investing in expensive London property.

By 2016, with Brexit, the Athena fund took a hit and lost money. But Mincione showed a graph in court Monday showing that if the Vatican hadn't pulled out in 2018, before the normal "block" obligation of five years, it would have turned a 20 million euro profit.

"I was perplexed when they asked to leave," he told the court. If the Vatican had remained in the fund, he said, "There would have been no loss."

He said that based on the Credit Suisse profile, the Vatican was considered a "professional" investor: a sovereign state that, unlike an individual investor, "knows what they're doing and that they might lose money ... but has the structure to confront any kind of situation."

But he said that in his dealings with the Vatican "everything was the contrary of everything else. It was irrational."

Eventually the Vatican paid Mincione 40 million euros to get control of the property, only to entrust it to another broker who is accused of then extorting the Vatican for 15 million to get the property back.

"I didn't want to sell the palazzo. I wanted to keep it and develop it," Mincione said, saying the opportunity it presented to investors was "golden."

The defendants are facing possible jail time and monetary damages if convicted. As it is, the Vatican successfully persuaded Switzerland to preventively seize a reported 50 million euros in Mincione's assets.

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