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Encyclopedia of White-Collar Crime

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CALVI, ROBERTO (1920–1982). Roberto Calvi was an Italian banker known for his involvement in the financial scandal and collapse of the Banco Ambrosiano, for his enlisting in the secret and illegal Masonic lodge known as Propaganda-2 (P2), and for his mysterious 1982 suicide.

Starting his career at Banco Ambrosiano in 1946, Calvi became its chairman in the late 1970s. In the 1960s, Calvi met Michele Sindona, a banker with strong connections with the Mafia who, in later years, would be convicted in the United States on sixty-five counts of fraud and eventually poisoned in his cell in Italy while serving a life sentence for murder. By the mid-1970s, Calvi became Sindona's protégé, and their business relationship led to creating a network of offshore corporations to launder or avoid taxation in Italy hundreds of millions of dollars. At the same time, the Vatican took advantage of Calvi's banking activities. In fact, following Sindona's advice, the Vatican Bank, whose president was the American bishop Paul Marcinkus, moved its investments offshore. By the early 1980s, the Vatican's participation in this activity allegedly exceeded \$1.25 billion.

Calvi's financial network was also enriched by his affiliation with the powerful Masonic lodge known as P2. Enlisting influential businessmen, politicians, journalists, and members of the Army, the Judiciary, and the Secret Service, P2 aimed at running a "shadow government" by influencing political parties and the media. The Parliamentary Commission described it as a "state within a state." Calvi and Sindona found in P2 an ideal business partner that was willing to handle the political problems that would arise in implementing their financial plans. In exchange, Calvi funneled vast amounts of money into P2 pockets.

Calvi's scheme of transferring money offshore through dummy corporations received a setback when Sindona's own financial empire began to crumble. The collapse of the Italian bank presents a pattern consistent with the later Enron and Parmalat scandals. The money was invested in offshore companies and funds, it then disappeared into a global black hole, and when the cash flow stopped, the system broke down.

In 1981, in the midst of the irreversible collapse of Banco Ambrosiano, Calvi was convicted by an Italian court of illegal currency transactions and was afterwards indicted for embezzlement. In an effort to escape criminal prosecution and to find a new business partner willing to pour money into a dilapidated Banco Ambrosiano, Calvi fled Italy. Just a week after, on

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PAUL J. BECKER

C-5A TRANSPORT AIRCRAFT

June 18, 1982, Calvi's body was found hanging underneath the Blackfriars Bridge in London, England. Nearly a quarter-century later, the circumstances of the suicide were still unclear. Over twenty years after Calvi's death, prosecutors in Rome filed murder charges against five people, among them an Italian businessman and a convicted killer and a leading figure in the Sicilian mafia. These charges arise out a 1992 Mafia defector's testimony that Calvi had been strangled by a London-based drug dealer connected to the Mafia to prevent the banker, who had agreed to launder large quantities of drugs money for the Mafia, from skimming large profits to keep his bank afloat. The trial began in December 2005. Bishop Marcinkus died in Arizona in February 2006.

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ANDREA BOGGIO

C-5A TRANSPORT AIRCRAFT. The C-5A transport aircraft is the second largest airplane in the world. It was originally conceptualized in the 1960s, when the U.S. military establishment hoped to create a fleet of aircraft that could move large numbers of troops and equipment to any place in the world within a matter of days. Though critics charged that such a move would upset the world military balance and possibly cause more harm than good, the U.S. Air Force invested money in three companies to develop proposals for a new fleet of aircraft.

Boeing, Lockheed, and Douglas, the three companies involved in the original bidding process, projected program costs of \$2.3 billion, \$2.0 billion, and \$1.9 billion, respectively for the fleet of planes. The design offered by Boeing was originally accepted but later overruled in favor of Lockheed. Several competing hypotheses have been offered to explain why Lockheed was awarded the contract. One prominent argument is that the Department of Defense wanted to retain Lockheed as a defense contractor in current and future projects. In fact, Lockheed was the government's primary producer of Poseidon and Polaris missiles. Had Lockheed not won the contract, thousands of people at Lockheed's Marietta, Georgia, plant would have been forced to find new jobs.

In November 1968, A. Ernest Fitzgerald, a civilian cost analyst for the Air Force, testified before a Congressional subcommittee that the 120 C-5A cargo jets ordered by the Air Force would cost \$2 billion more than anticipated and that the increased expense was partially the result of financial mismanagement. By early 1969, Lockheed's original program cost of \$16.5 million per aircraft was increased to \$40 million. At the height of the Vietnam War, cost overruns and waste were business as usual in the industries that manufactured the arms of

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See also: Lockt

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