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PAGE 01 ROME 10014 231458Z
ACTION INM-01

INFO	LOG-00	ADS-00	AID-01	INR-05	EUR-01	OIC-02	CIAE-00
	DODE-00	IO-19	NSCE-00	NSAE-00	L-03	TRSE-00	PM-01
	OMB-01	INRE-00	CG-00	USIE-00	SP-01	OIG-01	/036 W
					-----200756 252038Z /64		

R 231424Z MAY 90
FM AMEMBASSY ROME
TO SECSTATE WASHDC 8949
INFO DEPT JUSTICE WASHDC
DEA HQS WASHDC
USCUSTOMS WASHDC
DIRFBI WASHDC
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL FLORENCE POUCH
AMCONSUL GENOA POUCH
AMCONSUL PALERMO POUCH

RELEASED IN FULL

C O N F I D E N T I A L ROME 10014

E.O. 12356: DECL:OADR
TAGS: SNAR, IT
SUBJECT: AUTHORITIES BREAK MONEY LAUNDERING RING

1. (U) ITALIAN AUTHORITIES, LATE LAST WEEK, MOVED AGAINST A NARCOTICS MONEY LAUNDERING RING CENTERED IN MILAN BUT CONNECTED TO THE SICILIAN MAFIA. IN A CONTINUING OPERATION, THE CARABINIERI BEGAN ARRESTING INDIVIDUALS CONNECTED TO REAL ESTATE COMPANIES, TOURIST AGENCIES, CONSTRUCTION FIRMS AND OTHER BUSINESSES WHICH WERE LAUNDERING THE PROCEEDS OF NARCOTICS TRAFFICKING FOR THE CORLEONESI CLAN. ARRESTS WERE MADE SIMULTANEOUSLY IN THE MILAN, FLORENCE AND PALERMO AREAS. THE OPERATION IS THE FRUIT OF TWO YEARS OF INVESTIGATIVE WORK BY TEAMS HEADED BY PALERMO PROSECUTOR GIOVANNI FALCONE AND A MILAN-BASED COLLEAGUE, ILDA BOCCASSINI, IN WHICH
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PAGE 02 ROME 10014 231458Z

TELEPHONE TAPS AND EXTENSIVE SURVEILLANCE WERE USED.

2. (C) COMMENT. THIS OPERATION AUGURS WELL FOR THE FUTURE. IT IS ONE OF THE FIRST TIMES THAT ITALIAN LAW

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ENFORCEMENT AGENCIES HAVE BEGUN A CASE BASED INITIALLY ON MONEY LAUNDERING ACTIVITIES RATHER THAN THE USUAL PATTERN OF BUILDING CASES ON NARCOTICS INVESTIGATIONS OR SEIZURES. IT INDICATES THAT THE ITALIANS SEE MONEY LAUNDERING LAWS AS USEFUL TOOLS FOR REACHING HIGHER-LEVEL ORGANIZED CRIME FIGURES. THAT THE OPERATION WAS RUN BY THE CARABINIERI, ALSO SHOWS THAT OTHER AGENCIES, NOT JUST THE GUARDIA DI FINANZA (FINANCE POLICE), ARE STARTING TO MAKE USE OF NEW MONEY LAUNDERING LAWS.

3. (C) BECAUSE OF WHEN THE CRIMES WERE COMMITTED, THE INDIVIDUALS ARRESTED IN THIS OPERATION WILL MOST LIKELY BE CHARGED AND TRIED SOLELY FOR CURRENCY VIOLATIONS UNDER OLDER LEGISLATION RATHER THAN THE RECENTLY ENACTED "GAVA-VASSALLI" LAW WHICH PROVIDES DIRECT AUTHORITY TO CHARGE MONEY LAUNDERERS WITH ENGAGING IN A NARCOTICS CONSPIRACY.
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