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SINDONA ACCUSED OF ITALIAN BRIBES

Milan Official Investigates
Charges Financier Paid
Politicians for Favors

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ROME, Feb. 9—Judicial authorities have opened an inquiry into allegations that Michelle Sindona, the Sicilian-born financier who for some time controlled the Franklin National Bank, bribed Italian politicians to obtain illegal favors, Milan court sources said today.

A deputy state prosecutor, Guido Viola, yesterday questioned a Milan lawyer, Raffaele



Associated Press

Michele Sindona

Scarpitti, about charges that he was a go-between for Mr. Sindona and political figures.

Prominent politicians are expected to be summoned soon by the Milan official to answer questions about dealings with Mr. Sindona in what seems to be developing into Italy's latest corruption scandal.

The 54-year-old financier, whose empire of interlocking companies was at one time estimated to be worth \$450-million, is wanted by Italy on two arrest warrants charging fraudulent bankruptcy and related offenses.

Now in New York

Mr. Sindona is now in New York. [Mr. Sindona could not be reached immediately at his New York hotel for comment on the allegations.]

A team of lawyers is representing the financier, who carries an Italian passport, in his contacts with investigating magistrates and with former business associates.

The Vatican stated 10 days ago that a Roman Catholic Church institution had suffered

"limited" losses in the closures of two banks in Milan and Geneva that Mr. Sindona once controlled.

Pope Paul VI and his financial advisers are known to have turned to Mr. Sindona in the nineteen-sixties, when they decided to sell off some Vatican investments. These assets included a sizable interest in an international real estate company, Società Generale Immobiliare, that owned the Watergate complex in Washington.

Quit as Bank Director

Mr. Sindona resigned as director of the New York-based Franklin National Bank last September when he was unable to fulfill a promise to supply up to \$50-million to the troubled institution. Franklin National has since become the European American Bank.

The Italian financier, who was the largest shareholder in the parent company that owned Franklin National, is under investigation by the Internal Revenue Service for allegedly having offered \$1-million to the re-election campaign of President Nixon in 1972.

The new inquiry into alleged corruption of politicians in Italy was prompted by exposes in two magazines, L'Espresso of Rome and Panorama of Milan.

The two publications said that Mr. Sindona had subsidized politicians of the Christian Democratic party, Italy's largest party, in an effort to secure favorable administrative rulings affecting his banking operations.

Huge Bribes Charged

According to L'Espresso, huge bribes were paid to politicians in Italian currency and were not recorded in the books of any of the many companies that Mr. Sindona controlled. Panorama alleged that Mr. Sindona had regularly paid \$1.2-million to the Christian Democratic party beginning in 1972.

Two investigative reporters, Eugenio Scalfaro of L'Espresso and Paolo Panerai of Panorama, have been questioned by judicial officials.

Deputy Premier Ugo La Malfa, leader of the small Republican party, which is allied with the Christian Democrats in the Government, has publicly stated that when he served as Treasury minister in 1973 he was subjected to pressures of "every kind" to favor the Sindona group. Mr. La Malfa said the group had also promised to "do fantastic things for my party."

It is thought that the Deputy Premier will be questioned by the Milan public prosecutor in the Sindona case.

REMEMBER THE NEEDLES!