

Holy Smoke and Mirrors

The Vatican Conspiracy

In its zeal to stamp out communism, the Vatican set up alliances during World War II with various secret societies, fascist groups and spying agencies and has maintained these networks ever since.

Extracted from Nexus Magazine, [Volume 7, Number 5](#) (August-September 2000) or September-October 2000 in the USA only.
PO Box 30, Mapleton Qld 4560 Australia. editor@nexusmagazine.com
Telephone: +61 (0)7 5442 9280; Fax: +61 (0)7 5442 9381
From our web page at: www.nexusmagazine.com

© 2000 by David G. Guyatt © 2000
Correspondence c/- NEXUS UK Office
55 Queens Road, East Grinstead, W. Sussex
RH19 1BG, United Kingdom

[THE MAFIA, THE CIA, AND THE VATICAN'S INTELLIGENCE APPARATUS](#)
[FROM RATLINES TO DRUG SMUGGLING ROUTES](#)
[THE OCTOPUS AND THE SPIDER](#)
[THE BUSINESS OF GOD](#)

THE MAFIA, THE CIA, AND THE VATICAN'S INTELLIGENCE APPARATUS

Albert Vincent Carone is one of those people who spent his life dancing between raindrops and turning invisible wherever a shadow lingered. He existed and also didn't exist. Al Carone--unlike his near namesake, Al Capone--truly was a paradox wrapped in a mystery concealed behind an enigma.

Carone was a detective in the New York Police Department, but this didn't stop him from becoming a "made" man in the Genovese crime family. He knew all the leading Mafiosi of his day, including Vito Genovese, Sam Giancana, Santos Trafficante, Joe Colombo and Pauley Castellano amongst others. To Carone's daughter, Dee, they were all known as "Uncle". When she got married, her father arranged two different reception rooms to separate the Mob guests from the NYPD guests. But this was more window-dressing than anything else. One of Carone's principal functions in the NYPD was to act as the "bagman" in protecting shipments of CIA drugs to the various Mafia families.

Carone died in 1990 under mysterious circumstances. This followed a period of great personal disenchantment with his life, following a secretive mission to Mexico in 1985 when a large number of innocent women and children died unnecessarily. His death was horrific, reports Mike Ruppert, editor of [From The Wilderness](#) newsletter, who has investigated Carone's life story and written a special report on it (see acknowledgements).

Meanwhile, another "Uncle" was Bill Casey, Director of the Central Intelligence Agency during the Reagan Administration. Casey had been with the Office of Strategic Services (OSS) during World War II. During the 1970s, he became Chairman of the Securities and Exchange Commission (SEC) which regulates the US investment industry. During his tenure in that role, Casey used Carone as a "cut out" to pass sensitive insider information to Mob capo Pauley Castellano, says his daughter, Dee.

Carone was also a Full Colonel in the US Army, where he had operated in the Army's Counter Intelligence Corp (CIC). Unsurprisingly, in view of his close friendship with Bill Casey, he was also a covert operative for the CIA. But that wasn't half of it. Carone was also a Grand Knight of the Sovereign Military Order of Malta (SMOM), which historically has been the military arm of the Vatican and is regarded as a separate State with full powers of statehood, including issuing its own diplomatic passports.

In more recent decades SMOM has acted as a funding conduit, a black market gold channel and money laundry for the CIA, amongst others, and is known to act as the Vatican's intelligence arm. It was alleged to be involved in, for example, the disappearance of Russia's gold reserves--over 2,000 metric tonnes--which vanished during 1991, around the time that Soviet Premier Mikhail Gorbachev was ousted from office.

Malta knighthoods are awarded to many leading individuals who are part of the military and intelligence community. The CIA's Bill Casey, for example, was a Knight of Malta. Former NATO General and later US Secretary of State Alexander Haig is also a Malta Knight. Another is General Vernon Walters, the former Deputy Director of the CIA under DCI George Bush, and later appointed a roving ambassador during the Reagan Administration. The legendary head of the OSS (the WWII precursor of the CIA), "Wild" Bill Donovan, was made a Knight along with his wartime compatriot and later CIA Chief of Counterintelligence, James Jesus Angleton. And John McCone, another prominent member of the US "spook" agency, was also distinguished with a Malta knighthood. The list goes on. Most interesting is Reinhard Gehlen, the former Nazi intelligence expert recruited by the US in 1945-46 to head the Gehlen Org--a secret, German-based intelligence arm of the United States that was composed of former SS and Gestapo agents, many of whom, including Klaus Barbie, were wanted Nazi war criminals. The foregoing names amount to a listing of some of the most powerful and influential members of the Western intelligence community over the last five decades.

One Vatican group that has extremely close ties to the Knights of Malta is the ultra-right-wing Opus Dei. This is an immensely powerful faction in the Vatican today, and its public "do good" activities eclipse a plethora of the darkest political and financial machinations known to man. It will not come as a surprise, perhaps, that Carone was closely associated with Opus Dei and, in particular, with a covert operation that had its origin back in 1944. This was Operation *Amadeus*.

FROM RATLINES TO DRUG SMUGGLING ROUTES

This highly secretive operation was part of the Operation *Sunrise* negotiations conducted between Allen Dulles--the then senior wartime OSS officer in Switzerland, but later to become the Director of the CIA--and SS General Karl Wolff. This debonair and well-connected SS officer commanded the SS and Gestapo contingents in Italy at the time.

The result of these negotiations (at least those parts that are now known about) was an agreement affording amnesty to an extensive roster of SS-Gestapo forces, in exchange for their agreement to shift their allegiance to the West in the pre-planned, covert battle aimed at defeating the Soviet communist "menace"--in other words, the "Cold War".

One spin-off of these Dulles-Wolff arrangements were the Vatican-run "ratlines" that aided wanted Nazi war criminals to slink to safety. Tens of thousands of SS and other Nazis escaped capture as a result of the ratlines. These included such figures as Franz Stangl, commandant at Treblinka extermination camp, and his friend Gustav Wagner, who ran the Sobibor death camp. Others to escape in this manner included Adolf Eichmann, the architect of the Holocaust. Eichmann was later captured by Israeli intelligence agents, smuggled to Tel Aviv where he stood trial and was eventually executed. In comparison, Dr Joseph Mengele--known as "the White Angel", a war criminal wanted for his cruel and inhuman experiments on death camp inmates at Auschwitz--escaped to Argentina and lived a long life.

Operation *Amadeus* was exclusively concerned with the flight of SS and Nazi war criminals to the South American continent and their later ferocious covert actions against the indigenous populations justified under the banner of "anti-communism". One individual engaged in Amadeus activities was former Gestapo officer Klaus Barbie, known to the world as "the Butcher of Lyon".

The principal means of funding Operation *Amadeus* activities was the hugely profitable narcotics business. Large stocks of SS morphia had been smuggled out of Europe and into "Catholic" South America at the end of the War in accordance with the *Sunrise* agreement. The morphia was accompanied by looted SS gold and large quantities of counterfeit British banknotes, forged in concentration camps by captive but skilled counterfeiters as part of an SS scheme known as Operation *Bernhardt*.

The escape "lines" used to move wanted men around South America, away from the prying eyes of Israeli agents, also proved ideal as smuggling routes for drugs. Decades later, the stocks of heroin smuggled into the United States for distribution by the CIA-protected Mafia would be complemented with locally grown cocaine.

One of the figures to emerge into the spotlight during the 1980s who was deeply involved in this narcotics

traffic was Colonel Oliver North, who authorised the exchange of guns for drugs to finance Contra operations. Oliver North was known to Al Carone under his "work" name, "John Caffrey". This was the time when Carone was engaged in CIA-controlled cocaine transactions with Joe "Pickles" Percilia, a member of the Colombo crime family.

These curious and usually concealed connections between governments (in the form of the military and intelligence community), organised crime, the Vatican and Nazi war criminals have some significant history. Not least was the secret agreement reached between US Naval Intelligence officers and Mafia don Charles "Lucky" Luciano during World War II. This resulted in the Mafia's decision to aid and assist the Allies by contacting Mob figure Vito Genovese in 1943 to prepare the way for the Allied landing in Sicily. As earlier outlined, it was primarily those SS-Gestapo units located in Italy under command of SS General Wolff that were initially concerned in the Operation *Sunrise* negotiations.

And while large numbers of former Nazis were fleeing south to fight the communist menace in Latin America--and, more importantly, to profit personally from their involvement in the lucrative drug and gun business--in Europe, the spadework was being laid to overthrow or thwart democratically elected governments via a network of fascist-manned "Stay Behind units", organised under the aegis of Operation *Gladio*. Not surprisingly, this would also lead to certain involved figures making personal fortunes out of other people's misery--a circumstance that is so commonplace it is barely worth mentioning.

These neo-fascist activities would come to prominence in the early 1980s following the collapse of Banco Ambrosiano and the death of Italian banker Roberto Calvi, who was "suicided" and left hanging under London's Blackfriars Bridge. This would lead to sensational disclosures about the role of the Vatican Bank, the IOR, in Calvi's financial empire and would quickly grow to include the activities of Mafia financier Michele Sindona--whose activities, in turn, would implicate leading blue-blood banks in Europe and America in Mafia activities. Both Sindona and Calvi were close to Opus Dei, which lost around \$55 million when Sindona's empire crashed. According to his family, Roberto Calvi was deeply engrossed in helping Opus Dei take control of the IOR when he was killed.

Meanwhile, both Calvi and Sindona were members of the secretive *Propaganda Due* (P2) masonic lodge, which is said to have been a "parallel government" in waiting and which planned to effect a *coup d'état* in Italy following a Communist Party victory at the polls.

P2 was run by former Italian fascist and member of the Nazi SS, Licio Gelli--dubbed "the Puppet Master" by the Italian press. Gelli's connections to the ultra-hard-right and fascists in Europe and Latin America were extensive. In fact, he had been deeply involved in establishing the Vatican-run ratlines that aided the *worst* Nazi war criminals to escape Allied justice at the end of WWII. All told, an estimated 50,000 Nazis were helped to freedom.

Gelli had numerous powerful friends, including former Italian dictator Benito Mussolini. He was also a personal friend of Argentina's General Juan Perón, and his close associations with Argentina would later lead him to be a key figure in shipping a supply of French *Exocet* missiles to sink British Task Force ships during the Falklands War. In this endeavour he worked closely with Ronald R. Rewald, founder of the Hawaiian-based financial institution Bishop, Baldwin, Rewald, Dillingham & Wong--a CIA proprietary company and forerunner of the CIA-owned Nugan Hand Bank.

The involvement of a CIA front company engaged in financing and providing weapons to be used against a key American ally (Britain) with the wholehearted public support of the US Government may seem somewhat duplicitous. However, in the world of "black ops", "friends" and "enemies" are interchangeable words and working both sides of the fence is accepted practice.

In terms of hierarchy, Gelli reported to Umberto Ortolani, described by one writer as "the great Vatican door-opener" and "secret chamberlain of the papal household". In addition to his P2 connections, Ortolani is also a member of the inner council of the Knights of Malta and has military intelligence connections that date back to WWII.

THE OCTOPUS AND THE SPIDER

There are numerous other masonic groups and secret societies in Europe which move in and out of focus at various times. Almost all of them are Catholic in nature.

One of these is the Priory of Sion (Prieuré de Sion)--a secretive order that first came to public attention via the best-selling book, *The Holy Blood And The Holy Grail*, published in 1982. The Priory is closely connected with the alleged treasure of Solomon which is said to have found its way to the small village of Rennes-le-Château in southwestern France, where it is said to have been buried by the Knights Templars, forerunners of the Knights of Malta.

The Priory, whose headquarters were located at Annemasse, near Geneva on the Swiss border, are styled as the "guardians" of Solomon's treasure, but, most interestingly, they have numerous subterranean connections to fascists and those on the far right that date back to WWII. Meanwhile, it has to be noted in passing that Annemasse is said to have been the centre for the anti-communist Stay Behind units of Operation Gladio.

If this is not intriguing enough, another fact stretches coincidence to the point of bursting. In recent years, the Priory of Sion has moved its headquarters to Barcelona and now boasts a Spanish Grand Master. This, one could conclude, is to enable it to be physically closer to the historical heartland of Opus Dei, which was founded in Spain in 1928.

If Otto Skorzeny was a leading force in running the SS Brotherhood escape routes--*Der Spinne*, the Spider--after the war, and SS General Karl Wolff was the lead negotiator with OSS Swiss Chief, Allen Dulles, then another Nazi, Walter Rauff, head of the Milan SD, was one of two liaisons with the Vatican involved in the establishment of the Nazi-smuggling system. Earlier in his career, Rauff had overseen the development of the Nazis' mobile gas vans, known as "Black Ravens", which gassed to death around 100,000 Jews, mostly women and children, by pumping exhaust fumes into the back of an hermetically sealed van.

Another important link between the Vatican and SS escape routes was Friedrich Schwendt, who was also the man in charge of laundering forged SS banknotes. Before WWII, Schwendt was an international arms dealer who shipped weapons to China and Russia. He was also the investment manager of the family fortune of his first wife's aunt, Baroness Gemmingen-Guttenberg, of the vastly wealthy Argentina-based Bunge family, of the massive transnational firm Bunge Corporation that is also known as "the Octopus".

This title is interesting, for it may connect to the so-called "Octopus" that ties in to murdered freelance journalist Danny Casolaro, who at the time of his death in 1991 was investigating a number of high-level illegalities including the theft by the Department of Justice of a "tracking" computer program known as "PROMIS". Casolaro was writing a book about what he had discovered. He originally titled it "Behold, A Pale Horse", but later modified it to "The Octopus". In a draft page of the book, he described this group as an "international cabal whose freelance services covered parochial political intrigue, espionage, sophisticated weapon technologies that included biotoxins, drug trafficking, money laundering and murder-for-hire". Casolaro further stated that this cabal was "spawned thirty years ago in the shadow of the Cold War".

After Casolaro's death, journalist Carol Marshall (a pen name) followed up his investigation and wrote an (as yet) unpublished manuscript, titled "The Last Circle". In this, Marshall describes her investigation of Robert Booth Nichols--one of the central figures of the Octopus, whom she describes as being part of a secretive group known as "the Chosen Ones" and who wore "skull and crossbones rings and shared a common interest, if you could call it that, in the old German SS occultism, its tribal and inner circle rites".

During her continuing investigation into the Octopus, Marshall found that the SS occultism outlined above was connected to Lt. Col. Michael A. [Aquino](#), a former US Green Beret who is a self-professed Satanist and who held a Top Secret security clearance for his work in military intelligence and on classified psychological warfare matters. Aquino officiated at SS black-magic ceremonies held at Wewelsburg, the castle once used by SS chief Heinrich Himmler to create an SS order of Teutonic knights based on the Knights Templars.

The foregoing connections lend themselves to a larger picture of global, interlocking, right-wing fascist groupings that operate in the shadowland of deniable military and intelligence operations associated with profit during WWII and, later, throughout the Cold War.

In this respect, it is intriguing to note that the Priory of Sion, one of the foremost Catholic groups under discussion, uses as a symbol something that is variously described as an octopus or a spider (*araignée*) on its documents. The Priory's association with the octopus could easily relate to the so-called Octopus described above, where organised crime works hand in glove with operatives from US intelligence and the military. If one decides, on the other hand, that the Priory symbol is a spider, there is the intriguing notion of the Vatican-run Nazi escape lines of Austrian Catholic Otto Skorzeny and his SS Brotherhood's *Der Spinne* (the Spider).

THE BUSINESS OF GOD

Al Carone was, as mentioned earlier, a "made" man of the Genovese Mob in addition to his other associations. It is curious, therefore, to note that one of the leading lights of the Octopus, according to writer Carol Marshall, was ultra-right-wing oil tycoon Clint Murchison, owner of the Dallas Cowboys football team. Murchison's oil company, Murchison Oil Lease Company, was 20 per cent owned by Gerardo Catena, the chief lieutenant of the Genovese crime family.

Throughout the Second World War and thereafter there was, according to author Charles Higham in his book, *Trading With The Enemy*, a "general agreement of certain major figures of American, British and German commerce to continue their relations and associations after Pearl Harbor". Higham adds that he also learned that "certain figures of the warring governments had arranged to assist in this [activity]". Higham's subsequent research proved that this high cabal--which he dubbed "the Fraternity"--not only existed but benefited handsomely throughout WWII. This led the author to ask:

What would have happened if millions of Americans and British people, struggling with coupons and lines at the gas stations, had learned that in 1942 Standard Oil of New Jersey managers shipped the enemy's fuel through neutral Switzerland and that the enemy was shipping Allied fuel? Suppose the public had discovered that the Chase Bank in Nazi-occupied Paris after Pearl Harbor was doing millions of dollars' worth of business with the enemy with the full knowledge of the head office in Manhattan? Or that Ford trucks were being built for the German occupation troops in France with authorisation from Dearborn, Michigan? Or that Colonel Sosthenes Behn, the head of the international American telephone conglomerate ITT, flew from New York to Madrid to Berne during the war to help improve Hitler's communications systems and improve the robot bombs that devastated London? Or that ITT built the Focke-Wulfs that dropped bombs on British and American troops? Or that crucial ball-bearings were shipped to Nazi-associated customers in Latin America with the collusion of the Vice-Chairman of the US War Production Board, in partnership with Göring's cousin in Philadelphia, when American forces were desperately short of them? Or that such arrangements were known about in Washington and either sanctioned or deliberately ignored?

Higham's "Fraternity" has similar characteristics to the so-called "Octopus", and also shows certain similarities to Colonel Oliver North's "Enterprise". All have engaged in the most dubious and illegal activities for profit, and all operate hand in glove with organised crime. All lean so far to the right, ideologically speaking, that the word "fascist" can be used without reservation. Meanwhile, none of them cares very much for the woes of humanity and, indeed, they appear committed to stomping on ethics and moral values wherever they meet them.

The octopus--or "Oct Opus", as one European documentary film producer renders the spelling when referring to Opus Dei (which began life on 2 October 1928)--has eight arms that surround its mouth (ensuring a constant supply of food) and three hearts, and is therefore not prone to starving or dying. But it can also be identified by these oddities. Opus Dei, the group that is now in control of the Vatican, is undoubtedly one arm of this global criminal network, in this writer's view. Or are the three hearts of the octopus more vital to identify? Could they be analogous to the "Church, State and Mafia, the forces that prevail beneath the play of the shadows of the world" (as described by Nick Tosches in his book, *Power On Earth*, which tells the life story of murdered Mafia financier Michele Sindona)?

There is yet another interesting twist to this accumulation of associations: Prince Bernhard of The Netherlands. The Prince was the founding chairman of the publicity-shy Western power elite, the Bilderbergers. This shadowy and secretive group meets over a weekend in May/June each year, under an almost total media blackout [see deBriefings this issue]. Powerful and very influential figures from the world of banking, business,

politics, the media, trades unions and academia are invited. Included regularly, for example, are Dr Henry Kissinger, David Rockefeller, and Italy's "king-maker", Gianni Agnelli. The first meeting took place in May 1954.

This, strangely, was the same year that Prince Bernhard became head of the *Johanitter Orde in Nederland*, one of four orders that make up the Chivalric Alliance of Orders of Saint John (*Alliance de Chevalerie des Hospitaliers de Saint Jean de Jérusalem*). The stated purpose of these four, known as "the Alliance"--which is composed of northern European nations Germany, The Netherlands, Sweden and Great Britain, the latter being an ancient order known as "the Most Venerable Order"--is "to reduce to silence the enemies of Christ". The headquarters of the Alliance are located in Switzerland.

These are Protestant orders rather than Catholic, but it is of significance that, on 26 November 1963, the Alliance was "consolidated with the signing of a joint declaration between the Sovereign Military Order of Malta and the Most Venerable Order, at St John's Gate, London, by the Grand Chancellor of the SMOM, the Prince of Resuttano, and Lord Wakehurst, Lord Prior of the Most Venerable Order". In other words, the Catholic and Protestant orders bound themselves to work together to "silence the enemies of Christ"--a clear reference to communism.

Interestingly, it has been suggested that the Knights Templars were "infected" with the Johannite or Mandaean heresy that denounced Jesus as a "false prophet" and in his place recognised John the Baptist as the true Messiah. Meanwhile, two early Grand Masters of the Priory of Sion are said to have had Johannite tendencies: Leonardo da Vinci and Sir Isaac Newton. Notwithstanding that, the famous founder of the Knights Templars, Hughes de Payens, has been accused by the Vatican of being a Johannite.

Leaving aside this brief foray into esoteric history, it is as well to note that Prince Bernhard, in addition to his Bilderberg role and as head of the Dutch Johannite Order, was also an honorary member of Himmler's SS and worked in NW7, the global intelligence arm of I.G. Farben which acted in the interests of the Nazi cause. The activities of NW7 in Latin America before, during and after World War II are deeply interwoven in this story.

In facilitating and aligning itself with many of the foregoing activities, the Vatican aimed to help eradicate a communist ideology that despised Christianity. Opus Dei and a host of other Catholic-cum-fascist secret groups engaged in a litany of murder, money laundering, drug peddling, arms trafficking, concealment of WWII loot, embezzlement, manipulation of financial markets and many other consummate illegalities. The purpose of all these activities was, arguably, to allow the Vatican to remain the spiritual bulwark of the Christian West.

But if such business is the business of a Church preaching of a God in Heaven, then Caesar on Earth had better watch out. A new landlord has fallen into town.

Acknowledgements

In preparing this essay, I drew upon an indispensable group of published/unpublished work and sources, as follows:

- The full account of the unique story of Al Carone, by Mike Ruppert (available to order online at www.copvicia.com).
- *Trading With The Enemy*, by Charles Higham (St Edmundsbury Press, Suffolk, UK, 1983).
- *Their Kingdom Come*, by Robert Hutchison (St Martin's Press, New York, 1997).
- *Web of Gold*, by Guy Patton and Robin Mackness (Sidgwick & Jackson, London, 2000).
- *Ratlines*, by Mark Aarons and John Loftus (Mandarin, London, 1991).
- *The Bormann Brotherhood*, by William Stevenson (Arthur Baker, London, 1973).
- Unpublished manuscript by Peter Dale Scott on Barbie, Dulles and Operation *Sunrise*. It details how the OSS-SS preserved each other while serving their true masters: transnational corporations.
- *The Last Circle*, an unpublished manuscript by Carol Marshall, which investigates the so-called "Octopus".
- My thanks also go to Catherine Austin Fitts (www.solari.com) for her invaluable help.

-- David G. Guyatt

About the Author:

Following a 28-year career as a professional international banker based in the City of London, [David Guyatt](#) now pursues a career researching, writing and producing material for TV documentaries, films and magazines. His feature articles have appeared in diverse publications including *BusinessAge*, *NEXUS*, *Fortean Times*, *The X Factor* and *Lobster*.

In addition to his commercial writing, David has prepared background papers on anti-personnel electromagnetic weapons for the International Committee on the Red Cross (ICRC), as well as for Scientists for Global Responsibility. He has also written for the World Development Movement on his "insider" knowledge of international weapons financing.

David was engaged as an expert consultant for the two-part *World in Action* TV documentary, broadcast in the UK in April 1997, that exposed Britain's weapons trail to Indonesia; and he assisted Swiss TV in a documentary on non-lethal weapons, also broadcast in early 1997. At present, he is pursuing an in-depth investigation into the real secrets surrounding the enigma of Nazi gold and WWII treasure looted by both German and Japanese "plunder teams". It will also unravel some of the more enduring secrets of the gold market.