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Pallottine Priest Charged

Carcich Named in 61-Count Indictment

By Michael Weisskopf

Washington Post Staff Writer

BALTIMORE, Jan. 6 — The Rev. Guido John Carcich, a Catholic priest who masterminded the massive direct mail fund-raising operation of the Pallottine Fathers, was charged today with embezzling at least \$1.4 million donated for the poor and hiding more than \$15 million of Pallottine money in secret bank accounts.

Carcich used huge amounts of money for himself, according to the 61-count indictment, and dispensed tens of thousands of dollars to others. He allegedly diverted \$10,000 each to two other Pallottines, the Rev. Peter Sticco and Brother John Inzetta. He allegedly transferred money and investments to his former secretary, his accountant and to a federal employee. He also used \$52,000 of the funds to build a home for his niece in New Jersey, the indictment said.

In addition, he was charged with personally misappropriating for himself partnership interests—specifically land investments—when they rightfully belonged to the religious order.

The indictment was returned by a special Maryland grand jury, assembled last year

after two years of newspaper publicity about the religious order, including the disclosure that it had loaned a total of \$54,000 to then Gov. Marvin Mandel to help finance his 1974 divorce.

Until today, the articulate and jaunty priest—known to his friends as "Father John" and "the Good Father"—had refused to comment or be interviewed by reporters and had, in fact, mysteriously disappeared from the Baltimore area after being barred from priestly duties by the archbishop of Baltimore.

Today, he appeared at the Washington office of his attorney, Brendan Sullivan, to state his innocence and denounce the state attorney general's office which prosecuted him. The "means by which this indictment was developed" would "shock every citizen who believes in due process and the American Constitution," he said.

Then he was taken to Baltimore, processed and fingerprinted by authorities, the first

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Carcich is calm in press conference at lawyer's office. Page A8.

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prist in recent times to be charged with felonies in connection with official religious activity. He faces up to 300 years in prison, theoretically, if convicted.

Carcich was released on his own recognizance after appearing at a bail review hearing before Baltimore Criminal Court Judge Robert L. Karwacki. As a condition of his release, the judge directed Carcich to surrender his passport and limit his domestic travels to the East Coast unless accompanied by his lawyers.

The grand jury began investigating Carcich after an audit revealed that the Pallottines were only sending a fraction—about 2.5 per cent—of their charitable contributions to their foreign missions while using millions of dollars for speculative real estate investments and loans to businessmen with political connections.

While he headed the Pallottine's massive, Baltimore-based direct mail campaign (in which photos of Asian and African children with distended bellies were used to encourage contributions) Carcich wove an intricate web of financial dealings between the religious order and rich, well-connected Maryland businessmen. Among those were W. Dale Hess, who was convicted with Gov. Mandel on mail fraud and racketeering charges; George W. White, Jr., a family lawyer and confidant of former Vice President Spiro Agnew and two former Mandel campaign treasurers including Donald E. Webster, the accountant and Pallottine adviser who committed suicide in Ocean City last month.

Webster was named in the indictment as a participant in Carcich's alleged schemes.

Several of Pallottine land ventures are named in the indictment along

with the charge that Carcich, sometimes operating with the help of Webster, embezzled the religious order's property interests and converted them to his own use and or the use of Webster. The grand jury did not assign a monetary value to those interests.

Another count of the indictment charges Carcich with diverting for his own purposes \$50,000 from a Pallottine investment in Sanibel Island, Fla., where the religious order bought 14 condominium units in December, 1975, for \$667,500.

Carcich is also accused of siphoning off \$10,000 each for Father Sticco and Brother Inzetta; \$10,000 for Henry B. and Mary Gerk, who once served

as Carcich's secretary; between \$25,000 and \$40,000 for Ann Carnaggio, a former parishioner who now lives in Myrtle Beach, S.C., and \$20,000 for the federal employee.

John Giannini, a former postal service customer service representative, Senate Post Office Committee aide and now an aide to U.S. Sen. Jennings Randolph (D-W. Va.), told The Post today that he was the "federal employee" referred to in the indictment. He said he did not "want to talk about it now" except to say he was not involved in any wrongdoing.

Carcich, as head of the Pallottines' direct mail operation, was deeply interested in postal service policy on direct mail and legislative activity in that same area.

In another count of the indictment, Carcich is charged with taking \$52,375 from Philip F. Sheats Associates, Inc., a direct-mail company partially owned by the Catholic order. Carcich earned consultant fees from the firm in exchange for acting as a "market-

ing representative," it has been reported.

The priest also diverted \$7,925 in real estate commissions, according to the indictment, which does not name the source of the funds. Carcich held real estate licenses in Florida and Maryland. In Maryland, he was licensed to sell real estate for Hess's insurance company.

For his own use, Carcich allegedly took \$30,000 in cash from Pallottine bank accounts, monthly payments totaling \$10,000 and five additional payments adding up to \$100,000.

The grand jury said Carcich embezzled another \$1,378,117 during his official duties, but it is unclear where the money ended up.

Two obstruction of justice charges resulted from the grand jury conclusion that Carcich "secreted and concealed" from the panel records of four firms, despite the fact that he was ordered to produce all documents involving Pallottine transactions.

The missing records, according to the indictment, included bank records that would have disclosed hidden accounts totaling more than \$15 million in Pallottine-raised money.

The indictment does not elaborate on how the money in the hidden bank accounts is being used.

Maryland Attorney General Francis B. Burch, whose office steered the investigation, said he will ask the next empaneled city grand jury to look into "other major areas" that could result in additional criminal charges against Carcich and other figures.

"Because of the extraordinary length of service and depleted numbers of

the special grand jury," Burch said in a prepared statement, "it could not be expected that it could indefinitely carry on the other areas of investigation."

In Baltimore, Joseph M. More, attorney for the Pallottines, issued a statement in which Carcich's superior, the Rev. Domenick T. Graziadio expressed sympathy for the "great personal tragedy" facing Carcich.

"I do not believe he has committed any crime," Graziadio said in the prepared statement. He praised Carcich for his "untiring efforts" that raised "millions of dollars" for Pallottine causes.

Archbishop William Borders of Baltimore, who 18 months ago indefinitely barred Father Carcich from all priestly duties in the archdiocese, was out of the country yesterday.

In his absence, Bishop T. Austin Murphy, vicar general of the archdiocese, declined to discuss the charges. However, Bishop Murphy said, "I cannot help but feel that there is a certain sadness within the Church of Baltimore today—a sadness because there are indictments which say that monies donated by so many people have been misused."

The formal name of the Pallottines is the Society of the Catholic Apostolate. The order, which has more than 2,000 members in 26 nations, was founded in Rome in 1835 by St. Vincent Pallotti. In its early years in the United States, it was known for ministering to immigrant groups, particularly of Italian origin.

From its sophisticated mail order operation located in a Baltimore warehouse, the order sends out millions of emotional fund-raising appeals each year, asking for help for the starving, poor and unclothed of the world.

'Good Father' Enjoyed Las Vegas Life-Style

By Elizabeth Becker
Washington Post Staff Writer

For an album celebrating his 25 years as a Roman Catholic priest, Guido John Carcich dug up an old photograph of himself taken when he was a young New Jersey seminarian. He pasted it in the book and underneath it wrote: "Glamor boy, I love me."

That was in 1970, when Father Carcich was on his way to becoming an uncommonly successful charity fund-raiser and Baltimore priest-businessman, enjoying his status with fancy meals, Las Vegas vacations, fine cars and the companionship of the political elite.

He conducted his fund raising for the Pallottine Fathers out of a Baltimore row house, sealed off from the public by closed circuit TV monitors and plate glass more befitting a bank or intelligence agency. He raised millions of dollars—as much as \$20 million in an 18-month period—from millions of people responding to slick, direct-mail appeals for starving children.

Those contributors didn't know it then, but Carcich—nicknamed "The Good Father" by his friends—was personally worth \$350,000 or more.

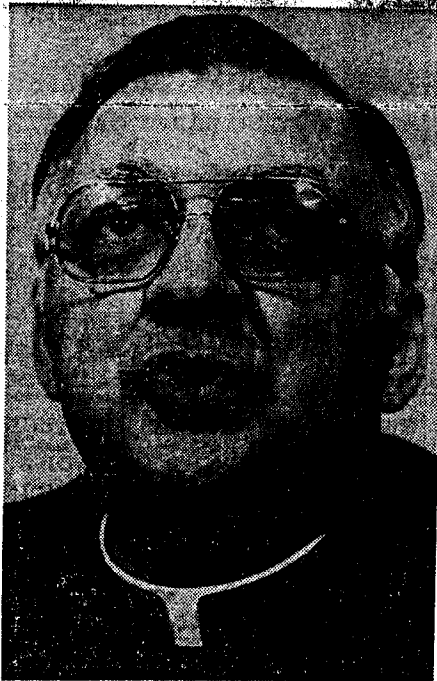
At the height of his power, this immigrant priest was considered a genius of the direct-mail technique. Like any successful executive, his future was promising.

On Nov. 19, 1975, The Washington Post reported that the Pallottine order had lent \$54,000 to Maryland Gov. Marvin Mandel to help finance his divorce settlement—a priest of the Roman Catholic Church, which abhors divorce, using charitable donations raised in the name of the church, had assisted in one of the nation's most publicized divorces. Two years later, on Dec. 9, 1977, Donald E. Webster, the accountant to Carcich and the Pallottines and the order's investment adviser, put a gun to his head and committed suicide in his 20th-floor condominium apartment overlooking the Atlantic in Ocean City, Md.

What went on between those two years, the events leading up to yesterday's indictment of Carcich, must have been well beyond the imagination of the jaunty "glamor boy."

It was reported in 1976 that the order had lent hundreds of thousands of dollars to a construction company that itself was the cen-

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By James K. W. Atherton—The Washington Post
Carcich in lawyers' offices yesterday.

ter of a scandal. The Baltimore Sun—in a series of exposes—reported that millions of dollars of Pallottine money had been invested in Florida real estate and in speculative ventures with politically connected businessmen, and that Pallottine priests had callously instructed workers at its Baltimore warehouse to discard prayer requests from contributors, many of them elderly people of small means.

Carcich was pictured in newspaper reports, living it up in Las Vegas while on Pallottine business and driving around in new cars provided by Pallottine clients. It was reported that he received \$100,000 in "consultant fees" from the firm hired by the religious order to conduct its direct mail operation.

Ultimately, an audit was conducted that showed that for each dollar received by the Pallottines, only about 2½ cents ever reached the hungry children or overseas missions for which it was intended by the donors. Carcich was banned—prohibited from functioning as a priest in the Baltimore Archdiocese—and his activities were condemned by the archbishop of Baltimore. The grand jury probe was begun.

Attorneys for the Pallottines said throughout the various investigations that these investments were necessary to insure the future financial security of the missions. The archbishop of Baltimore felt differently.

"People of good will were led to believe that their money would go directly to benefit missions. The actions taken were clearly wrong . . . the practices—immoral," said Baltimore Archbishop William D. Borders when he released the audit of the Pallottines two years ago.

The controversy led to reforms. In the spring of 1977, the Baltimore Archdiocese adopted new guidelines

to regulate charity fund-raising. Last November the organizations representing all the American Catholic bishops, nuns, brothers and priests agreed on new national guidelines similar to Baltimore's to eliminate the possibility of another Carcich-style scandal.

Maryland's General Assembly also enacted laws, requiring religious charities to make annual public financial reports and limit fund-raising costs to insure that contributions actually reach charities. National legislation

aimed at the same problems has been proposed.

For years the worldly, and friends say gaudy, life of Carcich was a secret from the public and the Catholic hierarchy. Much of the property he purchased for Pallottine investments was done in his own name, without priestly title or mention of his order. He earned consultant fees, paid through a separate, private company. He was a registered real estate broker.

His was an easy friendship with the

politically influential. When Mandel needed money to finance his divorce, Carcich's friend and accountant, Donald E. Webster (also Mandel's campaign treasurer), knew exactly who to ask.

"I picked up the telephone and called Father Carcich . . . I said, 'Could you slip over for a few minutes?' and he said 'Yes, I'll be over in a few minutes,'" Webster testified at the political corruption trial of Marvin Mandel, where the loan figured as part of the \$300,000 worth of

13th Anniversary PALLOTTINE SWEEPSTAKES
Official Sweepstakes Entitled 25 PRIZES Wholly Accounted For 1975

In the Heart of Darkness Messengers of HOPE

Help these children

Send Your Contribution Today

PALLOTTINE MISSIONARIES

GRAND PRIZES

By Tom Allen—The Washington Post

Sweepstake prizes, pictures of starving children were part of direct mail appeals for funds by the Pallottines.

bribes Mandel received from his codefendants.

At a private crab feast in Webster's home, Mandel received a \$42,000 check—laundered through a car dealer to obscure the origin of the money—from the Pallottines. Carcich was there that afternoon in Webster's study, and he stayed for the rest of the party arranged as a reunion for friends who had gone to Rome together.

In other loan transactions, the Pallottines used lawyers and banks to conceal what they were doing. One lawyer, Charles E. Brooks, of Towson, Md., said in a 1976 interview with The Washington Post that he would often receive a check from the religious order made out in his name. He might not find out for several days, who the money was really intended for, he said.

Through the use of a legal device, Brooks became an "escrowee" for the loan as it moved to its ultimate destination.

Brooks said in the interview that he would either get a telephone call from the Pallottines, informing him of the recipient of the loan, or he would call Carcich and ask.

When Carcich decided to invest in Florida real estate, he went big. The Pallottines purchased the Orleans Inn and the Red Coconut Trailer Park in Lee County in southwest Florida—investments worth \$1.3 million—and three nearby lots worth another \$1 million. They bought three roadside motels in Lauderdale-by-the-Sea, the Yellow Bird, Bahama Seas and Bon Aire. They were not beachside properties and were less than luxurious.

"They just walked in (in 1974) and wanted to know if I was interested in selling," said the former owner of the Yellow Bird motel.

In that same year, the Pallottines sent \$261,896 to foreign missions.

The Sun described a number of Carcich's major investments locally, espe-

cially in partnerships with politically influential men like W. Dale Hess (convicted with Mandel), Donald E. Webster and his nephew, C. Dennis Webster.

Carcich proved to be a complicated man; a jolly, compliant money lender for Mandel and his friends, but a difficult taskmaster for those who worked under him.

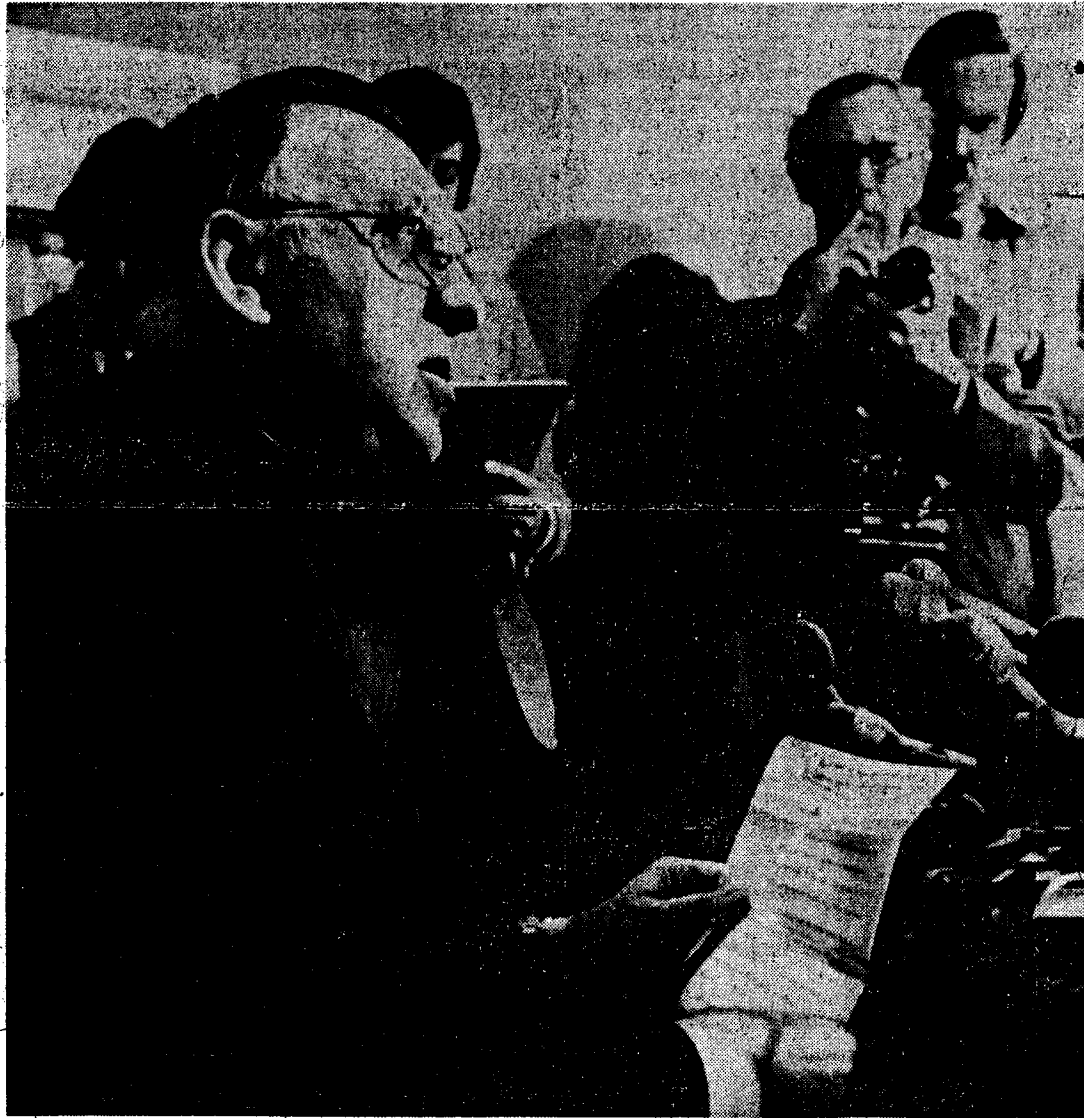
From his concrete warehouse in one of Baltimore's newest industrial parks and his paneled offices near the Lexington Market, Carcich ran his dominion in secrecy. Steel bars, intercoms, one-way mirrors and guards kept unwanted visitors out of Carcich's office. So did the exterior of his row-house compound, which had not a sign to identify it as the headquarters of the Pallottine Fathers Mission drive.

Employees have said that Carcich kept them on a rigid schedule, refusing, for instance, to let them take extra breaks to don sweaters in the cold weather. They could not talk to each other during working hours or make personal telephone calls.

Some of these employees told Sun reporters that Carcich instructed them to ignore contributor requests that special masses be said by a priest unless there was at least \$10 donated.

While the attorney general investigated the criminal aspects of Carcich's operation, the archdiocese asked a moral theologian from St. Marys' Seminary to investigate these charges of religious deception. A 21-page report concluded that the Pallottines did have the requested masses, said—19,762 masses alone from \$1 contributions.

The contributions of such donors may eventually find their way to the Pallottine charities. Under an agreement reached with Maryland Attorney General Francis B. Burch, the Pallottines agreed to liquidate all their assets by this August and send the money to their missions.



Associated Press

Guido John Carcich returns from church-imposed exile to face the press in his lawyer's office.

Priest Calls Charge Unfounded

By David A. Maraniss
Washington Post Staff Writer

As he moved slowly up the stairway between the ninth and tenth floors of a downtown Washington office building owned and occupied by the politically influential law firm of Williams and Connolly, the Rev. Guido John Carcich glanced briefly at the gold-plated watch on his left wrist.

The time was 1:36 p.m., Jan. 6, 1978.

Above him, in a conference room the size of a large closet, six television cameras, 13 microphones and more than 30 members of the press were waiting. After two years of church-imposed exile, this mysterious Catholic priest was about to return to public view. He was coming back to face a 61-count indictment in Baltimore charging him with the misappropriation of millions of dollars that he had raised for the Pallottine Fathers Missionary Order.

"Now remember to be calm, to smile," said the lawyer, Brendan J. Sullivan Jr., to his client, Father Carcich. "Just go in there, sit down, wait a minute so they can turn on their tape recorders and cameras. After you read the statement, tell them there will be no questions."

Father Carcich, stout, bespectacled, wearing the traditional black and white, did as he was told. He entered the cramped room, sat down, paused, smiled, pulled out a three-page statement, looked at the

cameras, and began reading, very slowly.

"Ladies and gentlemen of the press, citizens of Maryland, brothers, priests, and friends, I am sorry that I am returning . . . this afternoon under sad and tragic circumstances . . ."

In all the words that followed, Carcich offered no hint as to where he had been all these months while the legal case was building against him. There had been rumors placing him in various out-of-the-way locales from Rome to Brazil to West New York, N.J., his childhood home. His attorney once said that he was somewhere "far, far away," that it would "take two weeks to get from there to here."

Wherever he had been, whatever he had been doing, Father Carcich did not look worn out. His demeanor was as calm and smooth as his voice, which held to a monotone even when he spoke of "shock" and "disappointment," of "unfounded and reckless" allegations.

He recalled his 30-year mission with the Catholic Church in Baltimore, the years during which he rose from assistant pastor at St. John the Baptist in 1946 to director of fund-raising at the Pallottine center across the street.

"My life has been devoted to helping others," said Father Carcich, as beads of perspiration formed around his graying temples. "Everything I did in my fund raising and

investment activities was designed to accomplish this end."

From that point, the statement shifted back and forth, now stressing legal arguments, now making personal appeals for faith. He said he would rely on "my statutory and constitutional rights . . . and, of course, on the help of God."

He claimed that the "means by which this indictment was developed" would "shock every citizen who believes in due process and the American Constitution." Then he asked "my brothers in the priesthood, the good sisters of the Catholic Church" to pray for him.

Father Carcich finished his statement by requesting two more "favors." The first was that he be presumed innocent until proven guilty; the second was that reporters ask him no questions. "Press conferences," he said, "are not the proper forum in which to respond to the state's unfounded and reckless allegation against me."

Then his voice dropping slightly, Father Carcich looked around the room and said: "Thank you very much. God bless you all."

He moved quickly from the room and back down the stairway headed for Baltimore, where he would be arraigned, booked and fingerprinted. Sullivan and two other attorneys surrounded him as he went quietly downstairs. "You did well," said one attorney, as Father Carcich disappeared from view. "It was very smooth."

Md. Man in Carcich Indictment

By Donald P. Baker
Washington Post Staff Writer

John J. Giannini of Potomac, a former customer service representative of the U.S. Postal Service, acknowledged yesterday that he is the federal employee referred to in one count of the indictment returned against the Rev. Guido John Carcich of the Pallottine Fathers.

Giannini, now a staff assistant to U.S. Sen. Jennings Randolph (D-W.Va.), said he testified before the grand jury in Baltimore on Tuesday. He denied any wrongdoing and said prosecutors assured him that he was "not in trouble."

He said the language of the indictment, which indicates that Giannini had use of \$20,000 in Pallottine funds "for some period of time," was confusing to him. "I don't want to talk about it now," he said.

Count 55 of the indictment charges that Carcich embezzled \$20,000 on or about Nov. 3, 1970, and then permitted a federal employee to use the money. The indictment gave no indication of

how long the federal employee had the money or for what it was intended to be used.

Giannini said he met Carcich in the 1960s as a part of his work as a customer relations specialist. Giannini was charged with encouraging volume users of the mails to employ the then-new zip code system. At the height of their activity, the Pallottines spent more than \$1 million annually on postage to distribute their fund-raising sweepstakes scheme.

Carcich and Giannini remained friends after Giannini left the Post Office Department in August, 1971, to go to work for the Senate Post Office and Civil Service Committee. Giannini recalled he and Carcich once explored the idea of going into business together in the Boston area, but the idea did not work out. Giannini said the \$20,000 referred to in the indictment was not related to that idea.

Giannini, who had been active in politics in his native West Virginia before going to work for the postal service, moved to Sen. Randolph's staff last year.