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ITALIAN WHITE-COLLAR CRIME IN THE GLOBALIZATION ERA

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## ABSTRACT

At the beginning of the 2000s, three factories in Asti, a small Italian town, went broke and closed in quick succession. Hundreds of men were laid off. After some time, an investigation mounted by local prosecutors began to reveal what led to bankruptcy. A group of Italian and Spanish entrepreneurs organized a scheme to fraudulently bankrupt their own factories. Globalization made production more profitable where manpower and machinery are cheaper. A well-planned fraudulent bankruptcy would kill three birds with one stone: disposing of non-competitive facilities, fleecing creditors and sidestepping Italian labor laws. These managers hired a former labor union leader, Silvano Sordi, who is also a notorious “fixer.” According to the prosecutors, Sordi bribed prominent labor union leaders of the CGIL (Italian General Confederation of Labor), the major Italian labor union. My investigation shows that smaller, local scandals were part of a larger scheme that led to the divestments of relevant sectors of the Italian industry. Sordi also played a key role in many shady businesses – varying from awarding bogus university degrees to toxic waste trafficking. My research unveils an expanded, loose network that highlights the multiple connections between political, economic and criminal forces in the Italian system. This network, composed of white collars and members of Mafia-type organizations, showed an uncanny ability in seizing opportunities offered by wider globalization processes, such as privatizations, the free movement of capital and weakened labor unions.

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# INTRODUCTION

“Some will rob you with a six-gun, and some with a fountain pen.”  
*Woody Guthrie, “The Ballad of Pretty Boy Floyd”*

As a court reporter in my hometown, Asti, a small-size town in northern Italy, I had the chance to cover a variety of stories, from rapes to animal mistreatment. The courtrooms offered an enviable cross-section of the society I was living in. There was no limit to the imagination. I covered grotesque stories such as cat killers, wild boar abusers, peeping toms, and women who were rivals in love and mistook the streets of Asti for a racetrack. But I also covered tough stories, such as the most heinous child abuses, drug trafficking, prostitution rings and corruption.

I began to write crime and court stories when I was 21 years old: plenty of enthusiasm, zero experience. However, I soon developed a keen interest in enterprise journalism and in-depth reporting. I wanted to become a foreign correspondent to cover transnational crime rings active in drug trafficking, money laundering, organized crime and slush funds. I became fascinated by the complexity of a system that time-pressured reporters couldn't describe except by bits and pieces.

The first important story I ever covered as a court reporter was an offshoot of the so-called “FME trial.” Chief Prosecutor Sebastiano Sorbello had accused prominent labor representatives of extortion at the expenses of some entrepreneurs. According to Sorbello, Fausto Cavallo, Claudio Caron and Adriano Rissone had demanded money in exchange for their approval to restructuring plans and their support to obtain government funds for the companies. In Asti, the trial received some attention at the local level, since Caron was one of the most important politicians in town. He had also been appointed undersecretary at the ministry of labor between 1998 and 1999.

The divestment of Asti's industry loomed in the background. Multinationals and speculators had swooped in on Asti and plundered as much as they could. Bankruptcies, job cuts, close-downs. The unions seemed powerless.

I understood that the key figures were not the local labor union leaders, whose role, if they had any, was limited to the province of Asti. Journalistically speaking, the most intriguing character

was Silvano Sordi, a former prominent labor union leader who had been kicked out of CGIL, the major Italian labor union, because of alleged wrongdoings. After 1987, Sordi had become a prominent industrial consultant who specialized in relations with the unions. He was connected to an important entrepreneur in Varese, Guido Borghi, who seemed to have played some role in Sordi's illegal financial operations in Asti. In addition, rumors circulated about the involvement of members of Camorra, the Neapolitan mafia.

However, the local weekly newspaper for which I worked in Asti was reluctant to support serious investigative reporting, which could have damaged its dwindling revenues. Even if I were to work for free, I could have irked powerful people, who could have pulled their ads – not to mention the possibility of costly lawsuits. In addition, sources were wary to open themselves to an unexperienced journalist working for an obscure newspaper. As I was preparing myself to study in America, I shelved my plans to go deeper into the issue.

In July 2008, I had just been accepted into the Schreyer Honors College and I was thinking about my future thesis. While I was reading Italian newspapers in Asti's library, I saw a leaflet related to the FME affair in which a group of young people, politically close to Caron, denounced mafia infiltration in my hometown.

“That's it,” I thought.

I could have used my thesis as a pretext to do some enterprise journalism, a chance that I had never had before. And if there were leaflets around, it meant that there were most probably people who were willing to talk. I contacted a couple of lawyers, who pledged to give me a copy of the sentences of the FME, Newcompel and Trust cases.

When I went back to the United States in the fall, I began to scour the newspaper archives online and read thousands of news stories related to the characters. At the same times, I filed applications to have access to court documents. In Italy, it is not as easy as it is in the United States. When I went to visit a newspaper in Florida, reporters were able to find even criminal records online. In Italy, criminal records are strictly confidential. While you are entitled to a certain degree

of access to court documents, Italian bureaucrats give you a hard time granting you authorization. Unfortunately, Italy doesn't have a Freedom of Information Act. Access to institutional sources is notoriously laborious, and courthouses are the epicenter of Italian red tape. Most of the time, they reject your request on the most bizarre grounds. While I was in the U.S., a court clerk verbally assaulted my mother, who had gone on my behalf to the courthouse to ask for a copy of the sentences. The sentences are public acts and Italian citizens are entitled to request a copy. However, that court clerk – whose ignorance was matched by his insolence – is an expression of the Italian “culture of secrecy” that negatively impacts transparency.

Fortunately, many other clerks proved to be much more collaborative. Some of them went to great lengths to help me, and I'm very grateful for that. I also must thank the chief prosecutor of Asti, Maurizio Laudi, who died last September; and the chief prosecutor of Varese, Maurizio Grigo, who gave me authorization to access crucial court documents.

I began to interview dozens of people, make hundreds of phone calls and consult thousands of court documents in Asti, Varese, Treviso, Naples and Rome during my Christmas and summer breaks between 2008 and 2009.

Time and money were unsurmountable challenges.

In the U.S., I had to work on my thesis during my spare time. In Italy, I worked mainly during the winter and summer holidays, when most of the offices are closed and people are on vacation. Travels, intercontinental phone calls, and photocopies also cost money – too much money for the self-financed project of a penniless student. But I can say it was worth the effort.

The more I delved into this story, the more I realized how little I knew about it. It's an endless investigation. One little bit piece of information often raised more questions than it did answers. I didn't have time to consult important court documents in Varese, Brescia, Milan and Naples. Some of the documents in Asti are still classified. I couldn't interview many people who could feed me with crucial information. However, almost every oral source was double-checked



and, where possible, I tried to establish a degree of reliability. I also gave all the parties involved a chance to tell their version of the story.

My investigation had two turning points.

In December 2008, I found out that the name of Ottaviano Del Turco, one of the most powerful politicians in Italy, had emerged in connection with the Newcompel investigation. Luigi Esposito, Sordi's accomplice in fraudulent bankruptcies, had told the investigators that Del Turco was Sordi's political patron. Later on, I learned that Guido Borghi had confirmed Esposito's words. This circumstance never emerged in the Italian press.

In July 2009, a source told me that Sordi's name had also emerged in a double murder investigation in Varese. Several lines of investigations pointed in the direction of mafia-type criminal organizations. Organized crime? Murders? It seemed incredible. Also in this case, Sordi's connection to the victims was a circumstance that the press didn't know about.

"Sordi," my source told me, "is a man who knows many things."

I read the sentence of the trial against Isidoro Marai, the man accused of the murder of Emanuele Costa and Giuseppe Petralia, two entrepreneurs linked to the underworld. The sentence and other court documents confirmed what my source had told me. Sordi not only knew Costa, but he was also one of his close business partners. A line of investigation led to the Savignano clan, an Abruzzo-based criminal organization.

Abruzzo ringed a bell with me.

It was the region where Dario Baldovino, Borghi's partner and Warner Lambert's right hand in Italy, worked as chairman of an important confectionery manufacturer; and, most important, it's the home region and main constituency of Ottaviano Del Turco. I also learned that the remand in custody of Silvano Sordi in connection with the Newcompel affair had been found in Costa's briefcase. The briefcase was found on the same car where Costa and his friend Petralia had been shot to death.

It's only a coincidence, of course. But it's a very intriguing one.

Several investigative leads remain open: the role of certain government employees; the Camorra; 'Ndrangheta and Cosa Nostra; the Abruzzo-Tunisia-Italian Socialist Party connection; the Swiss slush funds; the Spanish adventures of Sordi; toxic waste trafficking; the alleged involvement of Oliviero Diliberto and Ottaviano Del Turco, two former Italian ministers.

An offshoot of my investigation that also seems to yield promising results in the future is the "Fassio connection." Giuseppe and Alberto Fassio are powerful people connected to Masonic lodges, political parties and business groups. In addition, I learned that Alberto Fassio had been the business partner of a prominent member of 'Ndrangheta.

White-collar crimes are difficult to dig and hard to explain. They often feature a large and diversified cast of characters interacting on several levels. Opacity is a salient characteristic of these crimes. Links are often unclear, fading in a tangle of companies, figureheads, and transactions. It also partially explains why the media tend to ignore these crimes: they are challenging for readers and writers.

Another challenge was conveying the importance of my findings to the U.S. reader. I had to translate idiomatic expressions and highly technical terms from Italian to English. Word-by-word translation has been sometimes impossible. The old dictum "traduttore-traditore" (translator-traitor) is here absolutely appropriate. In addition, most of the institutions mentioned in this thesis do not exist in America or they exist under a different form. For example, the Italian labor unions have a particular history that makes them quite different from their American counterparts. I tried to solve the problem by including footnotes, a glossary, and a list of characters. If I had had more time, I would have also included some infographic (diagrams, photos), which I highly recommend in similar future studies on the topic.

White-collar crimes are often perceived as less dangerous than street crimes because the "violence" factor is virtually non-existent or muffled behind closed doors. Unfortunately, the consequences of white-collar crimes are tremendously real. The Enron scandal in the U.S., as well

as the Parmalat bankruptcy in Italy, hit hundreds of thousands of investors and threatened to disrupt national economies.

I struggled to unveil the human stories behind this intricacy of shady financial operations. Among the stories that shook me most, it was the suicide of a Spanish union representative when Corporacion Ibmei decided to close down a factory in Bilbao (see chapter IV).

As the great historian Marc Bloch once wrote, “Behind the features of landscape, behind tools or machinery, behind what appear to be the most formalized written documents, and behind institutions, which seem almost entirely detached from their founders, there are men.”

## CHAPTER I – Bloody Saturday

“Isn’t it a shame to die so young, with so many experiences ahead of him?” [Judge Giovanni] Falcone<sup>1</sup> asked. To which the *mafioso* replied: “Inzerillo died at thirty seven, it’s true. But his thirty-seven years are like eighty years to an ordinary person. Inzerillo lived well. He had lots of things in life. Others will never have a hundredth of those things. It is not a shame to die at that age, if you have done, had and seen all the things Inzerillo had done, had and seen. He didn’t die tired and satisfied by life. He died sated by life. That’s the difference.”

(Alexander Stille, *Excellent Cadavers*, p.55)

Emanuele Costa, a shadowy businessman whose rise was as mysterious and abrupt as his fall, died riddled with bullets. He was 45.

Costa was a family man. He loved the idea of family so much that he managed to have more than one. He had been married for many years to Gabriella Binda, who gave her husband two daughters and received in return a monthly allowance from him. Costa used to spend some nights with his wife in Vergiate, a little town in the province of Varese. In the meantime, Costa lived in Bergamo with Carole Buchy, a young French woman he had met in 1999, and two years later the couple had a son. However, it soon turned out that Costa could not content himself with two women. In the fall of 2004, he had embarked on a love affair with Silvia Senn, the owner of the bar below his office in Bergamo, and with Senn’s daughter, Pamela Masoni, with whom he spent the night before his murder (sentenza n.1/08, p.17).

Besides women, Costa’s great passion was money. His entrepreneurial past is a hazy rags-to-riches story. In the 1980s, Costa, a modest truck driver of Sicilian origin, took the helm of a series of businesses operating in the fields of import-export of cars, real estate, earthmoving, pressure die-casting, and restaurants. His whirlwind turnover was impressive. A few weeks before his death, he had granted a €250,000 loan to an acquaintance to buy a Picasso (sentenza n.1/08, p.20).

The origin of his wealth is shrouded in mystery, but law enforcement agencies have no doubt that at least part of it was illegal. In the past, Costa had been investigated for usury. Two

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<sup>1</sup> “Falcone, who was killed on May 23, 1992, was an important anti-Mafia magistrate and one of the major figures in the 1986-87 Maxi Trial, in which 360 Mafiosi were convicted. Falcone and his wife, Francesca Morvillo – also a magistrate – and three policemen were killed when a roadside bomb exploded as they drove from the airport to Palermo” (Saviano, 2007: 51).

witnesses at the Costa's murder trial testified that Costa used to loan money to small entrepreneurs at interests so high that they could not pay the money back. Running deeper into debt, they were forced to hand their properties and businesses over to Costa (sentenza n.1/08, p.18). His tactics, described as "rapacious" and "quasi-mafiose," often turned into sheer extortion (sentenza n.1/08, p.24; 63).

Costa's illegal economic activities were as diversified as his apparently legal ones. His name also appears in connection with an investigation related to 18 kilos of cocaine imported from Brazil by a Varese-based criminal organization linked to Cosa Nostra. In that case, Costa was arrested for receiving stolen credit cards (Gandini, 1993; Smuraglia, 1994: 167). He was also a defendant in an important trial in Milan concerning stolen cars trafficking. Costa's intimate friend, Giuseppe Petralia, also appeared on the list of co-defendants.

Petralia shared with Costa a Sicilian origin and an unscrupulous quest for success. Also, he was bound for the same tragic fate. They had formed a close relationship in business as well as in their private life. Petralia tried to emulate Costa. In October 2004, Petralia had bought a BMW 730 similar to that of his friend. However, his financial resources could not match those of Costa. In the past, an embattled Petralia had to resort to loans from his own daughters. He had divorced from his wife, who later died in a car accident. Petralia, 53, lived with Naomi Cannatà, a much younger woman, and dreamed big, following his friend in new and ambitious projects (sentenza n.1/08, p.21-22). He was involved in a series of illicit activities that ranged from valued-added tax fraud to arms trafficking.

However, Costa and Petralia had grown increasingly worried after a business trip to Tunisia in September 2004. They were accompanied by Tonino Savignano, the head of a criminal organization that specialized in fraudulent bankruptcy. The Savignano clan, based in Abruzzo, extended its tentacles as far as Lombardy. Before his death, Emanuele Costa had bought a print shop in Pescara and he used to go to Abruzzo from time to time (sentenza n.1/08, p.19). Two years

later, Carabinieri<sup>2</sup> and Guardia di Finanza<sup>3</sup>'s "Operation Rubicone" would dismantle Savignano's organization, which appeared to be loosely connected to Cosa Nostra. Amalia Costa, one of Emanuele's daughters, was implicated in the investigation, while Savignano plea-bargained a sentence of four and half years in prison in January 2009 (Della Monica, 2006; Coppola, 2008; Pressoweb, 2009). Savignano was also investigated in connection with the murder of Costa and Petralia.

According to the Court of Assizes in Varese, it's unclear what happened in Tunisia. When Costa and Petralia came back, their companions sensed that something was amiss. According to Cannatà, Petralia began to look anxious: he often woke up in the middle of the night to meet Costa in Bergamo. Binda, Costa's wife, and Buchy, his lover, testified that Costa appeared profoundly upset.

Used to striking terror into his victims, it was now Costa who found himself frightened. On Oct. 29, a group of men had assaulted him. Once back at home, Buchy noticed his crumpled shirt and broken watch. Costa told her that four Apulians had beaten him and linked the assault to the sale of a business segment of one of his companies. Costa owned "Cortefranca Engineering," a firm operating in the field of pressure die-casting. He had sold a plant in Gallarate to "Globe srl" for € 400,000. However, the relationship between Costa and the owners of the Globe soured as he allegedly did not return the checks given to him as guarantee. After the assault, Costa hired a Romanian bodyguard, Costantin Stoica, and bought a car with tinted glass, a black BMW 730d (sentenza n.1/08, p.24-26; 95).

A few days later, Cannatà overheard a conversation between Costa and Petralia.

"You know, Giuseppe, I need money, or this time they'll do me in," Costa told his friend.

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<sup>2</sup> "Arma dei Carabinieri" is an Italian military corps of the gendarmerie type with police functions, which also serves as the Italian military police.

<sup>3</sup> "Guardia di Finanza" is the Italian financial police. As it retains military status, like the Carabinieri, it is part of the Italian Armed Forces.

“If you are so frightened, we can solve this matter differently,” Petralia said. “So far we’ve done it your way, now we do it my way.”

Cannatà understood that Costa and Petralia were to adopt strong-arm tactics, which might include the firearms hidden in Petralia’s warehouse (sentenza n.1/08, p.26).

### **Last days**

On Nov. 4, Costa, Buchy and their 3-year-old son went on vacation to Saturnia, a spa town in Tuscany where Costa had purchased a hotel-restaurant. However, he left them just two days later. He traveled 300 miles to secretly spend the weekend in Sirmione, a tourist lake resort, with Silvia Senn, one of his lovers. He showed up in Saturnia again on Nov. 10. The relationship between Costa and Buchy soured. The day after, Buchy read an ambiguous text message on Costa’s cell phone, guessing – correctly – that he was cheating on her (sentenza n.1/08, p.26-27).

The quarreling couple cut their vacation short. On Friday, Nov. 12, they arrived in Bergamo and parted ways. Costa tried to persuade Buchy not to leave for France, but to no avail. On Saturday, she was already at her parents’ house in Strasbourg (sentenza n.1/08, p.33).

They never saw each other again.

That Friday night, Costa found solace in Varese, sleeping with Pamela Masoni, Silvia Senn’s young daughter. On Saturday afternoon, Nov. 13, Masoni went to the hairdresser. She waited for Costa to pick her up until the hair salon closed at 8 p.m.

He did not show up. Most probably, he was already dead by that time.

The bodies of Costa and Petralia were found a few hours later in Arcisate, a village five miles from Varese.

### **In cold blood**

Shortly after 9:30 p.m., Giampiero D’Apolito, a car wrecker, passed in front of the premises of “CN,” an earth-moving and car wrecking firm owned and managed by Petralia. According to the judges of the Court of Assizes, D’Apolito became suspicious when he noticed that the gate was open and the building lights were off. He called Andrea Incognito, Petralia’s son-in-law and a CN

employee, who tried to call Petralia's cell phone, unsuccessfully. Living nearby, Incognito headed for CN.

In the yard, he saw Costa's black BMW with its engine still running. The car had crashed into the wall of the office, wedged between a staircase and another parked car.

Incognito approached the BMW. Peering into the car, he recognized the bodies of Costa and Petralia covered in blood. Costa's left foot still pushed the accelerator, and the wheels kept whirling, scarring the soil with ruts (sentenza n.1/08, p.34).

Incognito was terrified of his possible involvement, according to the Court of Assizes. His stormy relationship with Petralia was widely known. In the past, Petralia had threatened to fire him (sentenza n.1/08, p.34). Moreover, Incognito illegally possessed a 7.65-caliber handgun and he needed to get rid of it.

He quickly returned home and called D'Apolito back, asking to meet him at his garage. In the meantime, Incognito told his wife, Maria Petralia, that something had happened to her father. When D'Apolito arrived, Incognito handed him his handgun and ammunition to dispose of. Then, Incognito and his wife went back to the CN yard. He called the Carabinieri and the emergency phone numbers. Then, he informed Cannatà, while his wife contacted her sister (sentenza n.1/08, p.34).

The medical personnel found the bodies of Costa and Petralia still warm.

The photos taken by the Carabinieri show Costa slouching in the driver's seat. His body slightly leans toward the right and his head is tilted backward. Pouring from his nose, rivulets of blood furrow his cheeks and drop onto his jacket. His incredulous expression looks like it was frozen at the time of the attack. Costa's eyes are wide open as if in astonishment, looking at the roof of the car. One of the close-ups shows Costa's right hand still clenching his Nokia cell phone.

Petralia sits, somewhat more upright, in the passenger's seat. His head is tilted slightly forward, almost resting on his left shoulder. His closed eyes and his more natural expression could mislead one into believing that he was sleeping, if not for the blood blotting his face.



The forensics ascertained that the victims had been killed by five shots fired at their heads and chests from the back seats. Costa and Petralia, who had been completely taken by surprise, died instantly.

Two months later, investigators believed they had found the key to the double murder. The accused killer was a neighbor, Isidoro Marai, who owned a transport firm and had a previous conviction for robbery. Marai was a good friend of Petralia's and had asked him and Costa for help in dealing with a huge debt toward the INPS, the Italian social security agency. He had failed to pay more than €200,000 in social security contributions on behalf of his employees. Therefore, Costa and Petralia concocted a VAT fraud through false or inflated invoices that created a false "credit" in favor of Marai toward the Italian government.

Costa and Petralia's help came with a price: €130,000. Marai had anticipated only €10,000 then tried to delay the payment of the rest. Costa and Petralia pressured him. Marai had met them that Saturday afternoon in the yard of CN. Three eyewitnesses testified that Marai had left the place around 5 p.m. and that the victims were still alive.

According to Deputy Public Prosecutor Massimo Politi, Marai had later come back and shot his victims dead in the car. After the murder, he went dancing with his wife. Andrea Incognito, who had taken over CN after Petralia's death, and D'Apollito had been accomplices in the murder (Del Frate, 2005). However, all the defendants were acquitted of the murder charges.

### **The shadow of Cosa Nostra and 'Ndrangheta**

Besides the Marai-Incognito hypothesis, two other lines of investigation pointed in the direction of organized crime.

The first one suggested a connection with Tonino Savignano: Costa's business in Abruzzo and the mysterious trip to Tunisia.

The second focused on Cosa Nostra. The connection emerges in the Costa-Petralia-Marai VAT fraud. Financial records show that they had concocted a fictitious commercial triangulation inside the European Community. "Euro.Com Srl," a Cremona-based company, pretended to sell

goods to the “Autotrasporti Marai Isidoro,” which created a VAT credit for Marai. The second stage of the operation envisioned the fictitious sale of such goods to a Spanish company, “Adoler Grup s.l.”: according to Italian law, the invoices of this sale were VAT-free. Therefore, Marai was able to deduct more than €600,000 in VAT where the VAT due was never accounted for. This system of “compensation” allowed Marai to pay off the social security of his employees by claiming a false VAT credit (sentenza n.1/08, p.50-51).

The “Euro.Com” was a shell company, formally run by Roberto Stringhetti, but *de facto* managed by Marco Cagali and Alberto Schiavone, two previous offenders connected to Cosa Nostra. Marai’s defense attorney had indicated Cagali as a person who could have been involved in Costa and Petralia’s murder. It turned out that Cagali maintained business relationships with the powerful Badalamenti clan (sentenza n.1/08, p.51; 95).

The long-time head of the organization had been Gaetano Badalamenti, a member of the Sicilian Mafia commission in the 1970s, and acquainted with many secrets of the First and Second Italian Republic. He was also known for ordering the homicide of a political activist, Peppino Impastato, and for his friendship with Tommaso Buscetta, one of the most famous Mafiosi turned-state-witnesses. Badalamenti, called “Don Tano,” had died in a U.S. prison in April 2004.

Cagali admitted both his ties with the Badalamenti family and Emanuele Costa. In the past, he had contracted a €250,000 debt with Costa. Tensions had emerged between them, but Cagali insisted that he had paid Costa back.

Cagali and Costa’s business relationship went beyond Euro.Com. The Polizia stradale<sup>4</sup> (Highway Police) had found them involved in the management of “Service Car srl.” Amalia Costa, one of Emanuele’s daughters, had run the company since 2000. In 2003, Ms. Costa handed over the management of the business, now renamed “Autocar CM,” to Giovanni Milioto, a well-known criminal. After a whirlwind change of hands, the company went bankrupt in 2007. As it later turned

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<sup>4</sup> “Polizia stradale” is a sub-directorate of the Italian State Police (Polizia di Stato), one of the national police forces in Italy.

out, Amalia Costa and Giovanni Milioto served as mere figureheads to conceal the brains behind the entire operation: Emanuele Costa, Marco Cagali and Maurizio Ponzoni (annotazione di p.g. n.3884/2008, p.22-24). Cagali and Ponzoni were later arrested in 2006 in the police operation “Ghost Cars’ Brokers.” They were accused of running a criminal organization specializing in trafficking stolen cars from Germany and defrauding leasing and insurance companies (Mancino, 2006).

R. P. (personal communication, July 2009), a policeman, said that Ponzoni is also linked to Vincenzo Rispoli<sup>5</sup>, who has been recently accused of being the head of the ‘Ndrangheta’s *locale*<sup>6</sup> in Legnano<sup>7</sup> (Mastrillo 2009, a, b). According to the investigators, the Rispoli-led organization indulged in extortions, usury and robberies, terrorizing many small businesses in the province of Varese. But nobody had dared to denounce the harassment. How did such organizations come to become rooted in Varese, a rich town a few miles from the Swiss border?

### **The Mafias in Northern Italy**

Hollywood movies portray Mafia-type organizations as the dying legacy of underdeveloped areas in Southern Italy. If that’s the case, it would appear impossible to explain its territorial and economic expansion in high-income areas of the industrialized North, such as the province of Varese and Milan.

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<sup>5</sup> In a later personal communication (Nov. 2009), agent R. P. said that the ties between Ponzoni and Rispoli date back to the 1990s. Ponzoni was suspected of managing an amusement arcade in Legnano, named “Bidibodibu,” on behalf of Rispoli. This business was later closed down as Ponzoni was arrested for cloning credit cards. According to 2005-2006 police reports, Ponzoni used to regularly visit Rispoli’s fruit-and-vegetables shop. Rispoli’s wife also purchased an SUV from Ponzoni, who had formerly come into possession of the vehicle through a fraud.

<sup>6</sup> The “locale” is a subdivision of the ‘Ndrangheta, a specific confederation of Mafia families that is located mostly in Southern Calabria and has been documented since the second half of the 19th century (Varese, 2006: 422). Unlike Cosa Nostra, it is a more flexible and less centralized organization (Sciarrone, 1998: 42; Napoleoni, 2008: 59). The basic unit, the ‘ndrina, is the equivalent of the Cosa Nostra “cosca.” The ‘ndrina is autonomous and sovereign over its territory – usually a small town or neighborhood. Two or more ‘ndrine that operate in the same city can form a locale. In some cases, sotto ‘ndrine (sub-‘ndrine) have been established (Varese, 2006: 422). The chiefs hold annual meetings, called crimini, and every year they elect a capo crimine in charge of making preparations for the event, which appears to be more a convention set to exchange crucial intelligence.

<sup>7</sup> Legnano is a town of 55,000 situated in the flat lands of the Po Valley between Milan and Lake Maggiore. It is 20 miles from Varese.

Shortly before his death on September 3, 1982, General Carlo Alberto Dalla Chiesa gave a sobering assessment of Mafia expansion. “By now the Mafia is in all the major Italian cities where it has made considerable real estate and commercial investments,” Dalla Chiesa said in an interview. “The epoch in which the Mafia was limited geographically to western Sicily is over” (Stille, 1995: 67). In 1994, an inquiry of the Anti-Mafia parliamentary commission formally acknowledged that there were no longer “oases” untouched by Mafia-type organizations on Italian soil (Smuraglia, 1994: 14).

Journalists and the readership must jettison the long-enduring idea that Mafia is the by-product of the backwardness of some Italian areas. Judge Giovanni Falcone, one of the greatest Italian investigators whom Cosa Nostra assassinated ten years after General Dalla Chiesa, wrote that the Mafia method is “the synthesis of every form of illicit exploitation of wealth” and that it’s “never outdated or inexplicable [because] it’s a logic of power, always functional to achieve a goal” (Falcone & Padovani, 1991). Along with profits, the Mafiosi also need to channel the flow of hot cash. Such an impressive amount of money cannot be hidden but necessitates constant reinvestment in legal and illegal activities.

From this perspective, it’s easy to understand why the biggest prize for the Mafias was Milan, the heart of Italian finance. The Mafiosi had understood the strategic importance of the city since the early years of the post-war economic boom. Hungry for investments, Milan was the ideal place to launder money and to form alliances with big business.

During the late 1950s, top Mafiosi such as Giuseppe Antonio Doto (better known as Joe Adonis) settled in Milan. Cosa Nostra held summits in Cologno Monzese, a small city close to Milan, in which leading Mafia figures took part. It was inconceivable that they could convene in Cologno while staying invisible. It was also inconceivable that they could choose that place if they did not have connections there (Veltri & Laudati, 2009: 199).

In 1992, two months before his death, Judge Paolo Borsellino had an interview with two French journalists about the relationship between the Mafia and Silvio Berlusconi, the media tycoon

who would become the most influential Italian politician two years later. Borsellino argued that the Mafia looks for chances to reinvest its massive amount of money, therefore being connected to Northern magnates and financiers is crucial to the organization (Veltri & Laudati, 2009: 230). Two years later, an Anti-Mafia Parliamentary Commission report warned about the converging interests of white-collar, organized and Mafia-type organizations in Northern Italy (Smuraglia, 1994: 36).

Now Lombardy ranks as the fourth Italian region for extortions and forfeitures of real-estate properties from Mafiosi after Sicily, Calabria and Campania (Veltri & Laudati, 2009: 211).

The Fifth Section of the Court of Assizes in Milan recently ascertained the presence of a “big Mafia confederation” between Cosa Nostra, ‘Ndrangheta and Camorra in Northern Italy (Veltri & Laudati, 2009: 204). Close cooperation between the three biggest Mafia-type organizations is nothing new: Judge Giovanni Falcone had already discovered in the early 1980s that Sicilian Mafiosi worked hand-in-glove with their Neapolitan and Calabrian counterparts (Stille, 1995: 34). Falcone also explained that the Mafia kills in Palermo but invests its money in Milan (L’Espresso, 2009). In 1994, the Anti-Mafia parliamentary commission stated that the Mafia-type organizations that were operative in the Milan-Como-Varese triangle had reached a remarkable level of integration. In fact, they shared power by managing different economic activities rather than by running different territories (Smuraglia, 1994: 156; see also Grigo, 2003: 3). Moreover, the Mafiosi had also formed alliances with local criminal individuals and groups, so that they could control a wider territory with fewer financial and human resources (Sciarrone, 1998: 127-128).

But sometimes, the presence of the Mafias in Northern Italy amounts to more than drug trafficking and money laundering. Mafia-type organizations have been successful in colonizing entire areas. Carmine Gallo, assistant police commissioner of the organized crime team of the flying squad in Milan, said that the ‘Ndrangheta families follow a carefully planned strategy. They settle in small municipalities rather than big cities in order to control and reproduce the same social and environmental conditions of their native region. Sometimes there are no law enforcement officers there, and it is easier for their sentries to detect the presence of plain-clothes policemen. Saverio

Morabito, a Mafioso-turned-state-witness, said that the ‘ndranghetisti had turned the area of Buccinasco and Corsico, two municipalities in Lombardy, into clones of Platì, a small town in Calabria highly known for its high concentration of Mafiosi (Blu Notte, 2008; see also Sciarrone, 1998: 288). Giacomo Lauro, another Mafioso-turned-state-witness, said that “the policy of the ‘Ndrangheta often consists in massive transfers to Northern Italy of families and individuals linked to clans, in order to form criminal holdings on fully-controlled territories” (Sciarrone, 1998: 43).

From the 1970s on, the ‘Ndrangheta has shown a greater vitality in the area. Its kin-based system of recruitment facilitates transplantation when an entire blood family migrates: in these instances, the criminal group will automatically reconstitute itself in the new locale and establish control over its territory (Varese, 2006: 417-418). According to the Anti-Mafia Parliamentary Commission, “The familial bond has not only worked as a shield to protect secrets and enhance security, but [it has] also helped to maintain identity in the territory of origin and reproduce it in territories where the family has migrated” (Varese, 2006: 424).

At the same time, the ‘Ndrangheta has taken control of famous shops in downtown Milan, and gained foothold in banks such as San Paolo di Brescia, Cassa di Risparmio di Torino, Deutsche bank, and Banca Agricola Mantovana thanks to corrupt employees. Yet, the local political authorities still insist on denying the presence of Mafia-type criminal groups in Milan (Veltri & Laudati, 2009: 211; 223). In May 2009, the center-right majority in the city of Milan reversed its position on a proposal to create an Anti-Mafia commission to watch over the massive number of contracts and tenders in sight of Expo 2015, the universal exposition that Milan will host (Frigerio, 2009).

### **At the foot of the Alps**

The strategic location of the province of Varese has been just as attractive as Milan for Mafia-type criminal organizations. The area, with a size equivalent to less than a third of that of the

state of Rhode Island, is home to more than 850,000 living in 141 municipalities (*comuni*<sup>8</sup>), and almost 30 percent of the population is concentrated in the four main cities (Varese, Busto Arsizio, Gallarate and Saronno) (Smuraglia, 1994: 166; Unione Industriali di Varese, 2009). It borders Switzerland to the north, the province of Como to the east, the province of Milan to the south and the provinces of Novara and Verbania, in the region of Piedmont, to the west.

The Italian-Swiss border functioned as a magnet for a wide array of illegal activities. Contraband, the main illegal enterprise until the 1970s, gave way to more heinous crimes, such as drug and arms trafficking, kidnappings, and murders. The presence of the famous Casinò of Campione, located in an Italian enclave within the Swiss canton of Ticino, provided cannon fodder for loan sharks (Smuraglia, 1994: 167). But, even more important, the bank secrecy offered by Swiss banks tempted Mafia-type criminal organizations, as well as corrupt politicians and white-collar criminals.

Switzerland, the land of Plenty. Its name evokes a neat, law-abiding, high-income, peaceful country, encircled by the soaring Alps and immersed in a bucolic landscape. Geneva is the headquarters to the International Red Cross, and the Red Cross emblem itself is said to have been derived from the Swiss flag. And yet, in this oasis of Alpine tranquility the coffers of the banks welcome the blood-stained money of ruthless dictators, corrupt politicians, greedy businessmen, wealthy tax-evaders, and shadowy criminal organizations, including the Italian mafias. Its soil hosts countless shell companies used in a kaleidoscope of criminal activities. Switzerland, along with Luxembourg, is the dream of any money launderer, a black hole in the middle of Europe, a giant slush fund itself.

Italian law enforcement agencies have a hard time patrolling the endless mountain passes that connect the province of Varese to Switzerland. Streams of hot cash keep flowing from Italy into the Swiss Confederation through these Alpine valleys (Grigo, 2003: 92). Beside its geographic

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<sup>8</sup> In Italy, the “comune” (plural: “comuni”) is the basic administrative unit of both provinces and regions, and may be approximated in casual speech by the English word “township” or “municipality.”

proximity, the Italian-speaking Canton Ticino, the southern Swiss region bordering the Varese area, has also the advantage of having no linguistic barriers between banking consultants and their Italian clients.

The Italian government, always suffering cash shortages and widespread tax evasion, has tried to stem the cash flow. The last desperate move has been a “tax shield” that guarantees impunity to those who repatriate their money in exchange for a pittance of just five percent of that capital, in defiance of all the law-abiding Italian taxpayers. To convince those reluctant, the government unleashed the Guardia di Finanza, the Italian financial police, to find secret bank accounts. Italian authorities estimate that Swiss banks harbor €600 billion undeclared to the Italian tax authorities. The “fiscal war” has heightened tensions between Switzerland and Italy. But peaceful Switzerland has a secret, formidable weapon: blackmail. A former bank director declared that, if he talked, the Italian government would fall in just a day. A Swiss politician quipped about Giulio Tremonti, the Italian finance minister, that “he is maybe the only minister of finance in the world who, in his previous job of financial legal expert, has himself transferred large sums on Swiss bank accounts. Therefore, he knows the topic perfectly.” A Swiss newspaper threatened Italian Prime Minister Silvio Berlusconi: “Thanks to the silence of lawyers and banks in Canton Ticino, it’s still unclear where the millions that allowed the rise of his [financial] empire come from.” It’s not difficult to guess why the Italian government retreated (Annicchiarico, 2009; Morea, 2009).

In the absence of adequate financial controls, Mafia-type organizations have flourished. The Anti-Mafia Parliamentary Commission has found that the Sicilian and Calabrian Mafia infiltration in the Varese area reaches the extent of that in Milan in terms of organization, numbers, and drug and arms trafficking. Also, frauds and usury thrive, often underreported to the police. In 1994, police forces estimated that at least 130 Mafia “affiliates” operated in the area, forging alliances or businesses with Sicilian, Calabrian, Campania and Lombard criminals (Smuraglia, 1994: 167).

According to Maurizio Grigo (2003: 44-45), chief prosecutor in Varese, demographic changes have contributed to a successful Mafia transplantation, in particular the influx of Southern



Italians and the so-called “forced resettlement” (*soggiorno obbligato*), the policy of punishing convicted Mafiosi by forcing them to relocate outside their area of origin. From the 1950s on, this practice was “predicated on the [erroneous] assumption that, away from their home base and immersed in the civic, law-abiding culture of the north, mafiosi from the south would abandon their old ways” (Varese, 2006: 417). At the same time, manpower-hungry manufacturing industries in Varese, such as the famous “Ignis” (now Whirlpool Europe), drew crowds of immigrants from the poorer South.

However, many scholars argued that such changes themselves could not complete the transplantation process. If that were the case, the Mafia phenomenon would have already emerged in Northern Italy in the 1950s and 1960s. Instead, the effects of organized crime erupted in the 1970s. Therefore, local causes favored the change. According to criminologist Pino Arlacchi, it was the growing importance of drug trafficking: Milan had become one of the most important markets of morphine in Europe, while Northern society fostered a demand for heroin sufficient to sustain a steady offer from organized criminal groups. In addition, the expansion of risky, unscrupulous finance severed from industrial plans and the need of Mafia families to re-invest their money led to a “joint venture” between Mafia-type organizations and white-collar criminals (Sciarrone, 1998: 119-120).

This is the context in which Emanuele Costa and Giuseppe Petralia were killed.

### **The briefcase**

In the BMW in which Costa and Petralia were murdered, investigators found a briefcase containing plentiful documentation about Costa’s activity. Interestingly, one of the documents was the remand in custody<sup>9</sup> of a certain Silvano Sordi:

According to the articles 284 and 299 of the criminal procedure code,  
[I] substitute the measure of preventive detention in prison of Sordi Silvano with the measure of house arrest at his abode located in Montegrino Valtravaglia (Va), via Moroni n.11. [...] Asti, 21 October 2004.

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<sup>9</sup> In Italian: “ordine di custodia cautelare.”

In Costa's cellphone – the same cellphone Costa was holding in his right hand when he was killed – investigators found several phone numbers recorded in Sordi's name.

Sordi's criminal pedigree did not look particularly impressive. He had plea-bargained a fine of €5,100 for water pollution in 1995 and little less than €1,500 for a fraud in 1997 (casellario giudiziale, 2007). He had been recently incarcerated for being the mastermind behind a fraudulent bankruptcy scheme in Asti, a city a hundred miles from Varese, in the region of Piedmont.

But Silvano Sordi substantially differed from the other characters revolving around the murder of Costa and Petralia.

He was a financial and industrial advisor to several important entrepreneurs.

He boasted important political connections.

He had been himself a prominent labor union leader in Varese.

## CHAPTER II – The Storm

Asti is a town of seventy thousand internationally known for its wine. Wedged in the Tanaro River Valley and encircled by the rolling Monferrato Hills, the urban center and its province are an “agriculture oasis” in the middle of the so-called “industrial triangle” of Milan-Genoa-Turin, where Italian industry was first born and still retains much of its basis. The countryside, here and there scarred by the excess of the unregulated post-World War II construction spree, largely maintains its appeal as churches and castles dot the tops of the hills mantled with woods and vineyards. In winter, they appear to be floating, fairy-tale islands emerging from the fog flowing in the valleys below. When the winds sweep the clouds away, the tourist might enjoy the Alpine glaciers looming in the distance.

Asti – a livable, people-oriented small town – also conjures romantic memories. Tourist agencies remember the glorious past of one of the most powerful “free communes” in the Middle Ages, whose vestiges are still visible in the intricate maze of medieval streets entangling the urban area between the Cathedral and the Collegiata of San Secondo. Downtown, the tourist can still appreciate the fortified palaces and merchant houses with their beautiful Romanesque-Gothic windows in red brick and white sandstone, and what remains of the 120 towers that once soared throughout Asti. Its habitants, the “Astigiani,” are proud of their traditions, in particular “Il Palio,” a medieval horse race that takes place in September in the heart of the historical center.

Asti, a great place for raising your kids. Asti, wine, culture and history.

But such a touristic image tells only one side of the story.

Asti also offers profound insights into Italian society at the turn of the 21st century. Its zero-growth, aging population, and increasing xenophobia is a snapshot of a nation. The enthusiasm of a country getting back on its feet after the mayhem of the Second World War has given way to general apathy and disillusion.

Asti is the reverse of the American Dream – not exactly an Italian Nightmare, but a reality where a down-to-earth mentality leaves little room for reveries. While the United States sees itself as a land of opportunity where no dream is beyond reach, Asti brings you back to a tougher reality.

In spite of a thin veil of political correctness flaunted by the majority of the Astigiani, and Obama’s widespread popularity, the color of your skin matters, and so does your religion. Only an adequate supply of money might make amends for it. In the 2009 European elections, the Northern League, an extremist, anti-European, anti-immigrant party, seized almost 14.5 percent of the votes in Asti and gained higher percentages in the rest of the more conservative province. Asti is a “white” town.

Nevertheless, the fragmented foreign community has been growing steadily. From 2000 to 2007, the number of legal immigrants tripled in Asti (Comune di Asti, 2008): 6,600 foreigners, almost 9 percent of the total population, counterbalancing declining births among Italians. Almost all of them come from low-income countries in Eastern Europe, the Balkans and North Africa, especially Albania, Romania and Morocco. Media coverage of the “extracomunitari” (non-EU citizens) is biased even in the most liberal newsrooms. Editors have no shame in claiming that the rape of a Moroccan or Albanian woman does not deserve the same coverage as that of an Italian. Integration is a very distant goal.

### **TangentAsti and major investigations**

But even the Italian majority is experiencing increased hardships. In recent times, a few people have “made” it – and they have made it out of town, of course. Today, up-by-the-bootstrap personal histories are uncommon. Status quo crystallizes social, political and economic relationships, and even major scandals such as the string of investigations known as “TangentAsti” (“Asti Bribes”) could not shake up the pre-existent power structures and hierarchies. The ruling class maintains its firm grip on power.

But for two years, the ruling class trembled. “Operation Clean Hands” in Milan initiated a spate of similar investigations throughout Italy. In Asti, tens of arrests and investigations of an

emboldened judiciary gave no respite to the top politicians and businessmen. Even numerous policemen and a prominent prosecutor of the Procura della Repubblica<sup>10</sup> of Asti were taken into custody. In January 1994, at the peak of the scandal, a journalist of La Stampa wrote:

It is true that the ephemeral life of our newspaper does not last twenty-four hours, but the issue of La Stampa that we published five days ago seems an archaeological find: it ran the story of thirty arrests, the annual budget of the corrupted Asti, indeed, of ‘TangentAsti’. Yesterday, we celebrated the New Year with a new burst of excellent prisoners and serious charges. What is this city, a kind of Sodom and Gomorrah? [The Astigiani] root for the Palio and Christian people celebrate the visit of the Pope. But there are people who do not hold back at the prospect of a golden criminal business (Tessadori, 1994).

The judiciary was exposing a corrupt system that had lasted for almost fifty years, lying in plain sight. Daniela Peira, a veteran crime and court reporter for the local newspaper La Nuova Provincia, said that she and the editor-in-chief had prepared a briefcase with all the photos of the likely candidates for the next round of arrests.

At that time there were no digital photos and there was no way to send them to the print shop. You had to go there yourself. [...] In the briefcase we had the photos of all these people, especially politicians. They looked like the picture cards of the soccer players. You can’t imagine how many times that briefcase turned useful (Peira, interview, 2008).

Delio Ruscalla, a powerful businessman, wrote a letter to the chief prosecutor of Asti, Sebastiano Sorbello, in which he admitted to having engaged in widespread corruption and exposed a “system of illegality”:

The decade 1980-1990 has been characterized by a political and institutional deterioration in which businesses have become in part victims, in part accomplices, leading to a system of illegality. The system required, from time to time, giving contributions to the representatives of political forces in parties and institutions as well as rewards to bureaucrats. The situation in Asti reflected the national trend [...] Therefore, the possibility to win work for companies involved the disbursement of money to be bestowed on *all political parties, with no exception* (emphasis added) (Ruscalla, 1996).

Asti slowly returned to business as usual. The local ruling class regained its foothold as fast as it had lost it. Mayor Giorgio Galvagno, who resigned in 1994 after his alleged involvement in a bribe scandal, plea-bargained a six-month sentence in connection with a “misuse of authority” in 1996 but did not serve time thanks to favorable Italian laws. However, Galvagno eventually came back stronger than ever on the political stage as an Italian member of parliament. He was re-elected

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<sup>10</sup> “Procura della Repubblica” (or “Procura”) is the office of the prosecutor – called in Italy “Procuratore della Repubblica” (or “Procuratore Generale” in an Appeal Court), who is assisted by deputies (sostituti procuratori).

as Mayor of Asti in a landslide for the third time in 2007, demonstrating the resilience and effectiveness of the Italian patronage system (Monticone, 2007).

Other more rugged criminals in Asti continued to offer newsworthy national events for a while.

A few miles from the Italian eastern border, the Balkans had flared up. When the communist dictatorship fell in 1991, a flood of Albanian immigrants had been reaching the Italian shores. Among them, many ruthless criminals found their way to Italian cities. In the mid-1990s, two Italian-Albanian gangs headed by Elvin “Vili” Selimaj and Leonard “Fiore” Hila joined forces to overthrow Alfonso “Fofò” Schillaci. Local journalists dubbed Schillaci “the king of Praia,” a suburban, popular neighborhood created to accommodate Southern Italians who had migrated to the north since the 1950s. The area had soon been taken over by the underworld. Schillaci was severely injured in a first armed attack and, still convalescent, almost killed in his own bedroom during the second. For the Italian authorities, that was enough. On Oct. 7, 1997, the Carabinieri launched “Operation Shkoti,” the biggest operation of investigative police in Piedmont. At 4 a.m., 900 carabinieri took over Asti: the soldiers established 93 road blocks while their helicopters flew over the city. The criminal organizations headed by Selimaj, Hila and Schillaci were decapitated (Ghia, 2007b).

Then, the floodlights of the national media abandoned Asti. The local “Procura della Repubblica,” the prosecutor’s office, launched other important investigations, such as one related to international toxic waste trafficking, which opened new investigative leads into the murder of journalists Ilaria Alpi and Miran Hrovatin in Somalia (Miravalle, 1996; Tessadori, 1996).

But the city went back to normalcy. Yet interesting things were still happening in its province. Due to its proximity to Turin, Milan, Genoa and its relative seclusion, Asti is a strategic location. The Italian government set in its countryside a secret center for “Gladio,” the clandestine NATO organization that was involved in several mysterious and bloody events during the Cold War

(Bellu & D'Avanzo, 1991). Several years later, the ex-CIA station chief in Milan, Robert Seldon Lady, also bought a villa in Penango, a small village in the province of Asti<sup>11</sup> (Ruotolo, 2005).

Asti showed a remarkable indifference to the international spy stories that unfolded on its doorstep. Instead, another scandal was going to upset the community – a ticking bomb ready to go off at any time and shake the only institution left untouched by the investigations of TangentAsti ten years before: the “sindacato” (labor union).

### **“FME affair”: a judicial storm rocks the “sindacato”**

On Dec. 14, 2004, a month after Emanuele Costa and Giuseppe Petralia’s murder, local newspaper La Nuova Provincia ran a news story that sent shockwaves through Asti’s tight-knit community (Favrin, 2004a):

#### **The FME investigation widens to the labor union**

*The Procura<sup>12</sup> to close a new branch of the inquiry on the recent bankruptcies of companies in Asti – The focus is the relationship between entrepreneurs and union representatives*

**By Roberta Favrin**

New disturbing developments [unfold] in the maxi-investigation of the Procura of Asti on the fraudulent bankruptcy of the FME (ex Nuova Ib.MeI). The criminal plan devised by the Spanish Corporacion IbMeI [...] was carried out with the complicity of the labor union.

The Procura observes the strictest silence on the issue. However, more and more persistent rumors circulate on the involvement of former FIOM and CGIL Asti secretary Fausto Cavallo. The union representative [*sindacalista*], who does not confirm or deny the circumstance, is well-known in town. Cavallo led the “toughest” negotiations of the last 20 years: from the Weber-Carello to Morando, from the IbMeI to the Gft in San Damiano<sup>13</sup>, and in more recent times, Arvin and Trust.

The Italian and Spanish entrepreneurs charged with conspiracy [to commit bankruptcy] are those who dragged Cavallo in the murky FME affair. The facts date back to January 1995, when Nuova Ib.MeI (engines for washing machine) announced the shutdown for serious financial problems. The plant employed 245 workers. It began a long labor dispute that ended in May 1995<sup>14</sup> and resulted in the outsourcing of the production to a new company, the FME (Fabbrica Motori Elettrici, *Electric Engines Factory*), which was formed by four former managers of the IbMeI<sup>15</sup>.

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<sup>11</sup> Bob Lady is now a fugitive from the Italian police for his involvement in the kidnapping of the Islamic extremist Abu Omar (Donadio, 2009). According to an anonymous source, Lady is also involved in the “SISMI-Telecom scandal,” an illegal domestic surveillance program. Some of the most “delicate” illegal dossiers were brought to Pirelli facilities in the province of Asti, a few kilometres from Lady’s villa (Ranucci, 2007)

<sup>12</sup> See note nr. 10.

<sup>13</sup> San Damiano is a 8,500-person comune (municipality) in the Province of Asti, located about 40 kilometers southeast of Turin and 13 km southwest of Asti.

<sup>14</sup> Actually, the deal between the company and the labor unions was signed on April 13, 1995 (Tribunale di Asti, Apr. 3, 2006, p. 2)

<sup>15</sup> Actually, the managers were five, not four: José Joaquin Iranzo Gonzales, Pedro Maria Orquin Rebole, Angel Marti Fernandez, Jesus Martin Blanco e José Maria Martinez Trancho (Martinez, interrogatorio, Jan. 20, 2005; Martinez, memoria, Jan. 21, 2005; Guardia di Finanza, annotazione di p.g., Sept. 9, 2002). Blanco Martin was the financial

In 1994, the Spanish management was planning to close down the factory in Asti. Rising labor costs had made the manufacturing of a low-technology product in Italy unprofitable (Tribunale di Asti, Apr. 3, 2006, p.4; Tribunale di Asti, Dec. 20, 2007, p. 5; Martinez, interrogatorio, Jan. 20, 2005). Luis Gutierrez Solera, president of the Corporacion Ibmei, and José Maria Martinez Trancho, the general manager, proposed a steep cut in wages as the only alternative to the shutdown.

Silvano Sordi, an industrial consultant known for his expertise in labor union affairs, said that these plans were not practicable in Italy. The first option would have been costly for the company while the second would have been strenuously opposed by the unions (Sordi, interrogatorio, Sept. 22, 2004).

But Sordi did have a solution: a complex financial operation called “management buyout,” involving the creation of a new company, the FME, previously named “DE.SY.RES<sup>16</sup>” and registered in Varese. The “Nuova Ibmei,” the Asti-based subsidiary of the Corporacion Ibmei, would transfer the ownership of the factory to the FME, an independent company that was secretly controlled by the Spanish parent company.

The operation enabled the Corporacion Ibmei to profit illegally on multiple levels.

First, the workers lost their seniority benefits as the Nuova Ibmei, controlled by the Corporacion Ibmei, fired the workers and the FME hired them again from the “liste di mobilità<sup>17</sup>.” In the process, the workers lost almost a fourth of their pay.

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director of Corporacion Ibmei (Madrid) and of Nuova Ibmei (Asti). Fernandez Marti was the purchasing manager of Corporacion Ibmei. Iranzo Gonzales was the quality manager of Corporacion Ibmei. Martinez Trancho was the general manager of Corporacion Ibmei and CEO of Nuova Ibmei. Orquin Rebole was the sales manager of Corporacion Ibmei.

<sup>16</sup> According to Silvano Sordi (interrogatorio, Oct. 28, 2004), Dr. Giuseppe Musco had transferred the shares of DE.SY.RES, a dormant company, to the Spanish managers on Sordi’s advice. The company was renamed “FME” (Electric Engines Factory) on Jan. 18, 1995 (Tribunale di Asti, Dec. 20, 2007, p. 5). See also Parena, sit, 2002.

<sup>17</sup> Lista di mobilità: List of workers who are given benefits when they are redundant. The Italian government gives them a redundancy payment. If a company hires one or more of these workers, it may be granted fiscal incentives for the first few years.



Second, the workers also lost the right to file a lawsuit against the Spanish company for work-related illness, such as hearing impairment, which could have cost the company up to 70 million lire (36,000 euro) per worker.

Third, the FME would have benefited from incentives from tax cuts and incentives from the INPS<sup>18</sup>, the most important Italian social security agency<sup>19</sup>.

Fourth, the FME signed an exclusive contract with the Nuova Ibmei that envisioned the sale of the products at a price below the cost of production, leading to a rising deficit that would have later led the company to declare bankruptcy. In addition, the Corporacion Ibmei shifted the most profitable productions from Asti to Madrid: the FME burdened itself with costs and risks, while the profits wound up in Spain (Martinez, interrogatorio, Jan. 20, 2005).

Fifth, the Nuova Ibmei formally retained its real estate property in Asti – that is, the plant and the surrounding area, which were worth millions of euro. In case of bankruptcy, the creditors of the FME may not have sought the seizure of the real estate in court (Sordi, 1994; Guardia di Finanza, annotazione di p.g., Sept. 9, 2002; Tribunale di Asti, Apr. 3, 2006, p.2; Tribunale di Asti, Dec. 20, 2007, p. 5).

According to the investigators, Sordi's plan could never have passed the examination of the Ministry of Labor and Social Security without the approval of the labor unions – in particular, the approval of CGIL, the labor union that represented the majority of Nuova Ibmei's workers.

On April 14, 1995, the deal was signed. The workers approved it a week later: 130 votes in favor and 67 against. Two years later, the Newcompel negotiations would follow the same script with some of the same actors (Gonella, 2004e).

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<sup>18</sup> Istituto Nazionale della Previdenza Sociale (National Institute of Social Insurance, INPS) is the main social security agency of the Italian government.

<sup>19</sup> However, the INPS reported the illegal fictitious operation to the Procura della Repubblica di Asti. Ioquin Iranzo Gonzales, CEO of FME, was found guilty of attempted fraud at the expense of the INPS (Guardia di Finanza, annotazione di p.g., Sept. 9, 2002; Tribunale di Asti, Dec. 20, 2007, p. 5).

### **The Newcompel case: bizarre “coincidences”**

Favrin’s story did not specify what accusation was brought against Cavallo who was, according to many insiders, the most influential labor union leader in Asti.

Favrin (2004a) wrote,

The Procura would be very close to shed light on Cavallo’s involvement, which emerged more clearly after the indictment [*rinvio a giudizio*] of 22 managers and employees of the company in Asti for conspiracy in fraudulent bankruptcy and other tax offences<sup>20</sup>. If the investigation is soon completed, as it appears, it’s likely that the case [against Cavallo] will be brought together with the main case that will begin its preliminary hearings in front of Judge [Federico] Manotti, on Feb. 15. The FME operation would share many similarities with the Newcompel in San Damiano, a case that lists among its defendants Silvano Sordi.

The “Newcompel” investigation was the same one that earned Silvano Sordi the remand in custody that was found in Costa’s briefcase. In July 2004, Silvano Sordi, Luciano Sordi, Luigi Esposito and other four managers<sup>21</sup> had been arrested on charges of fraudulent bankruptcy, tax offences and fraud.

Luciano Sordi, one of Silvano Sordi’s brothers, was arrested a few days after the others: he was in Tunisia<sup>22</sup>. He told the investigators that he had been in Tunisia on vacation with his wife, Michela Bortolato (Guardia di Finanza, esecuzione custodia cautelare, July 20, 2004).

Tunisia: an interesting coincidence. Emanuele Costa and Giuseppe Petralia would have traveled there in August and in September 2004 with Tonino Savignano, the head of an Abruzzo-based criminal organization. After those trips, Costa and Petralia were frightened that something could happen to them (sentenza n.1/08, p.24-26).

Tunisia is not the only coincidence. Silvano Sordi’s house also had a bizarre story.

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<sup>20</sup> Chief prosecutor Sebastiano Sorbello had filed for the indictment of the Spanish and Italian managers in May 2004 (La Stampa, 2004a; Procura della Repubblica di Asti, May 27, 2004).

<sup>21</sup> Sergio Riva, Mariano Romano, Michele Romano, Piera Germano. Esposito, the Sordi brothers and the Romano brothers were jailed, while Riva and Germano were under house arrest (Tribunale di Asti, ordinanza di custodia cautelare, July 6, 2004; Tribunale della libertà, ordinanza July 26, 2004; Gonella, 2004a).

<sup>22</sup> The Guardia di Finanza, the Italian financial police, had taken Luciano Sordi into custody when he landed at Malpensa airport, near Milan.

In a bankruptcy sale, Costa had bought a complex of 16 terraced houses in Montegrino Valtravaglia, a small mountain village in the province of Varese. Costa had later sold them to friends and acquaintances. Giuseppe Petralia and his girlfriend Naomi Cannatà lived in one of those houses. In a building nearby, Emanuele Costa and Carole Buchy, one of his lovers, spent weekends together. Costa had sold another house to his intimate friend, Andrea Baccalini<sup>23</sup>. Baccalini rented the house to Sordi, who shared it with Roberto Stringhetti (sentenza n.1/08, p.18-19).

Indeed, Stringhetti was the figurehead for the “Euro.Com<sup>24</sup>,” a shell company *de facto* managed by Marco Cagali and Alberto Schiavone, two previous offenders connected to Cosa Nostra. The defense attorney of Isidoro Marai, the man accused of Costa and Petralia’s murder, had indicated Cagali as a person who could have been involved in Costa and Petralia’s murder. It turned out that Cagali maintained business relationships with the powerful Badalamenti clan (sentenza n.1/08, p.51; 95).

Sordi and Costa’s relationship wasn’t about just vacations and houses.

It was mostly about business.

Silvano Sordi was the sales manager of Cortefranca Engineering, a Costa-owned firm operating in the field of pressure die-casting. The ISFOA<sup>25</sup>, a self-styled private “university,” had bestowed on Sordi an honorary degree for the company’s “exciting results” at the prestigious venue in the Italian parliament: nothing less than the “Sala della Sacrestia” of the Chamber of Deputies.

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Costa brought Pamela Masoni, his young lover, to Baccalini’s dentist’s office on Friday, Nov. 12, 2004, the evening before his murder. While Baccalini was taking a dental impression of Masoni, Costa used Baccalini’s office to meet Pierluigi Locatelli, an ex-insurer who was managing unspecified financial operations on Costa’s behalf. Two other unidentified people were also present at the meeting (sentenza n.1/08, p. 27-28). A “Baccalini” appears in a 1995 Sordi’s phone book. Several phone numbers are written next to it. It has not been possible to verify by the thesis deadline if the Baccalini in Sordi’s agenda is indeed Andrea Baccalini.

<sup>24</sup> Euro.Com played an important role in the Costa-Petralia-Marai VAT fraud as described in Chapter I. Isidoro Marai was later acquitted of Costa’s and Petralia’s murder.

<sup>25</sup> ISFOA stands for Istituto Superiore di Finanza e Organizzazione Aziendale (High Institute of Finance and Business Administration). ISFOA is a bogus università. The Italian antitrust authority fined ISFOA for unfair competition (Stella, 2005; Rizzo & Stella, 2006). Stefano Masullo, ISFOA’s founder, has close ties to Silvano Sordi.

La Prealpina, the Varese-based daily newspaper, had run a story to celebrate Sordi's achievement (Della Bella, 2003).

Actually, the Cortefranca Engineering situation was not glowing with financial health. According to the Chamber of Commerce of Varese the company was declared bankrupt on March 3, 2006 (Camera di Commercio di Varese, 2009).

Cortefranca Engineering was also in the middle of a tug-of-war with Globe srl, which had acquired a business division of the company for €400,000. But soon problems had arisen. Angelo Costa (not related to Emanuele Costa), Lucia Beschi and Dante Bonfanti had given four checks of €100,000 as a guarantee of payment to Emanuele Costa. But when the payment had been completed, Costa allegedly refused to return the checks.

Emanuele Costa was short of cash. He needed €800,000.

On Oct. 29, 2004 Costa had confided to Carole Buchy that four Apulians had beaten him. He had linked the assault to the sale of a business segment of Cortefranca Engineering (sentenza n.1/08, p.24-26). He died two weeks later.

On Sept. 19, 2005, Amalia Costa, one of Emanuele's daughters, was appointed liquidator of the company (Camera di Commercio di Varese, 2009). According to an anonymous source close to the investigation, Amalia Costa had a romantic relationship with Tonino Savignano.

When Sordi was arrested, he was still working for Cortefranca Engineering. Indeed, the Guardia di Finanza wiretapped Sordi on telephone numbers registered in Cortefranca Engineering's name.

And Costa had kept Sordi's remand of custody in his briefcase (sentenza n.1/08, p.19).

But no journalist in Asti and Varese would ever know about such bizarre circumstances.

### **The investigation widens: the "hypothesis of the cupola"**

The turn of the investigation toward the most prominent labor union, the CGIL, grabbed the attention of the local media. For a few days, the pace of the revelations disclosed by the press continued unabated.

On Dec. 15, La Stampa, the third-largest Italian newspaper, reported in its local section that Cavallo was accused of extortion. According to the investigators, Cavallo had asked for large sums of money to give his consent to the “management buyout” operation. The chief prosecutor of Asti, Sebastiano Sorbello, had served Cavallo with a notice of completion of preliminary investigation (*avviso di conclusione delle indagini preliminari*) and was poised to file for the indictment of the labor union leader. “At the moment of the change of ownership from ‘Nuova Ibmei’ to ‘FME,’ I was secretary of the commerce [category]<sup>26</sup>, therefore I didn’t take part in the negotiations,” Cavallo said to La Stampa (Gonella, 2004b).

The story also included an extract of a press release of the CGIL dated Dec. 14, 2004, which is here transcribed in full (Segreteria CGIL di Asti, 2004):

We read with surprise the article published in “La Nuova Provincia” in connection with the incident in New IBMEI which speaks of “indispensable complicity in the labor union to obtain the maximum profit from the shell company FME.”

With equal amazement, we learned that the person under investigation is Fausto Cavallo, union leader known and respected who did not appear to be eligible to participate in the FME negotiations since he was neither a secretary of FIOM nor secretary of the Chamber of Labor at the time of negotiations (1995).

Of course justice will take its course, the CGIL Asti has nothing to fear and indeed expresses full confidence in the judiciary and the belief that everything can be positively clarified. Taking care of union activities in recent years has not been easy, but we have always operated in full compliance with the wishes and interests of the workers.

The story, bylined by veteran reporter Roberto Gonella, also reported that two other major labor union leaders would be involved in the investigation, but this was not confirmed by the investigators.

The day after, those names were no longer a mystery. Adriano Rissone and Claudio Caron had also been accused of extortion (Gonella, 2004c). According to the investigators, Cavallo, Rissone and Caron had pocketed 180 million lire (€93,000), down from an initial request of 300 million lire (€155,000). Sordi told the police that he had directly negotiated with Cavallo, who

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<sup>26</sup> The “category” in charge of Nuova Ibmei was FIOM, the metalworker category of CGIL, and not FILCAMS, the commerce category. “For industrial relations purposes, [“category”] describes an industrial grouping consisting of a number of productive sectors. Thus each national category federation represents workers in a number of sectors. For instance, the metalworkers’ federations FIOM, FIM and UILM represent workers in the following sectors: auto vehicle, electronics, electromechanical, mechanical, metallurgical, and shipbuilding. Similarly, the category of chemical workers is subdivided into the following sectors: chemicals, pharmaceuticals, rubber and plastics, artificial fibres, petrochemicals, glass and ceramics” (Bedani, 1995: 336)

promised Caron's political support for the success of the deal (Gonella 2004e; Gonella 2004f; Sordi, interrogatorio, Sept. 22, 2004; Sordi, interrogatorio, Oct. 28, 2004).

Adriano Rissone had been one of the most loved figures in the CGIL and widely known in town as an amateur actor. He acted the part of Falamoca, a popular carnival mask in Asti.

Rissone had worked in most of the major factories in the province. After his arrival in Way Assauto, the most important factory in Asti, he had emerged as an effective union representative and he became the secretary of FIOM-Asti in 1995. Brought up in a Communist family, Rissone belonged to the most extremist wing of the former Italian Communist Party, known as "stalinisti" (Stalinists), or "Cossuttiani," from Armando Cossutta, their national leader.

"When they accused me of being 'pro-Soviet,' I said it's not true" Rissone said to a journalist when he retired in 2000 (Gonella, 2000). "I'm not pro-Soviet, I'm a Soviet."

But the most prominent figure under investigation was Claudio Caron, a former union leader and highly esteemed local politician with important political connections in Rome.

Caron was born in Tremosine, Brescia, in 1951. Raised in a working class family – his father was forced to emigrate to Switzerland and Germany as he looked for jobs – young Caron clashed with religion since he attended a school run by the Salesians of Don Bosco<sup>27</sup>.

"Religion was violated in its most basic principles, Caron recalled (interview, 2009). "There were different tuitions for the rich and for the poor. Different food was given to you on the basis of your wealth."

In 1962, Caron and his family moved to Asti. During his teenage years, Caron's political ideas evolved in the direction of atheism and communism. At 16, he joined the Federation of Italian Communist Youth (Federazione Giovanile Comunisti Italiani, or FGCI), the youth wing of the Italian Communist Party. He began an ever-rising career in the Italian Communist Party (PCI) and in the major labor union, the CGIL.

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<sup>27</sup> Salesians of Don Bosco is a Roman Catholic religious order founded in the late nineteenth century by Saint John Bosco to care for the young and poor children of the industrial revolution.

He held the office of provincial secretary of the PCI between 1975 and 1981. He was also appointed president of the Independent Institute Housing Projects<sup>28</sup>, *assessore* of social services (from 1975 to 1980) and *assessore* of labor and commerce (from 1995 to 1998). He had been elected several times as *consigliere*<sup>29</sup> in the Comune di Asti.

“Caron is a smart leader, a powerful speaker” said Francesco Villata (interview, 2009), a former labor union leader who headed the FIOM-Asti in 2001. “In leading a workers’ assembly, on a scale from one to 10, I was six and half. He was nine.”

Villata, who has known Caron since the 1970s and has been a key witness at the FME trial, offered a vivid portrayal of his former friend:

Caron had always been keen in managing power<sup>30</sup>. When he was young, managing power meant handling comrades, taking care of the picket lines, organizing protests. That experience helped him to manage power in the Left coalition. Many people hated him. They told him, ‘You think you’re the best, you think you know everything.’ They also accused Caron of knowing about Cavallo’s wrongdoings and yet covering up for him. But I’ve never doubted Caron’s honesty. If he has faults, he has the same faults as many other people who manage power. [...] I repeat: I’m sure that Claudio has never stolen even a euro for himself or for the party. He was honest. I used to see him very often and I suffered a lot when he attacked me after my testimony. [...] When you have power, other people with power get close to you. I will never forgive Caron for choosing Cavallo instead of me. I’m not a man of power, that’s why he didn’t choose me [as secretary of CGIL-Asti]. [...] I’m not surprised that Caron rubs shoulders with certain powerful people [like Ruscalla and Fassio] (Villata, interview, 2009).

As a secretary of the CGIL-Asti (1987-1993), Caron spearheaded numerous protests against job cuts. In 1990, he attempted to block the “Giro d’Italia,” the most important road bicycle race in the world after the Tour de France.

Caron followed Italian communist icon Armando Cossutta in his new political adventures – Communist Refoundation Party<sup>31</sup> (PRC) in 1991 and the Party of the Italian Communists<sup>32</sup> (PdCI) in 1998. His loyalty was rewarded in Rome a few months later: the government led by Prime

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<sup>28</sup> Istituto Autonomo Case Popolari (IACP).

<sup>29</sup> In an Italian *comune*, “assessore” is a member of the “Giunta Comunale,” the executive body appointed by the “sindaco” (mayor) while “consigliere” is a member of the “Consiglio comunale,” the legislative body.

<sup>30</sup> In Italian: “gestione del potere.”

<sup>31</sup> In Italian: Partito della Rifondazione Comunista.

<sup>32</sup> In Italian: Partito dei Comunisti Italiani.

Minister Massimo D'Alema appointed him undersecretary of the Ministry of Labor<sup>33</sup> (La Stampa, 1998b).

Caron proved to be a powerful asset for the PdCI. In the 2002 elections of the Comune di Asti, the PdCI gathered 10 percent of the votes and proved crucial for the election of the new mayor, Vittorio Voglino, who led a center-left coalition. A year before, the PdCI had managed to gather little more than 1.5 percent at the national level (Cavagnino, 2002).

In the aftermath of the 2002 election, Caron was appointed president of the ASP<sup>34</sup>, a public-private company where he cemented his relationship with the Ruscalla<sup>35</sup>, a powerful family of entrepreneurs in Asti that had been involved in several investigations during the TangentAsti years.

Two years later, the judicial storm rocked Caron's political career.

Chief Prosecutor Sorbello accused the most prominent local labor representatives of having formed a "cupola" (a mafia-like clan) to extort money from Asti entrepreneurs.

"I was appalled<sup>36</sup>," Caron (interview, 2009) recalled five years later. "I couldn't even understand how the prosecutor could have reached that conclusion. The hypothesis of the 'cupola' is royal bullshit. He should look for 'cupole' somewhere else."

Cavallo, Rissone and Caron's lawyers outlined a quick-response reaction to the news stories run by La Nuova Provincia and La Stampa: self-suspension from the labor union and silence.

In the meanwhile, lawyers and fellow party members waged an intense media counterattack. On Dec. 16, 2004, La Stampa ran the first official statements of the defense attorneys:

"My clients strongly refute the charges. The investigation shows nothing, I repeat, nothing that may help to support the charge in court," said Aldo Mirate, Caron and Rissone's defense attorney. "Besides, the

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<sup>33</sup> He had been undersecretary of the Ministry of Labor from Oct. 21, 1998, to Dec. 22, 1999 (Menna et al., 2004).

<sup>34</sup> ASP (Asti Servizi Pubblici) is a multi-utility operating in Asti and in some municipalities of its province. It's a "Società per Azioni" (SpA), that is, a joint-stock company in which the Comune of Asti controls 55 percent of the stock. It provides essential services such as energy supply and public transportation.

<sup>35</sup> Pierpaolo Ruscalla represented the interests of NOS, the company that owned 45 percent of ASP (La Stampa, 2002b). At the same time, his brother Gianfranco Ruscalla was assessore of Commerce in the Comune of Asti (La Stampa, 2002a).

<sup>36</sup> In Italian: "Ero esterefatto."



reconstruction suggested by sources of accusation is blatantly contradicted by logic and timing and it's denied by the same historical reconstruction of the case under investigation," added Mirate. "We contest the allegation and, if there is an indictment, we'll clarify everything," said Pierpaolo Berardi, Cavallo's defense attorney (Gonella, 2004c).

In the same story, Caron also made one of the few public statements that he uttered before the end of the trial.

Caron, who was engaged in a long meeting with the ASP Board of Directors yesterday, also proclaims his innocence. "My conscience is clear, I have never extorted anything from anybody and I do not know how they can build an accusation like that," he said. The ASP president also does not believe he will leave his office because of the investigation. "I hope that [the investigators] will clarify [everything] soon. In the meantime, I work with serenity. I'm not going to question my honor" (Gonella, 2004c).

On Dec. 17, La Stampa announced that CGIL Piemonte, the regional level of the "sindacato," decided to suspend Cavallo as a precautionary measure until the investigation was concluded (Gonella, 2004d). At the same time, the Partito dei Comunisti Italiani (*Party of the Italian Communists*, PdCI), a political party of which Caron, Cavallo and Rissone are prominent members, attacked the media and focused on the strenuous defense of those who were under investigation. In its press release (Segreteria PdCI di Asti, 2004), the PdCI announced that

"We did not like the timing of the public disclosure of the names of the people who are under police investigations and we did not like the logic of the theorems according to which hypothetical connections in the "sindacato" of Asti to Ministries would have favored the company [FME]."

The same day, La Nuova Provincia (Favrin 2004b) confirmed that the chief prosecutor Sorbello was to demand the indictment of Cavallo, Rissone and Caron for extortion.

### **The workers' reaction**

On Dec. 22, La Stampa reported that some blue-collar workers were poised to sue for damages in a criminal court against the union representatives under investigation (Gonella, 2004f):

It's a paradox, but it could happen. Workers against union representatives, the same people who were often by their side in so many protest marches. This time, the background would not be a heated assembly, but a courtroom. [...]

Some of the workers are pondering suing for damages in a criminal court against the union representatives under investigation [...]. If the deal was deadly in the long term, the immediate result was the reduction of workers' wage.

"With the dismissal and the following recruitment, I found myself with 400,000 lire [200 euro] less<sup>37</sup>," said one of the workers. "We are talking about 10 years ago. It was the salary of a metalworker, not that of a manager. I cannot say whether that deal had to be signed or not, but if it was wrong, I want compensation."

Another worker, who is also a victim of the HLT bankruptcy (the name of the company that took over the plant after the FME), added that "Beyond cashing in on a firm that could have been relaunched, the Spaniards pocketed three

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<sup>37</sup> According to the journalists who followed the case, the average pay of the workers before the Nuova Ibmei - FME deal was 1,200,000 lire [620 euro].

million [lire] [1550 euro] a year per worker. Since we were about 200 workers, it means that they were able to amortize that bribe.” But there is bitterness in his words: “I still hope that it is all bullshit, fabricated for some reason. But I want to go deeper into this because I still have faith in the sindacato and we workers of the Ibmei deserve respect for everything we went through.”

It was a bitter Christmas not only for the former FME workers, but also for those who were once employed by Newcompel, a company that was specialized in the production of serpentine refrigerator evaporators. Workers like Antonietta Mastria: three kids, a loan to pay back, and a husband with the meager salary of a blue-collar worker. She received government checks, but the assistance from social security was set to expire in 2005.

“What will happen to me?” Mastria told *La Stampa* in July 2004 (Gonella, 2004a), in the aftermath of Sordi’s arrest. “I need another five years [to retire]. But who will hire a 48-year-old woman?”

Mastria and many others had lost their severance pay<sup>38</sup>: one million and half euro “disappeared” in the black hole left by Newcompel’s bankruptcy. On top of that, the company had not paid her social security contributions.

“How could this have happen? How come nobody realized what was going on?” asked Mastria. “That factory could have a future. They spoiled everything. Now I understand why.”

Once a dressmaker, Mastria had been later hired by FACIS, a clothing trademark of then-industrial colossus Gruppo Finanziario Tessile (GFT). Then, GFT decided to get rid of the factory in San Damiano, a small municipality close to Asti. A group of managers had come forward with an ambitious project: turning the factory into a producer of serpentine refrigerator evaporators.

Mastria was one of the 141 workers<sup>39</sup> who had to reinvent themselves from dressmakers to metalworkers. “We rolled up our sleeves and we learned how to weld,” Mastria said.

Some of the managers involved in the FME affair were also investigated in connection with the Newcompel bankruptcy. FME declared bankruptcy in January 2002; Newcompel followed suit

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<sup>38</sup>More precisely, it’s the “Trattamento di Fine Rapporto” (TFR), a kind of forced savings guaranteed by the State. It was established in Italy in 1982 to create a sort of payment deferred in time.

<sup>39</sup> Gonella, 2004e.

12 months later. Both companies were devoured by their managers, who had never envisioned serious industrial plans.

These managers wanted to shut down the companies in Italy, steal workers, creditors and the government's money, and move the production to countries where labor cost is cheap, such as China, India, Brazil and Eastern Europe<sup>40</sup>.

On Dec. 21, La Stampa journalist Roberto Gonella (2004e) wrote that the FME investigation had stemmed from the Newcompel affair, an ongoing, parallel investigation:

Luigi Esposito's statements ignited [the FME case]. Esposito, 55, of Casoria<sup>41</sup>, is a Neapolitan entrepreneur with a three-and-half-million-euro villa in Capri, touched by an investigation of the DIA<sup>42</sup>. He is the first person to mention the payment of large sums to the sindacato.

[Esposito] graduated in pharmacy, but his real vocation would be "financial alchemies." Connected with the Borghi family, he met Silvano Sordi, an industrial consultant also involved in the Newcompel bankruptcy. A former secretary of FIOM in Varese, Sordi is thought to be the mastermind behind the FME operation and the transfer of ownership of the San Damiano's business division from the industrial colossus GFT to Esposito, through the creation of the more modest Newcompel.

### **Defendants' counterattack: the "conspiracy theory"**

In the following days, the defendants publicly asked the judiciary to go trial as soon as possible to clear their name and minimize the damage to their political careers. At the same time Cavallo, Rissone, Caron and their supporters perfected a common defense strategy to rebut the accusations inside and outside the courtroom.

First, signing the deal with the Spaniards was the only way to avoid the immediate shutdown of the factory and save jobs. After all, they argued, the factory survived for another eight years. Many people were able to reach retirement age during that time.

Second, Cavallo wasn't a union representative of the factory nor was he the FIOM secretary or the CGIL secretary at the time of the deal. Therefore, Cavallo argued, he could not lead the negotiations or affect them significantly. In addition, Caron had not been yet appointed

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<sup>40</sup> See Martinez, memoria, Jan. 21, 2005, p. 10.

<sup>41</sup> Casoria is a town of 80,000 people in the Province of Naples in Campania, located about 9 km northeast of Naples.

<sup>42</sup> Direzione Investigativa Antimafia (Investigative Antimafia Directorate, DIA) is a law-enforcement agency specially entrusted with fighting organized crime.

undersecretary of the Minister of Labor and couldn't have ensured his political "protection." And Rissone was watched too closely by the other labor representatives to orchestrate such a maneuver. In addition, the Nuova Ibmei workers had overwhelmingly approved the plan (Caron, 2004).

In the meantime, many politicians and activists of the extreme left, who were close to the defendants both in the private and in the public sphere, also leveled accusations against "unnamed" right-wing and center-left politicians, entrepreneurs, and journalists. The accusations of the Procura was a way to leash a vigorous chamber of labor and limit the influence of the Party of the Italian Communists, which held political sway over the CGIL in Asti (Bestente, 2004; Bestente et al., 2007).

If chief prosecutor Sorbello had put forward the "hypothesis of the cupola," the defendants rebutted the charge with what was later known in town as "the conspiracy theory" (Gonella, interview, 2008; Favrin, interview, 2009).

According to the pro-defendants camp, the judiciary and the press would have acted as the executors of "hidden powers"<sup>43</sup> who hatched a plot to get rid of tough opponents.

"The 'conspiracy theory' is a feeble one," said Roberta Favrin (interview, 2009), the journalist who first broke the news of Cavallo's involvement. "Rumors [about Cavallo] dated back to several years before. I had already been informed that there were suspicions on Cavallo's honesty<sup>44</sup>. And I knew that an internal investigation of the CGIL had led to a dismissal of accusations against him. When the judiciary took care of Cavallo, I was hardly surprised. And many, many insiders were not surprised as well. Asti is a small place."

But the voters were unaware of what had happened. In 1999, the CGIL had started an investigation after informal complaints after informal complaints from the Industrial Union of

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<sup>43</sup> The most appropriate Italian term to describe the concept is "poteri forti" (literally "strong powers"), which indicates those interests that are big enough to directly influence the economy, society and government.

<sup>44</sup> In Italian: "c'erano sospetti di una condotta disinvolta da parte di Fausto Cavallo."

Asti<sup>45</sup>, the employers and entrepreneurs' federation. But no evidence was found and no entrepreneur came forward with specific charges<sup>46</sup>.

If it were a conspiracy, Favrin argues, the scandal would not have been covered for so many years. "Rather, it means that there is a struggle between two sides who try their strength and act on the basis of national balances rather than local ones," Favrin said. "I think that this match has been played at a national level."

In the aftermath of the publication of the news, union representatives and politicians close to the defendants fingered Favrin as one of the "conspirators," she said.

"They insinuated that I was on Confindustria's payroll, while I was just reporting what was happening," Favrin added. "As a journalist, I report facts, and I take care of contacting the defense attorneys.

"Then, the chief prosecutor is the chief prosecutor: a reliable source until proven otherwise. I was just reporting the actions undertaken by the judiciary."

According to Favrin, the critics started an intense defamatory campaign against her. At a certain point, Favrin had to ask to a lawyer to intervene and threaten to undertake legal actions if they kept smearing her reputation.

Favrin did not cover the trial as Daniela Peira, the colleague in charge of crime and court reporting, came back from her maternity leave.

"I didn't have familiarity with the judiciary," Favrin said. "It cover the case by chance. [Daniela] was on leave and I knew the people involved in the case." She had covered labor unions and employers' organizations for 20 years.

Did other journalists express solidarity to her?

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<sup>45</sup> In Italian: Unione Industriale di Asti. It's the provincial level of Confindustria, the Italian employers' federation founded in 1910. The Industrial Union of Asti was established in 1935 (Favrin & Monticone, 1994: 17).

<sup>46</sup> See Commissione Regionale di garanzia CGIL Piemonte (1999); Giancarlo Gianti (sit, 2004 a, 2004b, 2004 c); Pietro Marcenaro (sit, 2005); Walter Valentino (sit, 2005a, 2005b); Roberto Gonella (2005e).

Favrin stared the interviewer in the face with a sphinx-like expression. Then, drumming her fingers on the table, she looked at a running digital recorder.

Her glance meant, “No, they didn’t.”

### **The “Tangentopoli” of the “sindacato”**

With limited access to court documents, local newspapers only reported the allegations that were rocking the CGIL of Asti.

Actually, the investigation led by chief prosecutor Sebastiano Sorbello aimed at unearthing a system of bribery that went well beyond the boundaries of the province of Asti.

Sorbello came to know that Silvano Sordi had used similar schemes in other parts of Italy and Spain. He also received information about the alleged corruption of many other labor union representatives around Italy – not just the members of the CGIL, but also of the CISL and the UIL, other major Italian labor unions.

“We were on the verge of discovering the ‘Tangentopoli’ of the sindacato,” Sorbello said (personal communication, July 2009).

“Tangentopoli” (or “Bribesville”) was a system of corruption that was so endemic and engrained in the Italian political culture that politicians and entrepreneurs alike had come to see bribing as the norm, almost a “customary duty,” and transparency as the exception<sup>47</sup>.

The system began to unravel in 1992, when the judiciary in Milan launched a high-profile investigation, “Operation Clean Hands,” which shook the Italian politics. The success of Operation Clean Hands encouraged other “Procure” [prosecutor’s offices] around Italy to undertake similar investigations.

But the Italian labor unions had been largely spared by the wave of arrests that had tarnished the reputation of public and private agencies.

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<sup>47</sup> “Tangentopoli” cost Italian taxpayers billions of euros and played a major role in inflating public expenditures and indebting the Italian state up to the neck. In a decade, Italian debt jumped from 60 to 120 percent of GDP (Barbacetto, 2010). In Asti, the corruption system was rechristened “TangentAsti.”

Yet, back to 1992, a national CGIL leader denounced that corruption festered in the labor unions as well.

Fausto Bertinotti, who would become later the leader of the Communist Refoundation Party (PRC), told *La Stampa* that “the traditional antibodies of the unions’ movement seem almost neutralized and corruption, both in political and ethical terms, is rampant” (Statera, 1992).

With uncommon intellectual honesty, Bertinotti said that two great spheres of union corruption existed: corporate restructuring, when both the unions and the companies asked for government money; and privatizations. “When a public company sells its business, problems for the workers usually arises,” Bertinotti argued. “Both those who sell and those who buy have interest in acting quickly and avoid troubles with the unions.”

Bertinotti said that the topic of fighting corruption within CGIL, CISL and UIL wasn’t a popular one. He was right. Three weeks later, CGIL’s central committee<sup>48</sup> found Bertinotti “guilty of having dishonored” the organization with his words (Osella, 1992).

Instead of promoting an open debate on the issue, the union preferred to stick its head in the sand.

### **The match**

Sebastiano Sorbello, a right-leaning Sicilian prosecutor, and Claudio Caron, a Communist politician of Lombard origins, were going into the courtroom like seasoned boxers used to punch harder and faster than most of their adversaries.

Despite the differences, Sorbello and Caron share more than mutual contempt.

Both inspire awe in their subordinates – a mixed emotion of reverence, respect and dread. Their troops never discuss orders: they execute. Now, Sorbello’s former aides and colleagues in the Procura di Asti warmly and respectfully welcome their former boss. And only a few union

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<sup>48</sup> In Italian: “comitato direttivo.”

representatives, older comrades and younger followers have ever dared to contradict or correct Caron.

Like Caron, Sorbello is tremendously ambitious, and ambition earned him powerful friends and enemies in Rome.

He earned friends in the ill-fated Telekom-Serbia Parliamentary Commission, where he was a close consultant of MP Enzo Trantino (Boffano, 2003). He was also a member of a commission for the overhaul of the criminal code (Binello, 2001). But his reputation as a maverick cost him the post of anti-corruption high commissioner, which was given instead to a friend of Cesare Previti, a former Italian politician involved in Silvio Berlusconi's corruption scandals (Travaglio, 2004; Villata, interview, 2009).

Sorbello also applied for chief prosecutor in Milan (La Stampa, 1999), in Turin (Travaglio, 2002), chief prosecutor in Rome (La Stampa, 2003b), National Anti-mafia Prosecutor<sup>49</sup> (La Stampa, 2004c) without success. Successful, but short-lived, was his appointment as Vice-High Commissioner Against Counterfeiting<sup>50</sup> (Miravalle, 2006).

Sorbello has no big fans among journalists. Sarcasm and insults against reporters, as well as unbounded vanity, did not boost Sorbello's popularity.

"Go away, jerk!" Sorbello shouted to a young reporter who dared to knock at the door of his secretary's office while the prosecutor was there.

Sorbello's style is "overly flamboyant<sup>51</sup>," Roberta Favrin concisely commented (interview, 2009). Roberto Gonella, a La Stampa journalist known for his left-leaning ideas, still fumes as he recalls Sorbello barking out, "Compagno Gonella! Compagno Gonella!" (Comrade Gonella! Comrade Gonella!) – his voice echoing through the hallways of the courthouse.

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<sup>49</sup> In Italian: "Procuratore Nazionale Antimafia."

<sup>50</sup> In Italian: "Vice Commissario per la Lotta alla Contraffazione."

<sup>51</sup> In Italian: "un atteggiamento sopra le righe."



However, two years after Sorbello left Asti, reporter Massimo Coppero (personal communication, 2009) concedes, “At least Sorbello had the guts to go after certain people.”

After murdering the chief prosecutor of Turin, Bruno Caccia, the ‘Ndrangheta almost carried out Sorbello’s assassination in Aug. 1983. Sorbello, who was then investigating magistrate<sup>52</sup> in Turin, had refused the “unusual” recommendations of the deputy Solicitor General<sup>53</sup> Guido Cucco to be “soft” toward ‘Ndrangheta boss Carmelo Gullace. Sorbello escaped the attempted assassassination but Cucco was never investigated (La Repubblica, 1987; Sasso, 1989). Sorbello also investigated bribes cashed in by the Italian Communist Party in Turin during the 1980s; blasted the well-respected Mayor Diego Novelli and the powerful FIAT manager Cesare Romiti; and brought a slander suit against the Minister of Justice Giuliano Vassalli in 1987 (Bocca, 1987; Tropea, 1987a, 1987b, 1987c, 1988).

When Sorbello took office as chief prosecutor of Asti in 1994, he inherited the numerous lines of investigation of “TangentAsti” with attached headaches. For example, in 1997, Sorbello rebutted the attempts of interference of the bishop of Asti, Severino Poletto<sup>54</sup>, who had close relationships with some of the defendants<sup>55</sup> (Miravalle, 1997). In 2004, when he indicted Cavallo, Rissone and Caron, Sorbello had been in Asti for 10 years – years marked by joys and bitter disappointments.

When Sorbello and Caron open their mouths, they don’t mince words. They never shun an opportunity for a good fight.

And they have amazing footwork in the ring.

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<sup>52</sup> In Italian: “giudice istruttore.” The “giudice istruttore” was abolished in the Italian code of criminal procedure of 1989.

<sup>53</sup> In Italian: sostituto procuratore generale della Cassazione.

<sup>54</sup> Two years later, Severino Poletto became archbishop of Turin.

<sup>55</sup> One of the defendants was Alessandro Sodano, brother of Angelo Sodano, Vatican Secretary of State between 1990 and 2006.

## CHAPTER III – The Sindacato

The moral authority and political power achieved by the Italian workers' movement do not have any equal in American or British political culture. "Labor union" is an English term that cannot fully express the depth of the Italian concept of sindacato<sup>56</sup>.

In contrast to their American or British counterparts, which resembled more a collection of divided guilds, the Italian sindacati had a strongly centralized and confederate tradition. They were able to mobilize workers from different industrial sectors in common struggles on the basis of "class solidarity," a concept akin to the Marxist tradition (Bedani, 1995: 2; 16-17; Walter Gonella, interview, 2009).

Also, the Italian sindacati retained a deeply rooted connection to political parties, which has somewhat weakened since the fall of the Berlin Wall and the end of the First Italian Republic<sup>57</sup>.

Such peculiar features of the sindacato are a consequence of historical developments in postwar Italy.

### **The CGIL**

In 1944, the Communists were able to convince Catholics and Socialists to create a single, united confederation able to represent the entire working class<sup>58</sup> called the "Italian General Confederation of Labor" (CGIL)<sup>59</sup> (Bedani, 1995: 7-12).

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<sup>56</sup> "The word 'sindacato' has no equivalent in English. Italians use the word to describe individual unions, union confederations either singly or combined, and finally the whole corpus of union organizations considered either in their institutional form or as a collective social/political 'movement.' The semantic range of this term reflects a perception of labour organizations and movements which differs in important respects from that which prevails in the Anglo-Saxon world" (Bedani, 1995: 2).

<sup>57</sup> The "First Italian Republic" is a term used to indicate the time period between the installation of the Republic in 1946 and the end of the almost 50-year long predominance of the Christian Democrats and their allies in the Italian parliament. In 1992, the traditional mass political parties started to crumble as a result of the death of Judge Falcone and Borsellino and the nation-wide political scandal known as "Tangentopoli." The birth of the Second Italian Republic is conventionally set in 1994 with the first Berlusconi government.

<sup>58</sup> Negotiations between the Italian Left and the Catholic world also shaped the constitutional structure of the new country, in which the labor unions were to play a prominent role. The first article of the 1948 Italian Constitution reads, "Italy is a democratic republic based on work" (Bedani, 1995: 25).

<sup>59</sup> In Italian: "Confederazione Generale Italiana del Lavoro."

Major political events soon overcame such a commitment to unity. As the fascist threat waned and the Cold War intensified polarization, the fissures across the political spectrum became apparent. The Christian Democracy party (DC)<sup>60</sup> waged a scaremongering and successful campaign for the parliamentary elections in April 1948. The rhetoric of the Italian Communist Party (PCI)<sup>61</sup> was not less acrimonious. Three months later, the assassination attempt on the PCI leader Palmiro Togliatti brought the country to the brink of a civil war (Bedani, 1995: 37; 44-46).

After the major political aftershocks of late 1940s-early 1950s, the Italian workers' movement firmly settled in the mold of the three major sindacati: CGIL (Communists, Socialists), CISL (Catholics), UIL (Socialists, Social Democrats and Republicans)<sup>62</sup>.

During its long history, CGIL was and remains the strongest sindacato: its "share of membership still exceeds 50 percent overall" (Bedani, 1995: 276). Along with CISL and UIL, it has been a powerful political actor and a major driving force in Italian society. CGIL's ties with the PCI were theorized in the so-called concept of the transmission-belt<sup>63</sup>, "whereby the strategic objectives of labour organizations are directed by and encompassed within the role of the [Communist] party<sup>64</sup>" (Bedani, 1995: 336). A similar organic relationship between the CISL and the DC was named "collaboration<sup>65</sup>."

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<sup>60</sup> In Italian: "Democrazia Cristiana."

<sup>61</sup> In Italian: "Partito Comunista Italiano."

<sup>62</sup> In September 1948, the Catholic component of CGIL set up a rival organization, Libera CGIL (Free CGIL, LCGIL). As the Communists tightened their grip on the organization with the substantial support of the Socialists on CGIL after the split, the other minorities felt increasingly uneasy inside the organization and founded another sindacato, the Federazione Italiana del Lavoro (Italian Federation of Labor, FIL) mainly composed of Republicans, Social Democrats and a minority of Socialists. In 1950, LCGIL merged with FIL in a new Catholic-dominated confederation, the Confederazione Italiana Sindacati Lavoratori (CISL, Italian Confederation of Trade Unions). The results of the operation soon disappointed the former FIL members, who formed a new union, the Unione Italiana del Lavoro (Italian Labor Union, UIL) (Bedani, 1995: 46-47).

<sup>63</sup> In Italian: "cinghia di trasmissione."

<sup>64</sup> "The theory [of the "transmission belt"] has its origins in a resolution of the 1907 Stuttgart Congress of the Second International, which attempted to outline the spheres of party and union responsibility" (Bedani, 1995: 336-337)

<sup>65</sup> In Italian: "collateralismo."

The organizational structure of the Italian sindacati is based on geographical (“horizontal”) and category (“vertical”) subdivisions. At the national level, a single confederation (CGIL, CISL or UIL) is established. It incorporates all the individual categories, which are industrial groupings consisting of a number of productive sectors<sup>66</sup>. The same structure is reproduced at the regional level and the provincial level<sup>67</sup>. At the provincial level, the CGIL territorial structure is called “camera del lavoro” (chamber of labor), the CISL is “unione sindacale” (union of labor), the UIL is “camera sindacale” (chamber of labor). The most active and influential territorial organizations were the national and the provincial level (Bedani, 1995: 27, 334, 335-336, 344; Roberta Favrin, interview, 2009).

### **The Italian “economic miracle” and the “second industrialization” of Asti**

From the 1950s through the 1960s, Italy experienced dramatic economic growth that became known as the “economic miracle.” Low labor costs and unprecedented openness of international export markets gave Italy an edge over competitors abroad. During the economic miracle, “Italy was being transformed from a predominantly agrarian into an industrially-based society” (Bedani, 1995: 53).

However, Italian society paid a high price for national economic advancement. Progress was not uniform in Italy: the Southern regions gained small benefits, job creation rested on an overblown public sector and wage disparity between the North and the South increased (Bedani, 1995: 53-54; 107). In the early 1960s, the hunger for manpower of the surging manufacturing industry in the North ignited a massive migratory movement from the South – a major demographic

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<sup>66</sup> See note 26.

<sup>67</sup> The territorial structure of the Italian labor unions mirrors the administrative divisions of Italy in regions and provinces. The “regione” (region) is the first-level administrative division of the state. The “provincia” (province) is an intermediate level between “comune” (municipality) and “regione.”

shift that northern cities were ill-equipped to deal with in the areas of housing, health, education and transport<sup>68</sup>.

Between 1962 and 1964, important new factories were established in Asti: Ibmei and Ibmec<sup>69</sup>, twin companies producing electric motors; Holley Europea (later Weber), manufacturing carburetors, and Macobi, a knitwear factory. A combination of cheap labor<sup>70</sup>, the construction of the Torino-Piacenza Turnpike, economic incentives from local authorities, industrial congestion in the province of Turin and the presence of a less combative labor union movement favored a stream of industrial investment in the Astigiano (Gonella, 2006: 275-277; Gonella, 2007).

Asti followed the wider national trend of industrialization. The number of agricultural workers in the province of Asti plummeted from 65,625 to 29,291 between 1951 and 1971, while industry created almost 13,000 more jobs (20,544 workers in 1951, 33,267 workers in 1971).

This landmark shift in Italian society favored the advancement of the left. Aldo Moro, one of the most prominent Christian Democrat politicians, sponsored the so-called “opening to the left” (*apertura a sinistra*) – a new strategy that involved the entry of the Italia Socialist Party (PSI)<sup>71</sup> in the DC-led government coalition that was formally established in 1963 after intense negotiations. As Socialists joined the government, “visceral anti-communism was being eroded by changing social and cultural values, which diminished the appeal of the Catholic ‘crusading’ spirit” (Bedani, 1995: 104).

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<sup>68</sup> Northern Italy has traditionally been the engine of Italian growth, sucking up manpower from the poorer South. About the impact of the Southern migrants in Asti, see Walter Gonella (2006: 255, footnote 30).

<sup>69</sup> IBMEI stands for “Industrie Beltrame Motori Elettrici a Induzione” (Beltrame Industries Electric Induction Motors). IBMEC stands for “Industrie Beltrame Motori Elettrici a Conduzione” (Beltrame Industries Electric Conduction Motors). Ibmec will be later separated by Ibmei to become “Gate” (Garrone, interview, 2009; Gonella, W., 2007).

<sup>70</sup> The cheap labor offer in Asti was partly a result of a stream of Southern immigrants looking for jobs in factories, partly an outcome of the so-called “gabbie salariali” (wage traps) (Gonella, interview, 2009). The gabbie salariali were “first introduced in the confederate agreements of 1945, in which wage structures operated within geographical and [gender] confines” (Bedani, 1995: 339). A nation-wide labor union campaign against the “gabbie salariali” led to their abolition in 1972.

<sup>71</sup> In Italian: “Partito Socialista Italiano.”

The mounting social tensions that exploded during the “Hot Autumn” (*Autunno Caldo*) of 1969 marked the zenith of the sindacato’s heyday. A new consciousness of strength paved the way for talks of unity among a united workforce – especially among the metalworkers. CGIL, CISL and UIL found themselves side by side at the negotiation table with the employers. The major demands of the labor unions were not just rooted in a barren, intellectual understanding of the needs of the working class, but embedded within the daily experience of millions of Italian families: a wide range of grievances such as “equal pay for comparable categories of workers; ‘just cause’ as a basis for dismissals; guidelines on reduction of staff [...] and the fixing of minimum wage levels” (Bedani, 1995: 130; 145).

In a bid to distance themselves from political affiliations and find a renewed unity in the interest of the working class, CGIL, CISL and UIL made common cause in a “United Federation” (Federazione Unitaria) with a tripartite organizational structure giving parity of membership in the secretariat and executive committee. Some categories, such as the metalworkers, went a step further, merging de facto their categories: for example, FIOM (CGIL), FIM (CISL) and UILM (UIL)<sup>72</sup> formed the FLM (Federazione Lavoratori Metalmeccanici, Federation of Metalworkers).

The labor unions had won:

By 1972, the pay, working conditions and rights of the workers had been raised to the standards of the most advanced industrialized economies. Total union membership had risen from 4.5 million in 1968 to 6 million in 1973 and would continue to rise. The “sindacato” had spread to small and medium industries and to geographical areas where it had traditionally been weak. Collective bargaining was secure and effective at all levels, and accepted representational role of the movement had been extended into areas of public policy traditionally closed to trade unions in most other countries. Finally, in spite of enduring collateral links with political parties, these ties had been weakened. A more autonomous, effective and united workers’ movement seemed ready to embark upon a new phase of its development (Bedani, 1995: 194).

### **A slow decline**

For some time, the rise in prestige and power of the sindacato seemed unstoppable. However, the first signs of a crisis soon became apparent. Sharp increases in wages had wiped out cheap labor,

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<sup>72</sup> See note 26.

which was a crucial competitive edge enjoyed by Italian industry in international markets (Bedani, 1995: 197-198; 202-203).

Profound transformations of the production cycles also began to alter the position of strength between employers and employees at the bargaining table. Technological advancements had reduced the reliance of Italian manufacturers on the “operaio massa,” the unskilled metalworker that represented the core of the labor union support (Bedani, 1995: 220; Caron, personal communication, 2009)<sup>73</sup>.

Guglielmo Sonno, a CGIL union representative in Philips-IRE of Varese (ex Ignis) between 1976 and 1978, and from 1984 on, remembered the great transformations of those years:

In Giovanni Borghi's time, IGNIS absorbed the great offer of cheap labor. When the labor cost rose, the first restructurings that led to job cuts took place. Under Philips-IRE we had the first dismissals. Technological advancements had also a significant impact on employment levels. For example, the introduction of photoelectric cells, which shunted products in the right packaging area, led to staff reduction since the early 1970s. In addition, some manufactures were brought “out” of the plant, externalized, outsourced, even if a very mild way at the beginning (Guglielmo Sonno, interview, 2009)<sup>74</sup>.

### **Fausto Cavallo: baptism of fire**

In a few years, the restructuring resulted in a hemorrhage of job losses at the end of 1970s. A new generation of sindacalisti emerged. Like elsewhere, the intensification of the workers' struggle led to the rise of new labor representatives: among them, Fausto Cavallo, Adriano Rissone and Claudio Caron. In a memorial addressed to the chief prosecutor Sorbello, Caron (2004: 6-7) wrote:

I met Cavallo when he was little more than a boy and he worked as a blue-collar worker at Way Assauto in Asti. He was emerging as an active and intelligent labor union representative. To my knowledge, for these qualities he was chosen to be first an officer, then provincial secretary of several categories and later on provincial secretary of the CGIL.

The common militancy in the CGIL and in the Italian Communist Party (PCI) in the 1970s led to a long-lasting friendship based on mutual esteem and respect (Cavallo, 2004).

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<sup>73</sup> About the same transformation of the role blue-collar role in the U.S., see Leahy, 2009.

<sup>74</sup> About the role of technological advancements in job cuts, see also the interview with Alberto Catelli in Walter Gonella (2008: 150) and Walter Gonella, interview, 2009.

Fausto Cavallo was born in 1947 in Bubbio, a *comune* located about 25 km southeast of Asti in the hilly area of Langhe, spreading to the south and west of the Tanaro River between the provinces of Cuneo and Asti. He never knew his father, who died of tuberculosis when Cavallo was just one year old<sup>75</sup> (Cavallo, interview, 2010).

His mother, Maria Santi, temporarily left the toddler to the care of Cavallo's grandmother. She moved to Asti and worked at Saclà, a famous company that specialized in the production of pickles and other Italian delicacies. A few years later, she remarried. Her new husband, Luigi Obbermitto, was considered by Cavallo to have been "more than a father" (Cavallo, interview, 2010; Gonella, R., 2001; Gonella, R., 2005).

Obbermitto was a blue-collar worker at "Way Assauto," the long-time icon of Asti industrial development. Way Assauto, or "Waya," as citizens lovingly called it, was much more than the biggest plant in the province<sup>76</sup>. It was "the" factory – the symbol of the workers' movement in Asti. History had stopped several times by the gates of "Waya" – from the strikes of the "Biennio Rosso" (Red Two Years) of 1919-1920 to the mass strikes and workers manifestations of the Hot Autumn in 1969. Way Assauto, which was born in 1908 as a manufacturer of bolts, bicycles and other products, later became specialized in the production of suspension systems and irreversibly tied its destiny to Fiat, the Turin-based carmaker (Gonella, W., 2008: 7-9; 16; 44; 53). Many years later, Adriano Rissone would say, "When Fiat catches a cold, we catch a pneumonia" (Gonella, W., 2008: 235).

Cavallo entered Way Assauto in 1963. He was 16. He met the elders of the workers' movement in Asti – figures like Secondo Cossetta and Olga Marchisio, "the *pasionaria*," who had managed to command profound respect among workers and showed uncommon ability in reaching satisfying compromises with employers at the negotiation table. Their militancy cost Cossetta and

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<sup>75</sup> During the interview, Cavallo said that his father died when he was 1 year old and not 6 months old or 6 years old, as reported by Roberto Gonella for *La Stampa* (2001, 2005).

<sup>76</sup> Way Assauto employed about 3000 workers in the 1960s (Gonella, W., 2008: 41, 53; Gonella, R., 2001).



Marchisio perks and plum jobs. (Brignolo, 2007; Gonella, W., 2008: 9-11, 219; Francesco Villata, interview, 2009). “They had been great masters of life and struggle,” Cavallo said (Fausto Cavallo, interview, 2010). “We were young, hotheaded. I remember Olga Marchisio and Secondo Cossetta kicking me under the table during the [factory] assembly. ‘You have to be moderate,’ they said again and again” (Gonella, R., 2001).

In Asti, Way Assauto was “the gym” of “the” sindacato, CGIL, and through the mechanism of the “transmission belt”<sup>77</sup>, the bulwark of the Italian Communist Party (PCI), which had established nearby its famous “Dimitrov” local branch. For Cavallo the young idealist, politics was love at first sight. He soon joined the Federation of Italian Communist Youth (Federazione Giovanile Comunisti Italiani, or FGCI), the youth wing of the Italian Communist Party and, between 1967 and 1968, began his 40-year commitment to CGIL. During those years, Cavallo met Adriano Rissone and Claudio Caron at Way Assauto and at PCI headquarters (Fausto Cavallo, interview, 2010).

The new generation of sindacalisti (labor union leaders) led the workers’ struggle against job cuts. In 1976, the chamber of labor of Asti carried off an important victory over the Saclà, which had announced 220 job cuts, after a six-month occupation of the factory. During the last workers’ assembly, Cavallo had proposed to seize the factory and constitute a workers’ cooperative to run the factory, while a center-left coalition in the Comune of Asti, in which Caron was assessore for social services, pressured the company into finding more palatable alternatives. In the end, Saclà reintegrated all the workers (Favrin & Monticone, 1994: 8; Fausto Cavallo, interview, 2010).

But there was no time to celebrate. Between 1977 and 1978, Cavallo managed three different factory occupations at the same time as jobs vaporized.

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<sup>77</sup> See Walter Gonella (2006: 75).

Economically, Italy was sliding into a tailspin recession. Politically, the country was living the tragedies of the “Years of Lead<sup>78</sup>”: left-wing and right-wing extremists, organized crime and murky secret services’ operations were threatening the core of Italian democratic institutions. Aldo Moro’s assassination in 1978 ended an unprecedented attempt to form a coalition government with the PCI known as “compromesso storico” (historic compromise) (Bedani, 1995: 246-248).

### **The 1980s and the crisis of the Left**

When the PCI went back to being the opposition party, employers launched a devastating counterattack on the sindacati. In September 1980, Fiat announced 14,000 job cuts. The unions launched an all-out strike that ended up in violent forms of picketing, alienating the sympathies of many workers. Further concessions from the company also weakened class solidarity. On October 10, a 40,000-strong march paraded silently through the streets of Turin to protest against the hard-line position of the unions. The “March of the Forty Thousand” marked the beginning of the resurgence of employers’ authority in the 1980s (Bedani, 1995: 252-253).

The unity among the three major sindacati disintegrated when Bettino Craxi, the first Socialist prime minister in Italy, cut the “scala mobile” (index-linked wage scale<sup>79</sup>) in 1984 in order to contain runaway inflation and boost competitiveness. CISL, UIL and the Socialists in the CGIL backed the prime minister, while the Communists in the CGIL opposed the decision. In a 1985 referendum, the Communists were defeated 54 to 46 percent. The abolishment of the “scala mobile” in 1992 crippled the sindacato’s capacity to obtain wage increases in favor of the workers (Bedani, 1995: 260-262).

In the meantime, the political ground was shifting under the Italian Communist Party. Enrico Berlinguer, the charismatic leader who had distanced the party from the Soviet Union and embraced “eurocommunism,” died in 1984. In the aftermath of the Tiananmen Square protests, the

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<sup>78</sup> In Italian: “Anni di Piombo.”

<sup>79</sup> Scala mobile (index linked wage scale) was “a mechanism whereby an agreed proportion of salaries and wages is automatically increased at regular levels in line with the retail-price index. The level of cover is agreed by the unions, the government and the employers” (Bedani, 1995: 343).

fall of the Berlin Wall and the collapse of the Soviet Union, a party in search of a new identity changed its name to “Democratic Party of the Left” (PDS)<sup>80</sup> (Battistini, 1991a), while a splinter group led by Armando Cossutta formed a new party, the “Communist Refoundation Party” (PRC)<sup>81</sup> (Battistini, 1991b).

Cavallo, Rissone and Caron had no doubt: their future was in the Communist Refoundation Party.

Many supporters followed them into the new party. Asti was the only PCI local branch where the majority voted down the shift of the party toward “social democracy” advocated by the “PDS.” The city earned the title of “Stalingrad of the Monferrato.”

The “rebellion” of Asti hardliners aroused widespread interest even from “Stern,” a German weekly magazine (Gonella, 1998a).

Dominated by small and middle-size country estates, the province is notoriously conservative<sup>82</sup>. Yet, leftist hardliners enjoyed a large and solid constituency.

“As it often happens, the importance of factions inside a political party has much to do with leaders’ personality,” explains Walter Gonella<sup>83</sup>, historian of the workers’ movement in Asti. “A charismatic leader can turn a national minority into a local majority, and there is no doubt that Caron, who had in Cossutta a national point of reference, was a charismatic person.”

The hardliners of “Essere Sindacato,” a minority faction of the CGIL, held an overwhelming majority in the chamber of labor of Asti. Caron remained in office as secretary of the provincial CGIL (Gonella, 1998a).

Cavallo was highly critical of the shift from the PCI to the PDS. “It led to losing touch with the working class,” Cavallo (interview, 2010) said. “I saw it as a defeat for the Left.”

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<sup>80</sup> In Italian: “Partito Democratico della Sinistra.”

<sup>81</sup> In Italian: “Partito della Rifondazione Comunista.”

<sup>82</sup> Roberto Gonella, interview, 2009; Gonella, 2006: 21-22; 39

<sup>83</sup> Walter Gonella, interview, 2009.

“We got 74 percent of the votes,” Cavallo recalls. “Take into consideration that they sent here the big shots from the national CGIL to make us lose!”

From 1981 to 1991, Cavallo had been secretary of FIOM-Asti for two consecutive terms. According to the CGIL charter, a union representative cannot be re-elected more than twice in the same category unless he takes 80 percent of the votes – an almost impossible target. Cavallo lost by only six percentage points.

Later on, he held the office of secretary of the FILCAMS-Asti<sup>84</sup>, the commerce category, with an authorization to also represent the category of chemical workers<sup>85</sup> (June 1991-June 1996) (Cavallo, 2004).

### **The era of the multinationals**

During the 1980s, most of the greater factories that had spearheaded the Italian “economic miracles” fell into the hands of multinational companies. The transformation, begun a decade before, marked the end of the family-run great companies (Favrin & Monticone, 1994: 13; Lavina, 1996; R. Gonella, interview, 2008).

Between 1970 and 1972, Philips, the famous electronics corporation, had purchased Ignis, a Varese-based manufacturer of electronic appliances founded by the Borghi family (Spartà, 2009: 136). In 1971, the Griffa family sold Way Assauto, the flagship of Asti’s industries, to the U.S. industrial giant ITT (W. Gonella, 2008: 44).

“The infusion of foreign capital surely had a positive effect on our local economy,” said Giuseppe Garrone (interview, 2009), director of the Industrial Union of Asti<sup>86</sup>.

Claudio Caron (personal communication, 2009) disagrees. “Multinationals invested little or nothing here,” he said.

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<sup>84</sup> FILCAMS stands for “Federazione Italiana Lavoratori Commercio, Albergo, Mensa e Servizi” (Italian Federation of Trade, Hotel, Catering and Services Workers). It defends the interests of the employees in the tertiary sector, tourism and services.

<sup>85</sup> See note 26.

<sup>86</sup> See note 45.

According to many, the MNCs gutted Asti's industry and hollowed many companies out. They were not interested in industrial development but in financial operations.

"Multinationals exploit, strip the flesh off [subsidiary companies], then leave," journalist Roberto Gonella (interview, 2008) said<sup>87</sup>.

Foreign parent companies left behind an industrial, occupational landscape littered with wreckage. Garrone concedes that multinationals had often operated against local interests.

"Multinationals do not think like an *astigiano*," Garrone said. "When an *astigiano* fires workers, people give him a nasty look."

"As soon as [multinationals] get hold of an enterprise, they cut jobs," said Elsa Rissone, employee of the Chamber of Commerce of Asti (personal communication, 2009). "That emotional, almost familiar relationship between the entrepreneur and the employees does not exist anymore."

"In the past, entrepreneurs invested in social activities, such as recreational and welfare centers for workers. Now that world has faded away."

Workers felt a strong sense of belonging to the company. In Way Assauto, the Griffa family used to spend their time in the factory, roam from unit to unit, listen to the needs of the workers. Antonio Griffa, the owner, took pride in hiring employees rather than firing them (W. Gonella: 2008, 9-11)<sup>88</sup>.

A few decades ago, Fiat and Ignis, as well as Way Assauto, created a confidence that amounted to an expectation of lifetime security for many workers – that you'd be able to work there until you retired. The lack of leverage, at once a function of the company's miseries and the union's waning clout, plagues CGIL everywhere. As the company's image has plummeted so, too, has the union's.

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<sup>87</sup> Compare to interview with Luigi Garrone in W. Gonella (2008: 248).

<sup>88</sup> See also interview with Luciano Attanasia (W. Gonella, 2008: 120); interview with Giovanni Mandrile (W. Gonella, 2008: 164-165); Alfredo Gallo's memoir (W. Gonella, 2008: 169-170); interview with Luciano Rissone (W. Gonella, 2008: 171, 184); interview with Franca Ambrogio (W. Gonella, 2008: 172); interview with Sergio Fasano (W. Gonella, 2008: 172), interview with Alfredo Gallo (W. Gonella, 2008: 176-177).

Globalization has reproduced the same scenario in several Western countries. Describing the General Motors job cuts in Michigan, Washington Post reporter Michael Leahy (2009) evoked a situation stunningly similar to that of Asti:

[The worker] takes a breath and shrugs. “It was made clear during negotiations with the federal government that if the UAW ever struck again or we didn’t agree to changes, then it was over for us. It puts the fear of God in you. The old days are over. What can we do? We can’t do anything.” [...] The union has won nothing lately, powerless for now, having scaled back its priorities to just one: agree to sacrifices to keep whatever jobs it can.

CGIL strategy changed and disarray dictated the process. Musing over the preservation of all the jobs in Saclà<sup>89</sup> in 1976 after an intense union struggle, Caron commented,

If I want to torment Ercole, the owner of Saclà, I can do it. He lives here. But if it’s a multinational, how can I be a pain in the neck? If the managers decide to close down the factory or cut jobs, they send a lawyer or a business consultant from out of town. And these “experts” don’t give a damn (personal communication, 2009).

According to Garrone (interview, 2009),

All these factories in Asia, in Europe, are nothing more than small flags on a map. At a certain point, according to the strategy of that moment, they take away their little flag, understand? If they decide to take it away, they do it, because they don’t give a damn.

The end of Communism accelerated the globalization processes. According to Italian economist Loretta Napoleoni (2008: 209-210),

Globalization has redrawn the relationship between workers and industry. While capital moves freely and industry can enjoy the advantages of outsourcing and offshoring, Western labor remains intrinsically immobile. Even inside the European Union, language constitutes a real barrier to the relocation of skilled labor. Class relationships, therefore, have changed. “The fact that a transnational company can move its plant while a worker cannot move to another country has robbed labor unions in industrialized countries of their power...”<sup>90</sup>

American economist Mancur Olson’s distinction between “stationary bandits” and “roving bandits” could explain certain choices made by the multinationals. According to Olson, “roving bandits” operate under a regime of relative anarchy and tend to short-term goals: they don’t care too much about their victims because they expect to rob others the day after. On the other hand, “stationary bandits,” such as certain tyrants, have more incentives to moderate their greed and promote the welfare of their subjects because they live on the territory they control. Building on

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<sup>89</sup> Saclà is a famous Asti-based company specialized in the production of pickles and other Italian delicacies.

<sup>90</sup> Napoleoni quotes Susan Strange (1988: 213).

Olson's theory, Napoleoni (2008: 27, 29) argues that some powerful actors in the globalization era, such as the multinationals, are a new generation of "roving bandits."

### **The second job crisis and the rise of patronage politics in the labor union**

Between 1989 and 1991, a new economic crisis led to a hemorrhage of jobs – especially in the automotive industry. The downturn delivered a deadly blow to several big and small enterprises in Asti depending on FIAT, the Turin-based carmaker.

Major technological innovations also contributed to vaporize jobs. When fuel injection replaced carburetors as the primary fuel delivery system, Weber, an Italian carburetor manufacturer<sup>91</sup>, proposed to close down Asti's factory<sup>92</sup> for two years to carry out an industrial reconversion. In addition, the company planned to cut 440 out of 690 jobs (Camera di Commercio di Asti, 1990: 20; Favrin & Monticone, 1994: 14).

In January 1992, the government said "no" to the request of 150 Weber workers' for early retirements. Exasperated by bad news from Rome, the workers occupied the town hall in Asti for two days with the support of CGIL leaders (Gonella, 1999).

A few weeks later, the government was forced into a U-turn (Favrin & Monticone, 1994: 16).

It was an important if meager success for the workers. In a time of economic turmoil, Cavallo, Rissone and Caron were able to consolidate and energize their constituencies in an otherwise demoralized workers' movement.

However, rumors had already begun to circulate about Cavallo's alleged corruption and unscrupulous behavior. Enzo Sobrino, secretary of CGIL-Asti from 1993 to 1995, said he received news of Cavallo's wrongdoing at the end of 1980s, when the issue had been discussed in the local

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<sup>91</sup> Weber is owned by Magneti Marelli S.p.A., a subsidiary of Fiat Group.

<sup>92</sup> The Asti-based factory, established in 1964 as "Holley Europea," became one of the three Weber's Italian factories in 1972 (Fiori & Icardi, 1983: 566-568).

branch of the Italian Communist Party with the strictest discretion. But no one brought specific charges or solid evidence.

Sobrino refused to reveal his sources, adding that if one wants to tarnish the reputation of a labor union representative, the first accusation is suggesting that he had pocketed money. And in hard-fought negotiations, the employer could have a particular interest in peddling such rumors (Sobrino, sit, 2005; Sobrino, interview, 2009; Sobrino, personal communication, 2010; Tribunale di Asti, June 30, 2008, p. 36-37).

Pietro Marcenaro<sup>93</sup> – now Italian Senator, then a member of the CGIL-Piemonte<sup>94</sup> – said that the regional secretariat of the CGIL heard rumors about Cavallo’s unethical behavior in weaving a patron-client relationship within the labor union:

Toward the end of 1980s, I accidentally intercepted a fax coming from the Chamber of Labor of Asti during labor negotiations at the Weber of Asti. It contained a list of names of workers to be preserved from firings and layoffs<sup>95</sup>. I was astonished not only because all these people belonged to the same labor union, the CGIL, but also because the list included only those CGIL members close to the [local] majority faction led by Cavallo. It was a major ethical breach since the workers deserve labor protection regardless of the membership to a labor union and, even more, to a political faction (Marcenaro, sit, 2005).

According to Marcenaro, all workers are equal, but Cavallo considered some workers more equal than others. Cavallo would have used these relationships to create a personal power base inside the CGIL-Asti, as well as with the prestige and the reputation he had build in many workers’ struggles.

Francesco Villata, a former labor union leader who headed the FIOM-Asti in 2001, said that patronage politics enabled Cavallo to mobilize workers against internal opponents like him. Villata

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<sup>93</sup> Pietro Marcenaro had been the regional secretary of the CGIL-Piemonte. In 2000, Marcenaro became regional secretary of DS (Left Democrats) and regional consigliere. He was elected member of parliament twice: “deputato” (House representative, 2006) and senator (2008) (Marcenaro, sit, 2005; Pietro Marcenaro official webpage).

<sup>94</sup> CGIL-Piemonte is the regional level (between the chamber of labor of Asti and the national organization). See note 67.

<sup>95</sup> Firing and layoffs: in Italian, “procedura di mobilità.”



explained that the decades-long job crisis had shattered the solidarity among workers<sup>96</sup>. When the trickle of job losses turned into a flood, many people asked Cavallo for help:

He went to the families and gave them something [...] – that is, in this job crisis, which has lasted for so many years, having the opportunity to settle your son, your nephew, your brother, it's very important (Villata, interview, 2009)<sup>97</sup>.

Several workers shouted allegations of incompetence in Villata's face while he was managing delicate negotiations between FME and HLT for the transfer of the factory. Villata resigned as secretary of FIOM-Asti after 11 months, offering vague motivations. But several insiders said that he had left after intense mobbing tactics against him.

Villata was the only member of the local majority in CGIL, "Essere Sindacato," who openly opposed Cavallo. He and Cavallo had a long-time rivalry. The former came from the "Vetreria" (Glassworks Factory), the latter from Way Assauto, the two oldest factories in Asti in which the local labor union had taken its first steps.

Interviewed by the police as a witness, Villata (sit, 2004) said,

Toward the end of my office [as secretary of the FIOM-Asti], in a very stormy internal meeting of the sindacato [the CGIL], Cavallo publicly reproached me with having forced him to go, in the early 1990s, to the national secretary of the category of the chemical workers in Rome, accompanied by Caron, to convince the executive that he was a person worthy of taking such office. In fact, in the months before, the national FILCEA executives had contacted me asking for an opinion on Cavallo. I gave them a negative opinion because I didn't consider Cavallo a reliable person.

In the courtroom, Villata and other witnesses acknowledged Cavallo's ability in union negotiations. Describing the CGIL-Asti executive, Villata said, "It was a group of people clearly conditioned by the cleverest [*dal più bravo*], but this also happens in the flock. That is, the cleverest leader decides for everybody else" (Tribunale di Asti, Dec. 20, 2007, p. 8).

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<sup>96</sup> "Before [the job crisis], the sindacato was a union of purposes [*unione di intenti*]. This solidarity had been even overemphasized. [...] If there was a problem, there were no distinctions if you were a Christian Democrat, a Socialist or a Communist [...]. In "Vetreria" (Glassworks Factory) I defended two workers of the MSI [the Italian neofascist party founded after World War II]. They had beaten each other up and the company had fired them. The contract envisions a dismissal for such a reason, right? But we went on strike for a day because they were workers, even if they voted MSI. [...]. It was the esprit de corps of the workers' class. Now, even inside the CGIL, Italian Communists (PdCI), Refoundation Communist Party, Left Democrats, Socialists are divided..." (Villata, interview, 2009).

<sup>97</sup> About Cavallo's use of patronage politics: Tribunale di Asti, Dec. 20, 2007, p. 9.

Chief prosecutor Sorbello also suspected that Cavallo had encouraged the labor union to adopt a hardline stance to exacerbate negotiations with “unreasonable” requests. In case of refusal, the labor union would have paralyzed the operations of the factory, causing substantial economic damage for the entrepreneurs<sup>98</sup>.

However, Marcenaro (sit, 2005) stated that

unethical behaviors don’t depend on radicalism or moderation in union negotiations. I also note that union experiences highlight sometimes the coexistence of ideological maximalism with more ‘down-to-earth’ forms of “association<sup>99</sup>”, and this also regardless of specific cases of corruption.

In 1992, it was Fausto Bertinotti – then national leader of Essere Sindacato, the most radical faction of CGIL to which Cavallo belonged – who connected rampant corruption and patronage politics in the labor unions with the job crisis and economic transformation:

Once an expression of civil society, the sindacato has become part of a rotten political system. It’s the consequence of the great corporate restructuring of the 1980s, when the labor unions separated their fortunes from those of the workers. Therefore, the power of the unions increases while the power of the workers decreases. ***The fact that union protest is getting more and more passive and aphasic in front of any turpitude proves what I’m saying. The protest becomes active only when it expresses local or private interests*** [emphasis added] (Statera, 1992).

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<sup>98</sup> See Tribunale di Asti, Apr. 3, 2006, p. 6-7; Tribunale di Asti, Dec. 20, 2007, p. 7-8, 24 ; Tribunale di Asti, June 30, 2008, p. 80-82.

<sup>99</sup> Literally “consociationalism” (in Italian: consociativismo), a concept that entails managing conflict in deeply divided societies through power-sharing agreements.

## CHAPTER IV – Deindustrialization at work

A substantial number of court documents related to the trials against labor union leader Fausto Cavallo had been in large part inaccessible to the press. Flipping through the reams of paper stuffed into dusty folders offers interesting insights into the “dark side” of the life of Asti, where murky business relationships, despicable practices in the labor unions and inappropriate meddling of political parties went hand in hand largely unnoticed.

As explained in the previous chapters, wider globalization trends led to a wave of white-collar crimes. On one hand, the job crisis, the collapse of the Communist ideology and the transformation of the Italian Left spectrum weakened the solidarity among workers and favored the rise of patronage politics within the labor union. On the other hand, the transnationalization of legal economic operations created openings for illicit – if highly profitable – practices.

These stories are not only the behind-the-scene curiosities of a small Italian town. They are part of a larger, untold narrative that mirrors many realities in the Western world.

### **Act I. Nuova Ibmei-Fme deal: Sordi, Solera and Martinez**

After rapid growth at the beginning of the 1960s, Ibmei began a slow agony that lasted for decades – three bankruptcies in forty years, a flurry of new owners taking turns at the helm of the company, new names and ill-fated restructurings. The oil shocks of the 1970s brought Ibmei to its knees. In 1973, the company employed 2,000 workers. Five years later, only 660 workers were left. In 1980, Ibmei went bankrupt. The GEPI<sup>100</sup>, a state-owned company that specialized in the rescue of companies in economic difficulties, purchased the factory and created “Nuova Ibmei” (Favrin & Monticone, 1994: 10; W. Gonella, 2007; Panzeri, sit, 2002b; Parena, sit, 2002).

In 1986, Nuova Ibmei went back to private hands: TEMA Partecipazioni SpA and Fincapital, which represent several banks in Lombardy. The adventure of the new owners ended two years later

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<sup>100</sup> GEPI stands for “Società per le Gestioni e Partecipazioni Industriali” (Company for State Holdings and Management). See Bonafede, 1988; Carli, 1992.

as dumping practices<sup>101</sup> from Eastern Europe<sup>102</sup> and cut-throat competition from the Spanish Corporacion Ibmei crushed any hope of future profits<sup>103</sup> (Panzeri, sit, 2002a, 2002b).

Corporacion Ibmei had been first established as “Ibmei Española” by Lauro Beltrame, the same founder of Ibmei in Asti. Then, the twin companies parted ways until the end of the 1980s, when Davide Panzeri, President of TEMA Partecipazioni’s Board of Directors, sold Nuova Ibmei to Luis Gutierrez Solera, President of Corporacion Ibmei<sup>104</sup> (Panzeri, sit, 2002a; Solera, memoria 2004).

According to chief prosecutor Sebastiano Sorbello (2005), Solera’s purchase of the Italian company “aimed at acquiring a large real estate property and a well-established group of solvent customers, and also ‘leashing’ a crucial rival in the international market.”

Solera, an ambitious Spanish businessman born in 1942, acquired Ibmei Española in 1986. The company changed its name to “Corporacion Ibmei” a year later and was listed on the Madrid Stock Exchange<sup>105</sup>.

Reckless and unscrupulous, Solera didn’t hesitate to use corruption and deception as a weapon.

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<sup>101</sup> Dumping is the practice of selling a product at a very low price – either below the price the manufacturer charges in its home market or below its costs of production – in order to drive out competitors.

<sup>102</sup> Compare to Pero, sit, 2002. During the 1990s, Chinese manufacturers also emerged in the market through dumping practices that compounded the blue-collar job crisis in Italy.

<sup>103</sup> In 1986, the entrance of Spain in the European Economic Community (EEC) removed tariffs and quotas on Spanish products. At that time, Spain was a low-wage country and more competitive than Italian manufacturers. See also Hix (2005: 158).

<sup>104</sup> The contract of transfer of business division [*cessione di ramo d’azienda*] between GEPI and TEMA envisioned that TEMA needed GEPI’s approval to sell the company to a third party. Panzeri denied having paid any money to GEPI or the labor unions to obtain their approval on the change of ownership (Panzeri, 2002c).

<sup>105</sup> See: Sorbello (2005: 2); Tecnocon: company profile. Retrieved on February 22, 2010 from <http://www.worldbid.com/tecnocom#>. See also company’s history on Tecnocon official website: <http://www.tecnocom.es/sites/en/Paginas/HOM-Historia.aspx>.

José Maria Martínez Trancho, general manager of the Corporación Ibmei and CEO of “Nuova Ibmei,” confided to a clerk that Solera had corrupted a Spanish labor union representative to secure the approval of the unions to shut down Micromotor, a subsidiary company in Bilbao.

The union representative accepted the bribe under the condition that part of the factory would be opened again as a cooperative company with the financial help of Solera. However, Solera went back on his word.

He told Martínez, “Even dogs know how to get food on their own.”

The corrupted union representative committed suicide. He was the father of two children (Parena, memoria, 2002)<sup>106</sup>.

Martínez also wrote in a 2005 memo that Solera had powerful connections in Spanish politics and the judiciary (Martínez, memoria, Jan. 21, 2005, p. 5).

While Micromotor was to shut down, labor unions wrote a letter to the president of the government of Navarra, Juan Cruz Alli Aranguren. It was Feb. 11, 1994. The same day, Solera sent a fax to Martínez informing him of the letter and warning that the union representatives had “a lot of information.”

“I don’t know how these people [i.e., Solera and his men] obtained in real time a letter sent to the president of an autonomous community<sup>107</sup>, and I don’t even know if the president had actually received it,” Martínez wrote in a memo for prosecutor Sorbello. “This fact shows the ‘access capabilities’ that these people have.”

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<sup>106</sup> The details of the story told by Maddalena Parena, a Nuova Ibmei clerk, should be verified. Parena dated Martínez’s confidence on Micromotor back to 1992, while Martínez, who did not inform the Italian investigators about this episode, dates Micromotor’s shutdown to 1994 (Martínez, memoria, Jan. 21, 2005, p. 5). Unfortunately, Parena is now dead and cannot confirm or deny the circumstance. Sabino Santolaya (personal communication, 2010), former blue-collar worker and representative of the Spanish union Comisiones Obreras at Micromotor, confirmed that Corporación Ibmei closed the factory in 1994 and moved production to Madrid. The closedown severely affected one hundred families. Four labor unions represented Micromotor’s workers: Comisiones Obreras, UGT, ELA, and LAB. Santolaya confirmed that a UGT union representative, José Ángel Leon Porres, committed suicide. However, Santolaya strongly denied that Solera had corrupted Porres. According to Santolaya, disappointment and anxiety for his future led Porres to such an extreme reaction. Porres asked his parents for a loan because, like the others, he had lost his job and had to maintain two young children. But it was not enough. Shortly after, Porres made the most dramatic decision.

<sup>107</sup> An autonomous community is the first-level political division of the Kingdom of Spain.

Martinez also suggested that Solera exerted some sort of influence over the judiciary.

“After my visits to Madrid’s courthouses, lawyers warned me that I would run into many difficulties, especially in the courthouses,” Martinez wrote.

“I’m fearful for myself and for my family. I’m going against very powerful people.”

In 1990, Solera dispatched Martinez to Asti to improve the profitability of the factory. During his first visit, Martinez met “Dr. Colorato,” the factotum of Luis Solera and Ugo Fea, director of Nuova Ibmei. Two years later, Martinez learned that “Dr. Colorato” was Silvano Sordi<sup>108</sup>.

Solera knew Sordi’s true identity. But why did Sordi have to disguise himself?

Sordi laconically answered that the labor unions already knew him as “Dr. Colorato.” Martinez found out that in the past, Sordi had been “an important sindacalista” (Martinez, interrogatorio, 2005a, 2005b).

In the meantime, Ugo Fea left the job and Martinez took the helm of Nuova Ibmei. In 1992, Martinez convinced Maddalena Parena, a Nuova Ibmei employee, to falsify accounts books and hide a 2.5-billion-lire deficit (1.3 million euro). Martinez argued that Solera would have shut down the factory as he did to Micromotors in Bilbao if he had known about the losses (Parena, memoria, 2002). Two years later, the debt had been repaid and the company had turned profitable once again.

Yet, Solera was determined to shut down the factory or increase profits dramatically.

Solera “drained” 500 million lire (260,000 euro) from Nuova Ibmei through false or inflated invoices that simulated payments for professional services. The Spanish management tried to convince Fabio Zucchi, Nuova Ibmei’s plant operations manager, to serve as the recipient of the money.

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<sup>108</sup> Martinez, interrogatorio, 2005a; Martinez, memoria, Jan. 31, 2005b. However, Sordi affirmed that he began to work in Asti in 1992-1993 (Sordi & Panero, confronto, 2004).

According to court documents, Zucchi declined and, later, was forced to resign<sup>109</sup> (Sorbello, 2005). They replaced him with Giorgio Padula, an engineer with strong ties to Sordi (Sordi, memoria n.1, 2004).

Spanish managers Martinez and Jesus Blanco consented to carry out the 500-million-lire scheme. Operations such as this allowed Corporacion Ibmei to post nonexistent profits to please the shareholders and hollow out companies that were not deemed strategic (Zucchi, sit, 2002a; Martinez, interrogatorio, 2005a; Martinez, memoria, Jan. 21, 2005).

Solera was not satisfied. Nuova Ibmei had to shut down, unless it could yield quicker, fatter profits.

In October 1994, Silvano Sordi illustrated to Solera his management buyout plan that has been described in Chapter II. Workers lost one-fourth of their pay and the right to sue the company for work-related illnesses. Corporacion Ibmei defrauded the INPS, the main social security agency, and seized the opportunity to drain new resources from the company, paving the way for the bankruptcy of the FME, the company that took over Nuova Ibmei. Formally “independent,” FME was secretly controlled by Corporacion Ibmei.

“The labor unions did not call for a strike. Not even an hour of strike, in spite of my opposition to the plan,” said Fabio Zucchi to the police (Zucchi, sit, 2002b).

Throwing in the towel without a fight was a bizarre circumstance for a combative chamber of labor like the CGIL-Asti – as it was bizarre that the other major labor unions, CISL and UIL did not raise their voices and whole-heartedly supported the plan.

Corporacion Ibmei adopted a shrewd tactic to strong-arm the workers into accepting such unfavorable terms.

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<sup>109</sup> However, Walter Valentino (sit, 2005b), president of the Industrial Union of Asti between 1997 and 2000, said that Luis Solera confided to him that Zucchi had pocketed bribes from Nuova Ibmei suppliers. Solera also told Valentino that he had been able to get 1 billion and a half lire back from Zucchi.

On Feb. 20, 1995, Martinez announced the shut-down of the factory: the spike in raw materials' cost, he said, had plunged Nuova Ibmei into dire conditions (La Stampa, 1995a).

Three days later, La Stampa (1995b) published a letter in which Martinez "denounced" the hardline stance of the labor unions in previous negotiations. In the meantime, an unnamed company showed interest in purchasing the factory.

On Feb. 24, FIOM, FIM, and UILM rebutted the charges. Renato Monticone, secretary of FIM-Asti, concisely summed up the situation.

"The management laid down their conditions according to a take-or-leave-it strategy," Monticone said to La Stampa (1995c).

The tensions increased. The workers entered a strike and assembled outside the Prefecture where the local authorities joined entrepreneurs and labor unions at the negotiation table (La Stampa, 1995d, 1995e).

In the meantime, a heated debate was raging inside the CGIL and the Communist Refoundation Party.

Enzo Sobrino, then-secretary of the CGIL-Asti, opposed the Nuova Ibmei-FME plan, while Cavallo supported it.

"I talked to the workers in the assembly, where I expressed my opposition to the proposal. The workers agreed with me, it seemed that I had become a hero," Sobrino recalled (interview, 2009).

"Then Cavallo asked to speak. And the deal was approved."

How could Cavallo convince the workers to agree to such unfavorable terms?

"He's a great speaker," Sobrino said. "Think of mass psychology. He attacked the Spaniards but he convinced everybody that accepting the deal was the only way to avoid the shutdown of the factory.

"In the end, Cavallo said that one day, the moment for the revolution would have come," Sobrino added with a faint smile.



How could Cavallo control the negotiations, since he was no longer FIOM secretary, and in 1995 he wasn't yet secretary of CGIL-Asti?

“The FIOM representatives were his pawns. After two terms, Cavallo could not be FIOM secretary, but he was still the *deus ex machina*,” Sobrino (personal communication, 2010) said.

“Cavallo inspired awe and had built strong relationships during many years of militancy. There is a group of friends that still now moves together like one single man.”

In 1995, Adriano Rissone was appointed as secretary of FIOM-Asti.

Also, Sobrino (sit, 2005) told the police that he doubted the lawfulness of the deal, and signaled to the INPS the fictitious nature of the Nuova Ibmei-FME transfer of ownership.

His opposition to the deal cost him re-election. Cavallo replaced Sobrino as secretary of CGIL-Asti in 1996.

However, it must be noted that not only the Cavallo-led group in FIOM favored the deal, but also Renato Monticone, secretary of FIM-Asti, and Renzo Baino, secretary of UILM-Asti.

At the end of April, 130 workers (65 percent of the voters) approved the deal, while 67 workers rejected it (33 percent). The high percentage of opponents in spite of the unanimous consent of the labor unions did not go unnoticed.

UILM Secretary Baino commented,

I have the impression that those workers who opposed the deal were those who have not seen their personal problems solved. I don't think they were against the idea of agreement itself (La Stampa, 1995f).

In other words, Baino ruled out that the workers could be genuinely mad at losing one-fourth of their pay while there were persistent rumors about an “underground” deal between management and the labor unions (Tuccillo, interrogatorio, 2005a).

Sordi and Martinez gave their own version of the story to the Italian police.

After preparing the management buyout plan, Sordi (interrogatorio, Sept. 22, 2004) said that the Spanish management instructed him to sound the unions out.

According to Sordi, Giancarlo Gianti, then top negotiator with the labor unions on behalf of the Industrial Union of Asti, advised him to talk to Cavallo, the most prominent labor union leader in Asti and secretary of the CGIL (Sordi, interrogatorio, Sept. 22, 2004; Sordi, interrogatorio, Oct. 13, 2004).

Before continuing Sordi's story, it's worth noting that these statements contain several mistakes and inaccuracies on key facts.

First, Cavallo was the most prominent labor union leader, but he wasn't yet secretary of the CGIL<sup>110</sup>. However, the inaccuracy could be unintentional, since the circumstance was easily verifiable by the police. In addition, Cavallo became secretary of the CGIL a year after the Nuova Ibmei-FME negotiation, and Sordi dealt with him again in the "Newcompel affair" in 1997.

Second, and more important, Gianti denied having advised Sordi to go to Cavallo (Gianti, sit, 2004a; Sordi & Gianti, confronto, 2004). Gianti, who arrived in Asti in 1993, pointed out that Sordi had already operated in Asti for "several industrial companies" before his arrival, and he already knew Cavallo very well. Martinez (interrogatorio, 2005a) and Cavallo (personal communication, 2010) substantiated Gianti's observation. Martinez said that Sordi was working for Nuova Ibmei at least since 1990<sup>111</sup>. Cavallo said that he met Sordi for the first time at the negotiation table in 1991 or 1992, when Schlumberger Industries, a U.S.-French multinational company, bought the "Bosco," a Turin-based manufacturer of gas and water meters.

Sordi also told the police that Bruno Panero, former CEO of Way Assauto, confided that Cavallo cost him "one car a year," a circumstance that Panero denied, saying that he only had heard "rumors" about Cavallo (Sordi & Panero, confronto, 2004; Sordi, interrogatorio, Oct. 19, 2004).

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<sup>110</sup> Cavallo served as CGIL secretary from June 1996 to December 2000.

<sup>111</sup> Martinez (interrogatorio, 2005b); Martinez (memoria, 2005c): In July 1990, during a strike at Nuova Ibmei, Martinez called "Dr. Colorato" to find a deal with the union about a minor dispute. Dr. Colorato met the labor unions and Aldo Mirate, CGIL-Asti's attorney. Years later, Mirate became Claudio Caron and Adriano Rissone's defense attorney in the "FME trial."

Sordi said that he discussed the management buyout plan with Cavallo, who demanded a bribe in exchange for the union's approval. Sordi reported back to Solera and Martinez, who gave the go-ahead to the operation on the condition that Martinez would take part in the negotiations and the payment of the money (Sordi, interrogatorio, Sept. 22, 2004)

Cavallo initially demanded 300 million lire (€155,000), but then he settled for 180 million (€93,000). Sordi said that Solera and Martinez withdrew the money from Swiss bank accounts registered in the name of "Taramo," a company founded by Martinez. The banks were Lugano-based Corner Bank and "maybe, the Credit Suisse in Chiasso." The payments took place in two or three installments (Sordi, interrogatorio, Sept. 22, 2004; Sordi, interrogatorio, Oct. 28, 2004; Sordi, memoria n.1, 2004: 13; Tribunale di Asti, Dec. 20, 2007, p. 14).

Sordi added that Cavallo guaranteed that "Caron would have helped them out" (Sordi, interrogatorio, Sept. 22, 2004; Sordi, interrogatorio, Oct. 19, 2004) and that "he would have convinced Rissone to agree to the proposal." Sordi said that he secretly met Cavallo and Rissone at the "Mini Motel" in Asti to hammer out the details of the agreement (Sordi, interrogatorio, Nov.12, 2004).

However, Sordi denied having paid any other labor union leader besides Cavallo (Sordi, interrogatorio, Sept. 22, 2004; Sordi, interrogatorio, Nov.12, 2004). On the contrary, Sordi said that Cavallo told him not to talk about the bribe with Rissone (Sordi, interrogatorio, Nov.12, 2004).

Martinez (interrogatorio, 2005b; interrogatorio, 2006) confirmed that Corporacion Ibmei had paid a bribe to the unions and Sordi played a key role in the negotiations (Tribunale di Asti, Dec. 20, 2007, p. 15-17). However, his account substantially differed from Sordi's version.

First, Martinez denied having handed any cash payment to union representatives in person.

Second, Martinez said that Solera created the off-the-books cash reserve to pay the bribe in a different way. Preston, a Switzerland-based shell company, made out false invoices for nonexistent services given to Zertan and Ibmei S.A., two subsidiaries of Corporacion Ibmei for a total amount of 186,200 Swiss francs, equal to 250 million lire.

According to Martinez (interrogatorio, 2005b; interrogatorio, 2005c; interrogatorio, 2006), Sordi suggested using Preston, a company headed by Luciano Guastini and Luigi Scolari, who had previous business ties with Sordi<sup>112</sup>.

Then, the story becomes increasingly blurred.

According to the court documents currently available for research, it's not clear where 70 million lire wound up – supposing that the 180-million-lire bribe for Cavallo was actually paid. Was the money for Sordi, Guastini and Scolari to pay for their services? Did Martinez take a cut of it? Was the money used to corrupt other labor representatives?

Martinez and Federico Munilla Gurpegui, Zertan's plant operations manager, had founded an independent company (Fejunimar) in April 1994 with the prospect of working on their own, since the Corporacion financial situation was shaky. Later on, they moved the company to Switzerland to take advantage of tax incentives. In November 1994, Martinez, Munilla and others<sup>113</sup> created another company, "Taramo," for unknown reasons.

Taramo was domiciled in Preston's office (Martinez, memoria, 2005d). Martinez (interrogatorio 2005b) knew that Preston was a shell company<sup>114</sup>: still, he purchased 30 shares of Preston for 75,000 Swiss francs [€50,000]. Martinez also began an intense business relationship with Sordi in numerous operations (LAE, Bymetal Y Frio).

However, the Sordi-Martinez-Solera entente quickly came to an end between 1996 and 1997.

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<sup>112</sup> See Martinez, interrogatorio, 2005d; Martinez, memoria, Jan. 31, 2005b, p.3, 5, 7, 8; Martinez, memoria, Feb. 6, 2005, p. 2. According to a document found in the Historical Archive of CGIL-Varese, Luciano Guastini was one of the FIOM union representative for IRE (ex IGNIS, later Whirlpool) (Consiglio Generale F.L.M., 1981; compare to Guardia di Finanza, Compagnia di Asti, Apr. 9, 2005).

<sup>113</sup> Tania Guggiari and attorney Paola Laffranchini (Piotrkowsky, 1994).

<sup>114</sup> Martinez (interrogatorio, 2005b): It was Sordi who first talked about [Preston]. Solera asked me to verify the existence of this company in Chiasso. I went there accompanied by Sordi. Sordi pointed out that Guastini, the administrator, was his friend. I noticed that the headquarters of Preston was a three-room apartment. There were only a table, two chairs, a telephone and a computer. I immediately understood that it was a shell company.

Martinez (interrogatorio, 2005d) told the police that Sordi visited him in Pamplona, Spain, where Martinez lived, in September 1996. Sordi told Martinez that he needed money and that he was ready to ask his “friends in Naples” to intervene and convince him to pay<sup>115</sup>.

Who are these “friends”? In Italian, the word is used to refer to members of mafia-type organizations. In this case, Sordi referred to the Camorra, the Neapolitan mafia.

On Nov. 15, 1996, Sordi sent a confidential letter to Solera complaining that he didn’t receive the agreed sum in case of the success of the management buyout (Sordi, 1996). In another undated manuscript, Sordi added that Martinez still owed him money and accused Martinez of conducting operations against Solera’s interests, such as a behind-the-scenes deal with Antonio Merloni, a famous Italian manufacturer<sup>116</sup>.

True or false, Sordi’s accusations achieved the desired effect of poisoning the relationship between Martinez and Solera.

Nuova Ibmei didn’t renew Sordi’s contract after Dec. 31, 1996 (Martinez, 1997b). Four months later, Sordi sent a confidential fax with threatening tones to Martinez:

Dear Eng. Martinez:  
Considering that I intend to end every professional and private relationship with you;  
Considering that there are ties created by our joint operations and tied to commitments you pledged to honor;

Considering all these things,  
You can forget about me only if:

You send me by tomorrow, April 24, 1997, bank transfers to:

[lire] 20.000.000 GERMANO PIERA  
[lire] 10.000.000 ORSUCCI SERGIO  
[lire] 20.000.000 SORDI SILVANO BdN  
[lire] 20.000.000 SORDI SILVANO COMIT  
[lire] 20.000.000 SORDI LUCIANO BdROMA  
[lire] 10.000.000 SORDI LUCIANO Bd....<sup>117</sup>

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<sup>115</sup> See also Martinez, memoria, Jan. 31, 2005b.

<sup>116</sup> In a memo for prosecutor Sorbello, Sordi (memoria n.1, 2004: 13) wrote that Solera and Martinez broke up because Martinez wanted to become a shareholder in the Corporacion and was extending his influence in the company without Solera’s assent.

<sup>117</sup> Illegible part of the manuscript.

Germano Piera, Luciano Sordi, Sergio Orsucci<sup>118</sup>. All names appeared in the Newcompel affair, all “partners” or “accomplices” of Silvano Sordi.

What did they have to do with Martinez? And what are the Sordi-Martinez “joint operations” that the fax refers to?

It’s not clear, according to the court documents currently available for research.

Earlier in March, Martinez (1997a) had written a letter to the workers and the labor unions in which he denied the rumors of any agreements between FME, Nuova Ibmei and GFT, the multinational that owned the “Facis factory” in San Damiano. Martinez guaranteed that he would not endanger FME jobs.

A few days later, “Newcompel,” a consortium of “entrepreneurs” led by Silvano Sordi, purchased the Facis factory. And in April, Sordi came forward again demanding money.

Martinez (1997b; interrogatorio, 2005d) wrote that he refused to pay any sum. Sordi momentarily backed down.

In July 1997, Martinez was forced out of FME and Corporacion Ibmei.

In November, Martinez received a fax from Preston. The company demanded 48.5 million Spanish pesetas [€290,000] for a credit toward him it had bought from Silvano Sordi.

Martinez said that such a credit never existed<sup>119</sup> and launched his counterattack.

He contacted Gabriele Ferrara Pajno, GFT personnel manager, and told him about Sordi’s money requests and the involvement of Sergio Orsucci, a high-ranking GFT manager<sup>120</sup> (Martinez, memoria, Jan. 31, 2005b).

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<sup>118</sup> According to Martinez (1997b), Sordi later contacted him by phone and gave him Sergio Orsucci’s bank account for the money transfer. Month later, Martinez and GFT personnel manager Gabriele Ferrara Pajno ascertained that the numbers given by Sordi actually corresponded to Orsucci’s bank account.

<sup>119</sup> In a memo for prosecutor Sorbello, Sordi (memoria n.1, 2004: 13) wrote that Martinez did not pay the previously agreed brokerage fee in selling Zertan SA to a Luxembourg-based company, ELTH. Sordi had already met Carlo Bianco “of Turin,” the administrator of ELTH, several years before. According to the *Journal Officiel du Grand-Duché de Luxembourg* (2009), Carlo Bianco now lives in Lugano, Switzerland. Martinez (interrogatorio, 2005d) said he had already met his obligation toward Sordi about the ELTH-Zertan operation by paying him 20 million pesetas. Through the company “Consulentes Asociados,” Martinez had also played a prominent role in the operation (Martinez, memoria, Jan. 21, 2005: 6-7). Carlo Bianco also acquired ATEA, a company previously owned by Guido Borghi, a well-known entrepreneur of Varese (Borghi, sit, 2003a). Sordi had been Borghi’s longtime industrial consultant. See Chapter V.

Then, Martinez sued Sordi for attempted extortion in Italy and Spain, while he filed a complaint in Switzerland against Guastini and Scolari, charging them with the embezzlement of his Preston's shares.

Guastini and Scolari were found guilty, while the charge against Sordi was first reduced to "fraud" and then fell under the statute of limitations (Tarditi, 2002).

Martinez pointed out that he fought these legal battles on his own.

He later wrote, "I don't know if there was a Solera-Sordi deal to destroy me" (Martinez, memoria, Jan. 31, 2005b).

## **Act II. FME: Gaetano Tuccillo**

Fabio Zucchi, Nuova Ibmei plant operation manager<sup>121</sup>, quit his job in April 1995 after the approval of the Nuova Ibmei-FME deal (Zucchi, 2002a; Martinez, memoria, Jan. 21, 2005). In February 1996, Giorgio Padula became the new plant operation manager; a month later, Padula was partnered with Gaetano Tuccillo, production manager<sup>122</sup>. It was Sordi who introduced Padula, of Varese, and Tuccillo, of Naples, to Martinez (Sordi, memoria, July 27, 2004; Martinez, memoria, Jan. 31, 2005a).

A year later, Padula left and Tuccillo replaced him as the new plant operation manager. Martinez and Tuccillo soon forged a close alliance (Tuccillo, interrogatorio, 2005b).

"He seemed to be a serious, intelligent person, who does not try to cheat on me," Martinez wrote in a memo for the investigators<sup>123</sup>. "He said that he did not attend university and that he came from the labor unions."

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<sup>120</sup> Gabriele Ferrara Pajno said that Orsucci, the GFT director for the men clothing division, introduced Silvano Sordi to him and to the CEO of GFT (Tribunale di Asti, Jan. 7, 2008, p. 60). Sordi said that Orsucci was the GFT industrial operation manager (Sordi, memoria n.2, Aug. 3, 2004). According to former union representative Giorgio Malnati (interview, 2010), Sordi met Orsucci for the first time when the latter was a manager at Bassani Ticino (later BTicino).

<sup>121</sup> In Italian: "direttore di stabilimento."

<sup>122</sup> In Italian: "direttore di produzione."

<sup>123</sup> Martinez, memoria, Jan. 31, 2005a.

Martinez affirmed that Tuccillo showed familiarity with “industrial language” and budgetary issues.

However, Martinez pointed out that Tuccillo owed Sordi because of past “favours.” From time to time, Tuccillo supplied Sordi with crucial intelligence about FME issues.

Under Tuccillo’s watch, strange things happened in the FME. For example, a truck with 2,800 motors bound for Naples disappeared. The company reported the episode to the police three hours after the truck driver magically reappeared.

FME’s finances kept deteriorating. The company had signed a contract with Nuova Ibmei that envisioned the sale of the products at a price below the cost of production, leading to a rising deficit that would have later led the company to bankruptcy. In addition, the Corporacion Ibmei shifted the most profitable production from Asti to Madrid: the FME burdened itself with costs and risks, while the profits wound up in Spain (Sorbello, 2003; Martinez, interrogatorio, Jan. 20, 2005).

The cash crisis did not prevent Tuccillo from asking Martinez to sponsor “Massimiliano Giraudi,” a local soccer team. Tuccillo reassured him that it was a positive investment for advertising return for FME. Martinez rejected the idea.

Later on, Martinez came to know that Tuccillo had bought the team (Martinez, memoria, Jan. 31, 2005a), where his son played as a defender. Tuccillo, a supporter of Naples’ soccer team, later told La Stampa (2000b), “Soccer helps me fill my weekend and overcome my homesickness. I miss my home region, Campania, so much.”

When Martinez was forced out of FME in 1997, Tuccillo became the “face” of the company, which went through several transfers of property: first “B Y B Productiones,” then “Patrimonial Agonza” – companies both controlled by Ladislao Azcona, Corporacion Ibmei vice president<sup>124</sup>. In other words, the Spanish parent company maintained its stranglehold on FME.

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<sup>124</sup> Martinez, memoria, Jan. 21, 2005, p. 8; Martinez, interrogatorio, 2005c. Azcona replaced Solera as president of Tecnom (ex Corporacion Ibmei) in 2005 (Americaeconomica, 2005).



Martinez wrote that, after his departure, strange episodes continued to happen. A truckload of copper disappeared; and irregularities in awarding contracts took place under Tuccillo's watch (Martinez, memoria, Jan. 31, 2005a).

According to Maddalena Parena (sit, 2002), a Nuova Ibmei-FME clerk, Tuccillo awarded a 800-million-lire contract for the renovation of a new electrical system to a company in Caserta, a town in Campania, 750 km south of Asti. Parena pointed out that the operation appeared suspicious: her husband, Marco Rey, who had worked at Ibmei as an engineer, asked only 350 million lire to do the same job. Yet, Tuccillo turned down Rey's offer<sup>125</sup>.

Tuccillo also awarded the contract for transportation to "CGT" of Antonio and Nicola Diana, a haulage company also based in Caserta, between 1997 and 1998<sup>126</sup> (Tuccillo, memoria, 2005).

Tuccillo ruled the factory through Cono Marmo, FME quality manager and Tuccillo's closest aide, and Graziella Amoretti, controller<sup>127</sup> (Baino, sit, 2002).

One of the former FME contractors, Silvano Speretta, told the investigators a murky story of money demands from Cono Marmo<sup>128</sup>. Marmo told Speretta that he had to pay a bribe to him and Tuccillo if he wanted to be awarded other contracts. Between 1999 and 2000, Speretta paid 35 million lire [€18,000] in four installments, plus 10 million lire to sponsor Tuccillo's soccer team. Tuccillo denied the accusation of extortion (Tuccillo, memoria, 2005) and the prosecutor dropped the charges against him, while Cono Marmo was eventually sentenced to 3 years and 5 months<sup>129</sup> (Coppero, 2010).

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<sup>125</sup> Marco Rey (personal communication, 2010) confirmed this circumstance.

<sup>126</sup> Later, CGT changed its name to "Erreplast." According to Luigi Esposito (2004a), the haulage company was TD, also owned by the Diana family. See Corbo (2008).

<sup>127</sup> In Italian: "responsabile amministrativo."

<sup>128</sup> Speretta, sit, 2002a; Speretta, sit, 2002b.

<sup>129</sup> There is no evidence that Tuccillo pocketed Speretta's money. Speretta (sit, 2002a) said that once he tried to hand the bribe directly to Tuccillo, but he showed surprise and called Marmo in his office to offer an explanation of what happened. Marmo said that it was business between him and Speretta; Tuccillo dismissed both of them and told them "to do their business somewhere else."

Another FME contractor, Sergio Riva (sit, 2002), also accused Tuccillo of having extorted 120 million lire from him, in addition to a 98-million-lire sponsorship of the Giraudi soccer team. It's worth noting that the high sponsorship payment was absolutely disproportionate for such a low-level soccer team. Where did the money go?

Riva told the investigators that he paid the sums directly to Tuccillo. Also in this case, Tuccillo denied the accusations (Tuccillo, memoria, 2005). As of press time, it has not been possible to verify if the judiciary proceeded against Tuccillo as a result of Riva's accusations.

Riva was later investigated in connection with the Newcompel affair.

Renato Monticone, former secretary of FIM-Asti, remembers Tuccillo as a man with a "sunny nature, a genuine Neapolitan" (Monticone, personal communication, 2010).

Antonio Diana, one of Tuccillo's former employers, said he was a "capable, hard-working professional"<sup>130</sup>.

In a memo, Martinez wrote that Tuccillo was "a man with a strong character, a very vindictive person toward any of his subordinates who dares contradict him, but he's gentle, good-natured and diligent with his superiors"<sup>131</sup>.

However, Tuccillo was not one to be trifled with, as Speretta (sit, 2002a) told the investigators:

Once, I stumbled into him by chance while I was in the FME plant. He took my little dog that I used to take with me. While he was stroking my dog, he said, "Have you told your master that he would become a penniless wretch<sup>132</sup> without me?" [I interpreted] that sentence in the light of what I was going through as not accidental: it meant that if I didn't pay bribes to Marmo, I would have actually become a penniless wretch because FME was my only source of livelihood.

Tuccillo also knew Emanuele Costa, the man killed with Giuseppe Petralia in Arcisate, Varese, on Nov. 13, 2004.

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<sup>130</sup> Diana, interview, 2009.

<sup>131</sup> Martinez, memoria, Jan. 31, 2005a.

<sup>132</sup> In Italian: "morto di fame."

The briefcase that investigators found on the crime scene didn't contain just Silvano Sordi's remand in custody of Silvano Sordi, but also an undated fax that Tuccillo sent to "Dott. E. Costa, Dott. G. Ossola, Ms. L. Beschi<sup>133</sup>." The document refers to "a program for the transfer of the machinery to Cortefranca [Engineering]'s plant (Brescia)."

No journalist in Asti and Varese would ever know about Sordi and Tuccillo's business partnership with Costa, and the discovery of the briefcase.

Tuccillo declined an interview for the current research.

Like Sordi, Tuccillo has been one of Fausto Cavallo's main accusers. He told the investigators that he had paid a 60-million-lire bribe to Cavallo on behalf of the Spanish management to win the support of the labor unions between 1999 and 2000. FME, in dire financial condition, had filed a request to the Minister of Labor to obtain Cassa Integrazione (CIG, Wages Guarantee fund), a special public fund used to protect workers' income and help the company weather financial troubles. The Minister of Labor can grant the money only if the labor unions agree to the proposals.

Tuccillo said that during a meeting at the Hasta Hotel, Giancarlo Gianti<sup>134</sup> of the Industrial Union suggested the Spanish management "feed the quadruped" to break the deadlock in the talks with the labor unions<sup>135</sup>.

He was talking about Cavallo: "cavallo," in Italian, means "horse." Tuccillo said that he didn't immediately catch the word play, while the Spanish managers understood it because of the previous payment bribes for the Nuova Ibmei-FME deal.

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<sup>133</sup> Gigi Ossola is an entrepreneur of Varese who collaborated with Sordi in the Cortefranca Engineering, according to a story run by La Prealpina, the Varese-based daily newspaper (Della Bella, 2003). The article reported that ISFOA, a self-styled private "university," had bestowed on Sordi an honorary degree for the company's "exciting results" at the prestigious venue in the Italian parliament: nothing less than the "Sala della Sacrestia" of the Chamber of Deputies (the lower chamber of the Italian Parliament). Lucia Beschi was one of Globe srl's associates.

<sup>134</sup> Giancarlo Gianti had been the top negotiator with the labor unions on behalf of the Unione Industriale of Asti between 1993 and 2003.

<sup>135</sup> Gianti, one of Cavallo's main accusers, denies the circumstance.

According to Tuccillo, Jesus Martin Blanco, financial director of Corporacion Ibmei (Madrid) and of Nuova Ibmei (Asti), and Garcia Lopez Doriga Ramon Eduardo, another Ibmei manager, secretly met Cavallo in Felizzano, a small village located 20 km west of Asti.

Later, the Spanish managers instructed Tuccillo to deliver envelopes filled with money to Cavallo's home, where a woman picked them up<sup>136</sup>. They created the money supply through checks made out to Tuccillo. Graziella Amoretti (interrogatorio, 2003a; interrogatorio, 2003b) confirmed that she prepared the checks for the payments to Cavallo.

Tuccillo said that he paid the sum in three installments (Tuccillo, interrogatorio, 2005a; interrogatorio, 2005b).

The Minister of Labor rejected FME's first application for government funds, but agreed to a second one.

### **Act III. Newcompel affair. "Del Turco connection"**

In 1996, Silvano Sordi left his role as Corporacion Ibmei's consultant for good, but he had no intention of leaving Asti. Sordi soon seized a new opportunity to do business – at the expense of factory workers, once again.

Gruppo Finanziario Tessile (GFT), a giant of the Italian clothing industry, chose a path of slow divestment of its Italian factories. Established in the 1930s, GFT manufactured clothes for the most notable Italian fashion brands – from Armani to Valentino. In 1994, the company was drowning in debt. GFT was rescued by Gemina, a holding company that united the elite of Italian finance. The purchase drew the interest of the judiciary, since Gemina prevailed over a rival, CvC (Citibank group), with a smaller offer: a weird circumstance (Tamburini, 1996). Gemina was controlled by Fiat, Mediobanca, Pirelli, Generali, Rizzoli, Corriere della Sera (the most prestigious Italian newspaper), Impregilo, and Ligresti. As the second Berlusconi government changed the law

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<sup>136</sup> The police investigated Claudia Corradi, Cavallo's second wife, for her alleged complicity in the extortion. However, Tuccillo couldn't identify her as the woman who took the money and the charges were later dismissed (Tribunale di Asti, Dec. 20, 2007, p. 21).

on false accounting<sup>137</sup>, a shortened statute of limitations saved the “big” defendants from prison (La Repubblica, 2002).

However, Italian tycoons were trembling in October 1996, when GFT announced it planned to resort to government funds (cassa integrazione straordinaria) by the end of the month.

In San Damiano, GFT had two factories, formerly called Facis, employing 300 tailors – mostly women a few years from retirement age (La Stampa, 1996b).

San Damiano, a municipality with a population of 8,500 in the province of Asti, heavily relied on the two GFT factories, which employed more than 1,000 workers in the 1970s.

A retired worker told La Stampa, “Facis is ‘our’ factory. If it closes, San Damiano dies” (Gonella, 1997c).

As the situation turned dramatic, Cavallo was to play a key role once again.

A few months before, Cavallo had replaced Enzo Sobrino as secretary of CGIL-Asti with more than 60 percent of the votes (La Stampa, 1996a; Tribunale di Asti, Dec. 20, 2007, p. 8).

In an open session of the consiglio comunale<sup>138</sup> of San Damiano, Cavallo called for the direct intervention of Angelo Sodano<sup>139</sup>, the Vatican secretary of state (Orlando, 1996).

In mid-January 1997, GFT announced the shutdown of one of the factories: by April, the jacket-manufacturing plant had to go – along with 167 jobs (Gonella, 1997a).

For GFT, a 1,300,000-lire [670-euro] monthly paycheck was too much: the company was ready to leave for cheap-labor havens abroad<sup>140</sup>.

GFT didn’t bother to announce the grim news to the workers first.

They learned it from the TV instead.

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<sup>137</sup> False accounting is a crime often used to commit a wider range of more serious offenses, including tax evasion, money laundering and corruption. It allows white collars and mafiosi to create slush funds. Impairing the judiciary’s ability to prosecute false accounting assures impunity for several other economic crimes.

<sup>138</sup> A “consiglio comunale” is the legislative body of a comune (municipality).

<sup>139</sup> Angelo Sodano was born in Isola d’Asti, a village located 8 km south of Asti.

<sup>140</sup> See also Guardia di Finanza – Compagnia di Asti, Feb. 7, 2003, p. 3.

The case attracted the attention of Italian members of parliament, such as Maria Teresa Armosino, Giovanni Saracco, and Nerio Nesi<sup>141</sup> (La Stampa, 1997a; La Stampa, 1997c).

The province of Asti was going through a wider job crisis: between 1996 and 1997, the unemployment rate had increased from 10.6 percent to 14 percent (La Stampa, 1997b; Gonella, 1997e). At the same time, CGIL-Asti was steadily growing – from 17,000 members to almost 18,000 (Gonella, 1997b). Workers joined the labor unions en masse to preserve their jobs.

The GFT workers entered an all-out strike.

Cavallo was always on their side – on Saint Valentine’s Day, when 2,000 people marched through San Damiano; in front of the prefecture, for a sit-in; on Women’s Day, for a torch-light procession.

On March 12, 1997, came the turning point. In the headquarters of the Industrial Union of Asti, GFT managers met the unions. Outside, in Piazza Medici, the workers anxiously waited for a solution – their banners and their hopes outside the negotiation room. Then, a coup de theatre. The news filtered through that the factories had been bought by an Italian-Spanish industrial group, Newcompel, that specialized in the production of serpentine refrigerator evaporators:

The news leaks out. The workers discuss it in the square, but some are skeptical: “Wait, wait. Too many rumors had been spread so far.” Silvano Sordi, consultant of the “Newcompel,” dispels any doubt: “It’s true,” he told the unions. Still incredulous, Angela Cersosimo, a union representative of the factory, can’t help it: she rushes down to announce the news to her coworkers in the square. The tension built up in the last weeks has suddenly relaxed. Tears and hugs. “We won! We won!” cry the women as the passersby look at them, filled with curiosity. Someone calls home. Then, it’s time for the first comments. “Will we produce refrigerators?” says Pina Aiello, 47, who spent 23 years ironing sleeves. “It’s ok. What matters is having a job.” Next to her, Renato Mina, a blue-collar worker, looks at the female coworkers who are celebrating: “We men are a minority in the factory,” he says jokingly. “But we always tried to cheer them up: a solution had to be found” (Gonella & Orlando, 1997a).

Workers greeted Rolando Manes<sup>142</sup>, who was secretary of FILTEA-Asti, the CGIL branch representing textile workers, with applause. Fausto Cavallo, Adriano Rissone and Giuseppe Castino of CISL-Asti showed the text of the deal to the exultant crowd.

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<sup>141</sup> Nerio Nesi (b. 1925) is a well-known leftist politician and banker. In 1997, he was president of the Industry Commission in the Chamber of Deputies, the lower chamber of the Italian parliament. Nesi was a member of the Italian Socialist Party (PSI) until 1994, when he joined the Communist Refoundation Party (PRC). In 1998, Nesi joined the Italian Communists’ Party (PdCI); three years later, he left for the Olive Tree center-left coalition. In 2004, Nesi joined the Italian Democratic Socialists (SDI), a party founded by Ottaviano Del Turco and former socialists.

In the afternoon, the workers convened in the factory. And the first clouds began to appear at the horizon:

Workers are still overwhelmed by joy, yet a bit of anxiety appears: “Who are the new owners?” a worker wonders. But the workers want to forget 51 days of uncertainty. The job is not lost (Gonella & Orlando, 1997a).

Newcompel formally purchased the GFT factory two weeks later, on March 25, 1997 (Tribunale di Asti, July 6, 2004, p. 9).

Roberto Gonella, one of the authors of the story, later said, “Those final remarks were not casual” (Gonella, interview, 2008). “The workers were waiting for a savior, and Sordi showed up with his Newcompel. But Sordi already appeared as a highly unlikely savior. I wished I were wrong. Unfortunately, I wasn’t.”

The day after, Sordi unveiled the Newcompel team. Piera Germano, a professional accountant, was the new CEO, while Luigi Esposito, a Neapolitan entrepreneur of Casoria<sup>143</sup>, was the financial backer of the operation. Regarding other entrepreneurs involved, Sordi observed the strictest silence (Gonella, 1997d; Gonella & Orlando, 1997b), but he reassured the workers: “Those who fear the arrival of other foreigners have no reason to worry,” Sordi told *La Stampa* (Gonella & Orlando, 1997b). “They are Italian industrialists, very well-known in the refrigerator industry.”

He said that the choice of buying the factory in San Damiano wasn’t casual: “There are entrepreneurs who were looking for good opportunities and for workers in the *liste di mobilità*<sup>144</sup>. We came up with a plan to save all these jobs.”

Sordi lied but for one thing: he was indeed looking for factories in financial trouble and workers on the verge of losing their job.

Indeed, Sordi was looking for the next victims to fleece.

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<sup>142</sup> Manes has been indicated by several sources as one of Cavallo’s close collaborators.

<sup>143</sup> Casoria is a town with a population of 80,000 in the Province of Naples in the Campania region, located about 9 km northeast of Naples.

<sup>144</sup> *Lista di mobilità*: List of workers who are given benefits when they are redundant. The Italian government gives them a redundancy payment. If a company hires one or more of these workers, it may be granted fiscal incentives for the first few years.

Eager to avoid bad publicity and a frontal clash with the unions, GFT was looking to get rid of a factory that it deemed wasn't strategic any more. Sordi offered the solution: GFT had to fill the coffers of its business division that it planned to sell him through two stratagems (Tribunale di Asti, July 6, 2004, p. 23).

First, GFT had to transfer the TFR fund to Newcompel instead of the workers with the approval of the labor unions<sup>145</sup>. The TFR, or “severance indemnity,” is a kind of forced savings guaranteed by the State. It was established in Italy in 1982 to create a sort of payment deferred in time. According to the TFR scheme, the employer withholds an extra monthly payment every year. The sum will be eventually paid when the worker leaves the company (retirement, firing, resignation and so on). For those who had worked for decades, the TFR due to them was a conspicuous sum – on average, 25 million lire for each worker (Tribunale di Asti, Jan. 7, 2008, p. 19).

Second, GFT had to give Newcompel a rich “dowry<sup>146</sup>,” which amounted to 2.5 billion lire [€1,290,000]<sup>147</sup>.

Once Newcompel bought the factory, Silvano Sordi and Luigi Esposito assembled “a team” to carry out their scheme, starring:

- Luigi Esposito and Sergio Riva, a former FME contractor whom Gaetano Tuccillo had introduced to Sordi<sup>148</sup>, as company promoters;
- Silvano Sordi, as expert in public and “private” relations with unions and workers;
- Piera Germano, a professional accountant, as CEO and expert in commercial and tax law;

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<sup>145</sup> See also Esposito, interrogatorio, July 29, 2004.

<sup>146</sup> In Italian: “dote.”

<sup>147</sup> See also Germano, interrogatorio, Oct. 7, 2004.

<sup>148</sup> Sordi, interrogatorio, Oct. 19, 2004. Riva would later accuse Tuccillo of extortion (Riva, sit, 2002). The original Newcompel scheme as devised by Sordi included Tuccillo, but his role has not been yet clarified, according to the documents currently available for research (Guardia di Finanza di Asti, June 24, 2003, p. 3).



- Mariano and Michele Romano (Esposito's brothers-in-law)<sup>149</sup>, Elisabetta Cirma (Esposito's mother-in-law), Maria Farina (Esposito's grandmother-in-law); Luciano Sordi (Silvano Sordi's brother) as figureheads;

- Roberto Maffettone, Esposito's old friend and close collaborator<sup>150</sup>, as a factotum acting on behalf of Esposito.

The teammates slowly diverted the money from the coffers of the company to their pockets, and they showed uncommon creativity in doing so. In some cases, they resort to other complaisant companies that made out false invoices on their behalf. In other instances, companies controlled by Esposito bought and sold shares to each other, and, as if by magic, money disappeared after some operations.

At the same time, they managed to lay their hands on Newcompel's valuable real estate property – that is, the plant and the surrounding area, which were worth millions of euro. They sold the property to other offshore companies that Esposito secretly controlled through figureheads, who in turn sold the real estate to other companies, also controlled by Esposito. In case of bankruptcy, Newcompel's creditors – including its own workers – may not have sought the seizure of the real estate in court. They also corrupted a public official to hide the real value of the real estate property (Germano, interrogatorio, 2004; Sordi, interrogatorio, Sept. 22, 2004).

Investigators tackled a dizzying whirlwind of companies and names. Esposito's initial "hidden" participation in Newcompel was first revealed as early as March 1997 by La Stampa

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<sup>149</sup> Mariano Romano, interrogatorio, Aug. 26, 2004; Mariano Romano, interrogatorio, Sept. 2, 2004; Michele Romano, interrogatorio, Sept. 2, 2004. Michele Romano had been appointed liquidator of Newcompel. On the roles of the Romano brothers, see also Esposito, interrogatorio, Sept. 16, 2004. Court documents don't shed light on a mysterious episode reported by La Stampa: an apparent theft at the expense of Mariano Romano, who had withdrawn checks and cash from the bank to pay the severance pay for Newcompel workers (La Stampa, 2001b).

<sup>150</sup> Mariano Romano, interrogatorio, Sept. 2, 2004.

reporter Roberto Gonella (1997d)<sup>151</sup>. Formally, Germano and a mysterious company, Simon Fiduciaria, were Newcompel shareholders between 1997 and 1999.

Esposito's Mira Componenti bought 100 percent of Newcompel's shares in May 1999. Esposito controlled Mira Componenti through ELFA Holding, a Luxembourg-based company, which served as a "screen" for Esposito's financial operations<sup>152</sup>.

In 2001, Mira Componenti sold 95 percent of Newcompel shares to Rikex, a Swiss company registered in Maffettone's name, and 5 percent to Mariano Romano. A year later, Newcompel, controlled by Rikex, sold to Rikex its real estate property. Rikex waited a few months before "selling" its property to San Damiano Immobiliare, a company registered under Maria Farina's name.

According to Esposito, "Dr. Lanzetta" of the Caserta branch of the Banca Commerciale Italiana, an Italian bank, suggested to Esposito the use of the "screen companies" Rikex and ELFA Holding (Esposito, memoria, Sept. 1, 2004).

Newcompel survived for five years before declaring bankruptcy in 2002. How could it have survived for so long?

The company had filed requests to the Minister of Labor to obtain Cassa Integrazione (CIG, Wages Guarantee fund), a special public fund used to protect workers' income and help the company weather financial troubles. In particular, Newcompel asked for a fund designed for industrial reconversion<sup>153</sup> – in this case, the transformation of the activity from textiles (GFT) to metalwork (Newcompel).

The labor unions played a significant role: indeed, the Minister of Labor can grant the money only if the labor unions agree to the proposals.

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<sup>151</sup> At the time, neither Sordi nor Esposito denied the news of Esposito's early participation in Newcompel. However, Esposito later denied to the police that he participated in the Newcompel affair until 1998-1999 (Esposito, interrogatorio, July 16, 2004; Tribunale di Asti, Jan. 7, 2008, p. 29-30).

<sup>152</sup> Tribunale di Asti, July 6, 2004; Esposito, interrogatorio, July 21, 2004.

<sup>153</sup> Cassa Integrazione Straordinaria (CIGS).

The government money allowed the company to pay the workers for some time. Then, Newcompel changed its company structure<sup>154</sup> so that it could file another request for government funds. The Minister of Labor granted the request once again.

In January 2002, Newcompel outsourced production to Newco, another company controlled by Esposito through figureheads, which allowed him to borrow fresh money from the banks.

Newcompel did not pay social security contributions for many of its workers (Tribunale di Asti, July 6, 2004, p. 17). The TFR funds disappeared.

Silvano Sordi told the investigators that Cavallo demanded a 200-million-lire bribe for him to approve the transfer of the business division in San Damiano from GFT to Newcompel. Cavallo also promised to help the company to obtain government funds.

Sordi said he created the money supply for Cavallo through inflation of the invoices from his activity as a consultant for Newcompel. Then, he withdrew the sum from his own bank accounts and paid Cavallo in five or six cash installments – some of them after the finalization of the GFT-Newcompel deal<sup>155</sup>.

According to Sordi, he informed his partners Germano and Riva about the bribes for Cavallo. Germano denied it to the police and in court (Germano, interrogatorio, Oct. 7, 2004; Germano & Sordi, confronto, Oct. 13, 2004; Tribunale di Asti, Jan. 7, 2008, p. 22, 25, 27-28).

Esposito told the investigators a different story.

Sordi had corrupted Adriano Rissone, secretary of FIOM-Asti (CGIL), and Renato Monticone, secretary of FIM-Asti (CISL), with 100 million lire, to obtain the government funds (cassa integrazione). To reassure Esposito, Sordi organized a dinner to discuss the matter with Rissone and Monticone in a hotel in Asti in 1999 (Esposito, interrogatorio, July 16, 2004; Guardia di Finanza-Compagnia di Asti, Aug. 11, 2004, p. 3-6). Rissone acted on behalf of Fausto Cavallo

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<sup>154</sup> In Italian: “assetto societario.”

<sup>155</sup> Silvano Sordi, interrogatorio, Sept. 22, 2004; interrogatorio, Oct. 19, 2004; interrogatorio, Nov. 12, 2004; interrogatorio, Dec. 1, 2004; interrogatorio, Dec. 18, 2004; interrogatorio, Jan. 11, 2005. See also Tribunale di Asti, Jan. 7, 2008, p. 18-26.

(Esposito, interrogatorio, July 21, 2004; Aug. 25, 2004). In court, Esposito changed his version and said that Sordi told him that Luigi Bonelli, secretary of UILM-Asti (UIL) had been corrupted as well (Tribunale di Asti, Jan. 7, 2008, p. 32).

Then, Sordi accompanied Esposito to Rome to meet Giovanna Rovello, an officer of the Ministry of Labor. They went to dinner together. Rovello guaranteed that the government funds would be granted – and, sure enough, they were later granted.

Esposito also said that Sordi and Rovello were talking about an “honorable,” a title that only refers to Italian members of parliament. Rovello denied that she knew Sordi but admitted that she dined with Esposito to discuss government approval of the cassaintegrazione (Esposito & Rovello, confronto, 2004).

Who was this “honorable”?

They never mention him by name.

But Esposito thought he had understood the identity of the person they were talking about: Ottaviano Del Turco.

Del Turco is an Italian political heavyweight. Born in Abruzzo in 1944, Del Turco was CGIL’s associate national secretary from 1983 to 1993 – the second-in-command in the most important Italian labor union (La Repubblica, 1993). Shortly after, Del Turco became national secretary of the Italian Socialist Party (PSI) in the aftermath of Tangentopoli and Bettino Craxi’s fall.

Craxi, the first Socialist prime minister, had been the most important Italian politician in the 1980s along with Christian Democrat Giulio Andreotti. Between 1992 and 1994, the political scandals surrounding embattled Socialists and Christian Democrats led to the disintegration of these parties and the end of the First Italian Republic. To escape arrest, Craxi fled to Hammamet, Tunisia, where he died in 2000.

Under Del Turco’s watch, the Italian Socialist Party was disbanded in 1994.

However, Del Turco remained a political powerhouse. Elected in the ranks of the center-left coalition, he chaired the important anti-mafia parliamentary commission from 1996 to 2000. In 2000, he became Minister of Finance under the D'Amato government. In 2004, when Esposito shared his thoughts with the investigators, Del Turco was elected europarlamentarian; a year later, he became president of his native region, Abruzzo, and left his seat in Strasbourg. In 2008, Del Turco was arrested and charged with corruption in connection with a bribery scandal in Abruzzo's health care system.

Del Turco had been a controversial figure even before his arrest.

Fausto Del Turco, Ottaviano's older brother, was jailed twice. In 1981, Fausto was accused of fraud in a competitive state examination – the Court of Appeal sentenced him to two years. In 1993, he was charged with corruption in connection with a 90-million-lire bribe: this time, the judge acquitted him (Grignetti, 1993; Corriere della Sera, 2008).

In 1992, Del Turco had proposed an amnesty to “refund” the political system and save Italian politicians – among them, many members of his party – from the impending investigations (Battista, 1992).

In 1999, a mafioso-turned-state-witness<sup>156</sup>, Salvatore Cancemi, had uttered two words that drew the ire of Del Turco: “Silvio Berlusconi.”

Berlusconi, unquestioned leader of the center-right coalition, is a media tycoon. Berlusconi's fortunes began in the 1970s in the building industry. His ties with Cosa Nostra, the subversive Masonic lodge P2, and former Prime Minister Bettino Craxi gave rise to endless controversy. Berlusconi is a long-time rival of Carlo De Benedetti, with whom he battled over the ownership of the Mondadori publishing group and SME, a colossus of the food industry, between 1980s and 1990s.

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<sup>156</sup> In Italian: “pentito.”

When Craxi fell into disgrace and the judiciary was closing in on Fininvest, a financial holding company controlled by Berlusconi, Berlusconi entered politics in December 1993 and recorded an astonishing victory in national election in March 1994, thanks to shrewd use of his media firepower.

According to Salvatore Cancemi, Totò Riina, Cosa Nostra's bloodthirsty "boss of the bosses"<sup>157</sup>, said that he had Berlusconi and Marcello Dell'Utri in his hands (Fusani, 1999). Dell'Utri is Berlusconi's right hand, and he is currently on trial for his business and political ties with the mafia.

As a president of the anti-mafia commission, Del Turco publicly defended Berlusconi and thundered against the antimafia judges who were leading an investigation against him (D'Avanzo, 1999). Del Turco called for a law – later approved by the Italian parliament – to restrict the benefits and protections granted to the Mafiosi-turned-state-witnesses. The witness program, which Judge Giovanni Falcone and Paolo Borsellino had strongly advocated before their assassination, was dramatically reduced (La Stampa, 2001a).

Berlusconi returned the favor in the aftermath of Del Turco's arrest in July 2008, when he lashed out at the judiciary (Luzi, 2008). In December 2008, Del Turco aired the idea that he could accept a proposal of Berlusconi's party to run for the European elections (Ronconi, 2008). Last January, Berlusconi and Del Turco commemorated together the anniversary of Bettino Craxi's death. Referring to Del Turco's investigation, Berlusconi said, "I suffered a lot, thinking about you" (Il Centro, 2010).

And Berlusconi is not the only high-level politician who has declared his solidarity and full support to Del Turco. Leftists, centrists and rightists lined up to pay him a visit while in prison – among them, Renato Farina, a former journalist involved in a murky story with the Italian secret

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<sup>157</sup> In Italian: "capo dei capi."

services; Marcello Pera and Franco Marini, two former presidents of the Italian Senate; and Pierluigi Bersani, now leader of the Democrat Party, the biggest opposition party.

Not to mention dozens of letters and cards – one of them, from Guglielmo Epifani, who had replaced Del Turco as CGIL national associate secretary in 1993 and became the first socialist CGIL general secretary in 2002 (Bolzoni, 2008).

When Bertinotti was censured by the central committee of the union after he had denounced corruption in the CGIL, back to 1992, Epifani told *La Stampa*, “Bertinotti counterfeited the reality of our organization and the central committee could not do anything else than re-establishing the truth” (Osella, 1992).

In 2004, Esposito’s statements on Del Turco were pure political dynamite.

In the past, Sordi had confided to Esposito that he received political cover from Del Turco.

“I always asked myself how Sordi could con everybody without being ruined economically and judicially,” Esposito (interrogatorio, July 16, 2004) said.

We’ll examine more thoroughly the alleged relationship between Silvano Sordi and Ottaviano Del Turco in Chapter V.

#### **Act IV. Industrial Union against Cavallo: CGIL disciplinary action.**

In mid-March 1999, Giancarlo Gianti, the top negotiator with the labor unions on behalf of the Industrial Union of Asti, asked for an “unofficial” meeting with Pietro Marcenaro<sup>158</sup>, then regional secretary of CGIL-Piemonte.

Walter Valentino, president of the Industrial Union of Asti, and Gianti, Marcenaro and Titti Di Salvo<sup>159</sup> discussed the “Cavallo case.” Rumors of Cavallo’s unethical behavior had circulated since the late 1980s.

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<sup>158</sup> Regional secretary of the FIOM-Piemonte and later CGIL-Piemonte during the 1990s. In 2000, Marcenaro became regional secretary of DS (Left Democrats) and regional consigliere. He was elected member of parliament twice: as “deputato” (House representative, 2006) and as senator (2008).

<sup>159</sup> Titti Di Salvo replaced Marcenaro as secretary of CGIL-Piemonte in 1999. She was elected as “deputato” (House representatives) in 2006 in the winning center-left coalition.

Gianti accused Cavallo of demanding bribes from Asti's industrialists. He mentioned three companies: Carello, Alimentari Callianetto and Util.

Talking about the meetings, Marcenaro (sit, 2005) remembered:

During the meeting [on March 29], Eng. Valentino and Dr. Gianti expressed on one hand aversion for an extremist stance of FIOM-Asti and CGIL-Asti, on the other hand exasperation for Fausto Cavallo's dishonest behavior. They said that Cavallo demanded money and other things, such as hiring personnel, during labor negotiations. I urged them to bring more precise evidence that could confirm the truth of what they denounced. I pointed out that the chance of a successful disciplinary measure depended on more precise circumstances, witnesses and pieces of evidence. I said that evidence could have also triggered a criminal proceeding [against Cavallo]. Valentino and Gianti replied that it would have been very difficult to bring more precise charges.

Valentino (sit, 2005b) told the investigators that they did not bring witnesses and documents because

As it often happens, entrepreneurs prefer to report informally about certain pathological situations, instead of starting legal proceedings in court in order to avoid a harmful deterioration of the relationship with the sindacato<sup>160</sup>.

Despite lacking solid proofs, Marcenaro decided the seriousness of the charges against Cavallo required immediate action. He summoned Cavallo and Rissone and informed them about Valentino and Gianti's accusations. If the charges were false, Marcenaro argued, Cavallo should defend his honor and sue the representatives of the Industrial Union for defamation. Cavallo answered that he would not do so, as his lawyer had advised against it (Marcenaro, sit, 2005).

At the same time, Marcenaro sent a letter to the regional CGIL disciplinary committee<sup>161</sup> and informed Sergio Cofferati, CGIL national secretary<sup>162</sup>.

On April 27, 1999, Cofferati sent him a message with a copy of a letter written by Claudio Caron, undersecretary of the Ministry of Labor and Cavallo's political point of reference. In the letter, Caron (1999) wrote,

I had a private conversation with Gianti [...] in which he confirmed an "anomalous administration" of the chamber of labor of Asti. **However, Gianti also said that there had been no corruption and denied that such accusations had ever been leveled.** Since I wasn't yet reassured, **I asked a manager of a great industrial group to verify**, with Gianti and the Industrial Union, the existence of any dubious element. Also in this case, no shred of evidence was found [emphasis added].

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<sup>160</sup> See also Tribunale di Asti, Dec. 20, 2007, p. 11.

<sup>161</sup> In Italian: "Commissione di garanzia."

<sup>162</sup> Sergio Cofferati has been CGIL national secretary between 1994 and 2002.



Caron ended the letter suggesting that the investigation had political motivations, questioning Marcenaro's decision to inform the disciplinary commission, and calling for Cofferati's personal intervention in the issue. Caron suggested that it was a political maneuver of the CGIL-Piemonte, dominated by the national majority faction, at the expense of the CGIL-Asti, dominated by the hardline minority faction.

Caron's words could have provided ammunition in court against Gianti and Valentino.

Yet, Cavallo didn't sue the managers of the Industrial Union. Years later, Cavallo (personal communication, 2010) said that he wanted to proceed at the end of his term as secretary of CGIL-Asti. Cavallo added that he tried to get a copy of the final report from the disciplinary commission, but he was denied access to it<sup>163</sup>. The document – written by Alfiero Cortesi and Silvia Battaglia (1999) – was highly favorable to Cavallo: indeed, CGIL dismissed the case on the basis of that report.

In corroboration of his version, Cavallo provided a young reporter with (1) a copy of a letter of the regional CGIL disciplinary committee, in which the president denied him access to the report (Vaglio Tanet, 1999); and (2) a copy of a letter from the national CGIL disciplinary committee, in which the president of the committee said that Cavallo should be granted access to those documents, but that he could not force the regional disciplinary committee to do so (Bastoni, 1999). Cavallo also said that the serious health problems that he suffered between 1999 and 2000 further delayed his action (Cavallo, personal communication, 2010).

Gianti (sit, 2005a) confirmed that he had met Caron, but he gave a substantially different version of the meeting:

[Caron] asked me if I had evidence in support of my initiative. From his words, I felt that he intended to discourage my initiative against Cavallo. I had the same impression when [**Giuseppe**] Garrone [director of the Industrial Union] told me that he was contacted by [**Carlo**] Bertini and probably other people. In conclusion, you may think that Cavallo was “a real boss, head of a cupola” and therefore irremovable.

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<sup>163</sup> Cavallo said that he had access to the final report five years later, when chief prosecutor Sorbello indicted him.

Therefore, the unnamed manager of a “great industrial group” mentioned in Caron’s letter was Carlo Bertini, CEO of “RFT SpA” between 1994 and 1999<sup>164</sup>. RFT is a company owned by SKF Group, a Swedish multinational, “one of the leading global suppliers of products, solutions and services within rolling bearings, seals, mechatronics, services and lubrication systems. Its services include technical support, maintenance services, condition monitoring and training<sup>165</sup>.”

Gianti (sit, 2005a) added that

Bertini of the RFT in Villanova [...] asked Garrone what he intended to achieve from my denunciation to the CGIL regional secretariat. Bertini’s phone call made me think that Cavallo had demanded money or other kind of favors.

RFT has two factories: one in Gazzada-Schianno, province of Varese, and one in Villanova, province of Asti. An interesting coincidence: the company operates in the same areas where Sordi and Cavallo worked as labor representatives.

SKF-RFT managers have close ties with several members of CGIL-Asti.

Luciano Lenotti had been CEO of ASP<sup>166</sup>, a public-private company, under Caron’s presidency (2004-2008). Working for SKF since 1972, Lenotti had been RFT’s vice general manager (1978-1983), RFT’s general manager (1984-1987), SKF Industries vice general manager (1987-1994) and general manager (1994-2000).

In 2003, Lenotti became CEO of Stampal, a Turin-based subsidiary company of Euralcom, European leader in the production of aluminium components for the automotive industry (Cavagnino, 2004c). At the same time, Sordi was working at Costa’s “Cortefranca Engineering” and told La Prealpina that a deal with Euralcom helped keep his company’s operations in Italy

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<sup>164</sup> Bertini (sit, 2004a) had also been RFT production manager between 1985 and 1990 and technical manager between 1990 and 1994.

<sup>165</sup> Source: SKF’s official website. Retrieved on March 8, 2010, from <http://www.skf.com/portal/skf/home/about?contentId=000493&lang=en>

<sup>166</sup> See Chapter II. ASP (Asti Servizi Pubblici) is a multi-utility operating in Asti and in some municipalities of its province. It’s a “Società per Azioni” (SpA), that is, a joint-stock company in which the Comune of Asti controls 55 percent of the stock. It provides essential services such as energy supply and public transportation.

(Della Bella, 2003). No doubt, it's another bizarre coincidence that both Lenotti and Sordi entered the same business in the same year, dealing with the same multinational company.

Ettore Angelo Gatti, RFT personnel manager (1985-2001), also had close ties with labor union leaders: Francesco Villata, Claudio Caron, Fausto Cavallo and Beppe Castino (Gatti, sit, 2005a). Talks with the unions were surprisingly relaxed by Asti's standards: Gatti said that there had been no strikes in 10 years<sup>167</sup>.

Apparently, Bertini's phone call to the Industrial Union was not controversial. On one hand, Bertini was then a member of the Industrial Union's executive and RFT enjoyed a good relationship with CGIL-Asti. On the other hand, Caron was Cavallo's friend and political mentor, therefore it's plausible that Caron could have been genuinely interested in gathering information to consider the veracity of Gianti's serious accusations.

What is interesting, however, is that Bertini had acknowledged having contacted Garrone, but he denied that it was on Caron's behalf.

On Nov. 18, 2004, Bertini told the investigators that he couldn't remember ever having made that phone call to Garrone (Bertini, sit, 2004a).

On Dec. 1, Bertini partially recovered his memory: he made the phone call on behalf of Ettore Gatti, who told him that the RFT labor representatives were worrying about what was happening to Cavallo. However, a strange amnesia lingered on in Bertini's mind: he didn't remember what specific "problems" Cavallo had. Bertini denied that he was informed on Gianti's denunciation of Cavallo's wrongdoing to the CGIL-Piemonte.

On Jan. 11, 2005, Bertini still couldn't remember what Garrone told him (Bertini, sit, 2004b; sit, 2005).

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<sup>167</sup> In 1990, Gatti had closely followed the deal for the RFT purchase of "Gallino Gomme," a Turin-based company, with the CGIL-Turin. However, Giuseppe Garrone, director of the Industrial Union – and a very reticent witness on the stand – remembered that a labor representative of the Gallino Gomme privately complained to him about Cavallo's alleged dishonesty (Tribunale di Asti, Aug. 3, 2007, p. 88). On the basis of the documents currently available for research, it's not clear how Cavallo would have taken part in the deal, since Gatti said that he dealt only with the CGIL-Turin.

Gatti (sit, 2005b) confusedly confirmed that he had asked Bertini to call Garrone to satisfy his “personal curiosity.” However, the investigators caught Gatti in a contradiction several times.

First, Gatti’s close relationship with union representatives allowed him to satisfy his “personal curiosity” without Bertini’s intervention.

Second, Gatti already knew Gianti’s initiative against Cavallo immediately after the meeting between Gianti and Marcenaro, according to Gianti (sit, 2004c). Indeed, Gatti had called Gianti to ask the reasons for his move, and Gianti told him about Cavallo’s alleged wrongdoing<sup>168</sup>.

Why did Gatti ask Bertini to call Garrone then? And how could Bertini have ignored Gianti’s initiative with Marcenaro?

Caron (interview, 2010) laconically commented that “Bertini was very confused on the point.”

Why did Bertini and Gatti show so much reticence and confusion? Why did Bertini have denied that he had called the Industrial Union on behalf of Caron?

It’s not clear yet.

Although fighting with losses of memory, Bertini (2004a) remembered that

Once, Gatti, RFT personnel manager, told me that colleagues in other companies said that Cavallo was demanding “benefits”: I can’t exclude that it was a way for Gatti to sound me out about my intentions. I answered him that I didn’t want to yield to any [money] demand.

RFT also figured among a list of companies that could have been targeted by Cavallo’s money demands, according to a 2004 police report based on the confidences of an informant<sup>169</sup> (Digos, 2004b). However, Bertini and Gatti denied the circumstance both to the police and in court (Tribunale di Asti, June 30, 2008, p. 34).

## **Act V. The “Fassio” connection**

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<sup>168</sup> Gatti (sit, 2005b) confusedly denied the circumstance.

<sup>169</sup> Other companies mentioned in the police report are: AVIR (Vetreteria), Schlumberger, ZF Lemforder Italia SpA, Elastogran, Way Assauto-Arvin, Salumificio Callianetto, Fergom, Newcompel, Polipren (later absorbed by RFT).

Valentino, president of the Industrial Union of Asti between 1997 and 2001, arrived in Asti in 1993, when he was appointed president of Ceset – an important metalworking company that specialized in electronic appliances, subsidiary of “Emerson appliance motors Europe” (EAME).

The first person who came to visit Valentino was Giuseppe Fassio. He introduced himself as “a powerful man who controlled the entire real estate market in the province of Asti thanks to his privileged relationship with politicians and officers in all the municipalities of the province” (Valentino, sit, 2005b).

Valentino gave his version of what happened next:

[Fassio] told me that he could have everything he wanted. Among his powerful friends, he mentioned Caron because he could solve those problems that my company and the others had in Asti and problems due to the extremist stance of CGIL-Asti. Giuseppe Fassio organized a meeting [with Caron] in his office<sup>170</sup>. During that visit, Fassio, who knew I was looking for an apartment in Asti, proposed to sell me one at a convenient price. I didn't buy it because I realized that Fassio was a person to avoid because of his recklessness in business and for his relationships with “certain” people (Valentino, sit, 2005b).

Then, Fassio left Valentino and Caron alone to talk:

I told [Caron] all my perplexities about how the union representatives (RSU Ceset) managed all the relationships with the company. Caron, who introduced himself as an influential CGIL leader, seemed to understand the reasons for my criticism and he pledged to organize a meeting with two union representatives. This meeting took place at the Hotel Salera in Asti (Valentino, sit, 2005a).

Valentino (sit, 2005a) could not remember precisely the faces of these union representatives. He said that one labor representative was Antonio Serritella, who would replace Cavallo at the helm of CGIL-Asti in 2001. Then, Valentino (sit, 2005b) said that he had made a mistake: it was Adriano Rissone. He couldn't remember the name of the second union representative. However, Valentino (sit, 2005a) remembered the content of the discussion:

During that meeting, I was asked to favor FIOM (CGIL) in the factory. They wanted me to help increase the number of FIOM members [...] as well as hiring a person whose name I don't remember. In return for my help, the factory would have enjoyed a peaceful relationship with the unions. Of course, I turned down their proposal and I left Hotel Salera. I didn't have any more informal meetings with these union representatives. They did not ask me for money. I can't rule out that the second union representative whose name I don't remember is Fausto Cavallo. About Cavallo, I can add that I later had the chance to know him during various official meetings held in the headquarters of the Industrial Union of Asti. There were many rumors about Cavallo, because he was a “shady” and unethical person<sup>171</sup>.

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<sup>170</sup> In Italian: “studio immobiliare.”

<sup>171</sup> In Italian: “Cavallo era persona molto chiaccherata nell'ambiente imprenditoriale astigiano, in quanto figura ‘non pulita’ e moralmente scorretta.”

Valentino told the investigators that Fassio had personal interests in the outcome of the negotiations between Ceset and CGIL:

Fassio told me that he had known Caron many years before and he had sold a building in Asti to the CGIL. I thought that Fassio told me about his close relationship with Caron to indicate that I could take advantage of such a relationship to solve problems with the unions. On the other hand, Fassio would convince me to purchase a building lot that was necessary to expand the CESET factory. I don't remember the name of the owner of that plot of land. I contacted him and we agreed to a price of 360 million lire. **However, this person was scared because Fassio controlled the entire real estate market with aggressive business tactics** [emphasis added]. Indeed, I lost contact with that person and, vice versa, Fassio showed up with a request for 600 million lire if I had paid in cash (to avoid tax payment), or one billion lire if I wanted to buy it "regularly," paying taxes<sup>172</sup>. I brusquely dismissed Fassio (Valentino, sit, 2005a).

Valentino not only found out that Fassio had actually become the owner of the land, but also that the comune (municipality) of Castell'Alfero, where Ceset is located, had changed the zoning plan of the area. That land had become an "area for industrial destination" right after Fassio had bought it. According to Valentino (sit, 2005b), it was the proof of Fassio's political clout in the province of Asti.

Indeed, Giuseppe Fassio and his son, Alberto, had made millions of euros out of zoning changes.

In 2003, center-right party Forza Italia blasted the center-left municipal administration of Asti because it had changed the zoning plan to the advantage of "Kappa," a company owned by Alberto Fassio (Cavagnino, 2003).

In 2004, local environmentalist groups strongly opposed the project of turning a countryside area that Fassio had just bought into land for industrial destination. Once again, Forza Italia opposed the project, while the other center-right parties voted in favor of it (Cavagnino, 2004a, 2004b).

In the meantime, Fassio had seen a chance to make a profit at Way Assauto. The plant had become obsolete and needed new premises. Fassio proposed to move the factory to one of his

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<sup>172</sup> In Italian: "Difatti, io persi ogni contatto con detta persona e, viceversa, si presentò a me il Fassio, con una richiesta di lire 600 milioni (qualora io avessi acquistato in nero) e di 1 miliardo (se questo fosse diventato il prezzo ufficiale di acquisto)."

industrial lots in Quarto d'Asti, while purchasing the land where the old plant had been located for more than a century (Guerrini, sit, 2005).

Way Assauto's factory occupies a 90,000-square-meter area in Asti that is very attractive for real estate developers. But there is a problem. In 2000, environmental agencies found a high concentration of chromium hexavalent in the groundwater: 22,000 micrograms per liter. According to Italian law, it should not exceed 5 micrograms per liter. To say nothing about the concentration of chlorinated solvents: several hundreds micrograms per liter, while the law establishes a maximum of 10.

The contaminated water was used to irrigate fields and contamination also affected the ASP purification plant (La Stampa, 2000a).

The investigation established that it was a broken pipe. A technician was put on trial. And everybody lived happily thereafter (Gonella & Nosenzo, 2001). However, Enzo Sobrino (personal communication, 2010) had come to know that under the parking lot of Way Assauto existed a dumping ground for highly toxic industrial waste. It had been used for decades. Sobrino didn't know if his denunciation had reached any epilogue in court.

It's certain that the area is not exactly the healthiest place to live, but developers beg to differ. They are building a new residential neighborhood nearby while the decontamination efforts are still ongoing. On the other hand, decontamination itself can be a good business. Alberto Fassio knows it very well.

In 2002, he had bought the land of the "ex SALP" in Rivarolo, Turin: another "environmental bomb," a repository of 4,000 tons of toxic waste (Maggio, 2002a, 2002b). Also in this case, the groundwater is highly polluted by exavalent chromium: the same script as Way Assauto.

Another bizarre coincidence.

Fassio had been involved in the negotiation between ArvinMeritor, the U.S. multinational company that owned Way Assauto, and Antonello Montante, the president of MSA, a leading

company in the shock absorber industry. ArvinMeritor was to sell its subsidiary to Montante, with the blessing of CGIL and the Industrial Union.

Montante and Caron have a solid private and professional relationship. Marianna Comunale, Caron's wife, said that Montante had invited Caron to spend summer vacations together in Sicily<sup>173</sup>.

In 2005, when the deal seemed closed, chief prosecutor Sorbello launched an investigation against Caron and Montante<sup>174</sup>. The talks failed, and the bid for Way Assauto was won by a small entrepreneur of Asti, Diego Robella.

The investigation against Cavallo and Caron rocked the power of the Italian Communists' Party in the province of Asti.

For the Fassio family, it was time to switch sides.

In 2006, Alberto Fassio left Palazzo Zoia, a prestigious medieval palace, to Forza Italia on gratuitous loan (Miravalle, 2006).

As if by magic, Forza Italia's previous criticism against Fassio vaporized.

Then, Fassio, Ruscalla and other entrepreneurs funded Giorgio Galvagno's political campaign for the Asti municipal election in 2007<sup>175</sup>. The center-right's budget was at least five times larger than that of the center-left coalition (Monticone, 2007; Pasta, personal communication, 2009). And Galvagno won in a landslide.

During that election, a strange thing happened. For the first time in decades, the Communist Refoundation Party had failed to deliver the signatures on time to run the election: an incredible mistake for a party renowned for its efficient organization.

La Stampa journalist Roberto Gonella (interview, 2008) said,

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<sup>173</sup> Marianna Comunale, personal communication, January 2009.

<sup>174</sup> Access to the police reports and court documents about that investigation has been denied. A second investigation against the new owners of Way Assauto, Diego Robella and Ezio Trincherio, is still ongoing.

<sup>175</sup> See Chapter II. Mayor Giorgio Galvagno, who resigned in 1994 after his alleged involvement in a bribe scandal, plea-bargained a six-month sentence in connection with a "misuse of authority" in 1996 but did not serve time thanks to favorable Italian laws. However, Galvagno eventually came back stronger than ever on the political stage as an Italian member of parliament. He was re-elected as Mayor of Asti for the third time in 2007.



There were rumors that it had been the sabotage of a group that wanted Caron in the Communist Refoundation Party. In the meantime, Caron had founded an association, “A Sinistra” [“To the Left”], an effort to restore unity to the left. According to some people, “A Sinistra” was the political umbrella that Caron had been forced to open in a bid to hold on to his political position. At that time, Caron was out of the Italian Communists’ Party but he wasn’t yet part of the Communist Refoundation Party. In fact, Caron had left the Italian Communists’ Party after a polemical speech in the provincial congress of the Italian Communists. So, Caron needed a political cover. According to an urban legend, he helped the center-left coalition to lose the municipal election. But... it’s an urban legend.<sup>176</sup>

These circumstances show how Giuseppe and Alberto Fassio’s clout can also tip electoral balances.

Yet, the Fassio family suffered some serious setbacks.

In the past, Giuseppe Fassio had been assaulted and badly beaten both in his house and restaurant in Callianetto, a village a few kilometres from Asti. The official version was robbery in both cases. The perpetrators have never been arrested or identified (La Stampa, 1996c; La Stampa, 1997d).

President of the Italian and European champion Callianetto tamburello team, Alberto Fassio was arrested in 2005 during the “Happy night,” an important police operation against cocaine consumption. An Albanian gang brought the drug to Italy, where they supplied for important people in the province of Asti – among them, Fassio. Wiretapped conversations showed that Fassio was a consumer as well as a “generous” supplier of cocaine for his friends (La Stampa, 2005d).

Fassio was arrested while he was in Finale Ligure, a tourist resort, where he was dealing with the purchase of the “ex Ghigliazza quarries,” one of the greatest real estate operations on the Liguria coast in decades, which envisioned 400,000 cubic meters of new construction (Preve, 2006).

Alberto Fassio also had a business relationship with Vincenzo Renzulli, “The Professor,” a prominent white collar of the ‘Ndrangheta, the Calabrian mafia. In 2002, Renzulli disappeared with 200 billion lire [€103 million] and became one of the 30 most wanted Italian fugitives. According

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<sup>176</sup> The same “urban legend” was recalled by Marinella Migliorini (personal communication, 2010), the former CGIL-Asti secretary between 2006 and 2007. Several sources pointed out that “To the Left” association’s headquarters are property of the Ruscalla family, who had also contributed to fund Giorgio Galvagno’s political campaign.

to the DIA<sup>177</sup> in Catanzaro, Renzulli managed the profit sharing of contracts and subcontracts for the renovation of the expressway Salerno-Reggio Calabria on behalf of the 'Ndrangheta (Badolati, 2004). He was arrested in Switzerland by a group of police agents from Asti. The investigation revealed traffic of iron materials in Algeria, holiday villages in Brazil and bank accounts in Panama – also with capital from Asti. “A great international intrigue [...] in which Asti’s investors seemed to have played a key role,” La Stampa (2004b) reported. The newspaper added that the investigation started from suspicious real estate operations in the area of Nizza Monferrato, but it didn’t report the names of the mysterious “Asti’s investors” involved. However, people with direct knowledge of the investigation confirmed that Fassio was among them<sup>178</sup>. Through the connection with Carossino Pio, an important smuggler from Genoa, the investigators nabbed Renzulli (X.X.1, personal communication, 2010).

Once Renzulli was captured, the investigation was stopped.

Fassio’s name didn’t appear in connection with Renzulli in any newspaper.

It should also be noted that Fassio is connected with Masonic lodges<sup>179</sup> in Asti, according to multiple and reliable sources. Fassio enjoys a strong business relationship with Aldo Pia, president of Cassa di Risparmio di Asti (CRAT, Asti’s bank), former politician<sup>180</sup> and a freemason (X.X.3, X.X.4, X.X.5, personal communication, 2009).

#### **Act VI. Trust and Way Assault.**

In December 2004, the news of the investigation of Caron, Rissone and Cavallo’s investigation in connection with the “FME affair” hit the headlines in Asti and shook the Italian Communists’ Party.

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<sup>177</sup> A law-enforcement agency specially entrusted with fighting organized crime.

<sup>178</sup> Luigi Bruno and Sandro Valsania, from Asti, were also involved (X.X. 2, personal communication, 2010)

<sup>179</sup> According to the official website of the Grand Orient of Italy, two masonic lodges exist in Asti: “Monviso” and “Acacia.”

<sup>180</sup> Aldo Pia had been assessore of public works and deputy mayor under Mayor Giorgio Galvagno between the 1980s and 1990s.

However, the defendants and their party closed their ranks and moved on.

On April 11, 2005, investigators found out that Cavallo – officially retired and suspended from CGIL<sup>181</sup> – was still working at CGIL-Asti (Menna & Negrisolò, 2005).

A week later, a second political earthquake: chief prosecutor Sorbello charged Cavallo for pocketing a 60-million-lire bribe from Gaetano Tuccillo, as previously described in this chapter. His wife, Claudia Corradi, was also accused of being an accomplice (and later cleared of any charge) (Gonella, 2005c).

This new turn of the investigation didn't succeed in unseating Claudio Caron. In July 2005, he was appointed as ASP president for a second term, thanks to the strong presence of the Italian Communist Party in consiglio comunale<sup>182</sup>.

At the same time, U.S. multinational ArvinMeritor had started negotiations with Antonello Montante, president of MSA<sup>183</sup>, to sell Way Assauto – or, at least, what remained of it.

Onetime pride of the local industry, “Waya” was the symbol of Asti's deindustrialization. From 3,000 workers in the 1970s, Way Assauto decreased to about 800 workers at the beginning of the 1990s and little more than 300 workers in 2005.

The first rumors about the ArvinMeritor-MSA deal dated back to late January 2005 (Gonella, 2005a).

In February, Arvin confirmed that it wanted to leave Asti, while Montante denied that he was interested in purchasing Way Assauto (La Stampa, 2005a).

In March, La Stampa journalist Roberto Gonella (2005b) reaffirmed what was clear to everybody: indeed, MSA was negotiating with Arvin to buy Way Assauto. A few days later, an anonymous letter accused the Italian Communists' party and CGIL-Asti of favoring Montante's

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<sup>181</sup> See Tribunale di Asti, June 30, 2008, p. 43, 70.

<sup>182</sup> Consiglio comunale is the legislative branch of the comune (municipality).

<sup>183</sup> MSA stands for Mediterr Shock Absorbers. According to its official website, MSA is a “leading company in the national and international market in the sector of shock absorbers for industrial and railway vehicles.” MSA already owned one factory in Castell'Alfero, a small municipality in the province of Asti.

bid. According to the accusations, CGIL would have pressured ArvinMeritor and Fiat to accept MSA and throw out other competitors. Enrico Bestente, PdCI provincial secretary, and the CGIL filed a police complaint against unknown persons (La Stampa, 2005b). On March 25, Francesco Ravinale, bishop of Asti, started the procession of the passion of Christ<sup>184</sup> from the gates of the Way Assauto (Gonella & Miravalle, 2005).

In September, Egidio Di Sora, the controversial owner of Trust-Ages, signaled his interest in purchasing Way Assauto (Gonella, 2005d). Four competitors offered to purchase Way Assauto: Trust, Montante (from Sicily), Astigiana Ammortizzatori (led by Diego Robello and Ezio Trincherio from Asti), and Sesta, an ad hoc company established by Comune and Province of Asti. Time was running out: the Americans were to leave by Dec. 31.

Then, two judicial investigations unsettled the negotiations, which were already proceeding in a tense atmosphere filled with suspicions and anger.

### **The Trust affair.**

On Sept. 29, 2005, chief prosecutor Sebastiano Sorbello arrested Fausto Cavallo and Antonio Serritella, then secretary of CGIL-Asti and Cavallo's close friend.

According to Egidio Di Sora, owner of Trust Plastron, and Piero Villata, general manager of Trust between December 2002 and November 2003<sup>185</sup>, Cavallo demanded €40,000 to "soften" FIOM-Asti's position. The money supply was created through eight cashier's checks<sup>186</sup> that Di Sora made out to Villata on Feb. 7, 2003 (Di Sora, interrogatorio, 2005b). Villata would have then paid Cavallo in cash in a car parked in front of Bar Spuntino, in Villanova d'Asti (P. Villata, sit, 2005a).

Trust was once part of the glorious Weber, a carburetor manufacturer. At the beginning of the 1990s, Weber, controlled by the automotive colossus Magneti Marelli (Fiat Group), planned to close down the factory (Di Sora, 2008: 49).

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<sup>184</sup> In Italian: "Via Crucis."

<sup>185</sup> Villata, sit, 2005a.

<sup>186</sup> In Italian: "assegni circolari."

After intense union negotiations, Magneti Marelli downsized the factory from 800 to 300 workers, and started the production of lights for the automotive industry through its subsidiary company Carello.

According to several sources, Magneti Marelli had never envisioned a future for that factory – it was rather an attempt to calm down the unions and save some jobs for a few years. Magneti Marelli had no interest in it.

In 1999, Trucco and Stringa, two engineers from Turin, established “Trust,” a company that took over the factory. They owned 67 percent of Trust and Magneti Marelli owned the rest (Gonella, 1999b).

Trust cut another 100 jobs. A few months later, Marelli asked Egidio Di Sora, a businessman from Frosinone, to replace Trucco and Stringa at the helm of the Trust.

Nobody – in court or elsewhere – bothered to ask Di Sora why he entered a company that was losing 18 billion lire a year and had no prospects to compete with ultra-low cost products of the Eastern European market (Di Sora, interrogatorio, 2005a). On top of that, the area of the factory was highly polluted and Di Sora would have to shoulder the burden of the decontamination process.

The 1999 deal between Di Sora and Magneti Marelli envisioned that Magneti Marelli had a “put option” that it could exert after two years: in other words, Magneti Marelli could have sold its 30 percent share and Di Sora would have been forced to buy it. Sure enough, Magneti Marelli sold its shares to Di Sora once the two-year period expired (Lavina, 2002; Di Sora, 2008: 45-47).

In December 2002, Magneti Marelli got rid of its factory in Asti. It almost seemed the remake of the GFT operation in San Damiano with Newcompel.

According to Di Sora (2008: 49-51), Magneti Marelli never respected the terms of the following supply contracts.

The financial situation was desperate. Di Sora obtained government funds (cassaintegrazione straordinaria, CIGS) between 2001 and 2004. He was later investigated and

accused of fraud in connection with the employment of those funds, and cleared of any wrongdoing<sup>187</sup> (La Stampa, 2006).

Between 2002 and 2003, Di Sora clashed several times with the unions because the company planned to cut another 70 jobs and outsource part of the production to other firms. The level of tension exploded: strikes, picketing, insults.

Di Sora himself wasn't a dove. The court documents describe him as an "aggressive" and "impulsive" person who kept a "provocative behavior toward the workers." Once, Di Sora purposefully ran over the tent of the strikers while driving his car. He also threatened over and over again to close down the factory (Tribunale di Asti, June 30, 2008, p. 75).

Union representative Adolfo Carfagna said, "Every day, it was war" (Tribunale di Asti, June 30, 2008, p. 54).

Strikes and unrest hurt Trust's coffers. According to Di Sora (interrogatorio, 2005a, 2005b), interrupting the production caused a loss of one million lire per minute<sup>188</sup>.

To break the deadlock with the labor unions, Di Sora and Villata asked Roberto Marmo, then center-right president of the province of Asti, whom they should contact in the unions. Marmo suggested them that they contact Cavallo.

In January, Villata and Cavallo met "informally" several times during January. Egidio Di Sora and Antonio Serritella took part in some of these meetings.

On Feb. 3, 2003, Trust and labor unions signed a deal that accepted most of Di Sora's demands.

According to Di Sora and Villata, a €40,000 bribe to Cavallo made the deal possible. The money was delivered on Feb. 10, because Di Sora didn't trust Cavallo (Tribunale di Asti, June 30,

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<sup>187</sup> Di Sora is currently under investigation for other reasons. The charges against him are not yet known.

<sup>188</sup> See also Tribunale di Asti, June 30, 2008, p. 13.

2008, p. 17, 76). Di Sora and Villata said that the tension suddenly decreased after the bribe had been paid.

The February 2003 deal infuriated some workers. They joined the COBAS, which is a trade union center composed of dissatisfied former members of CGIL, CISL and UIL.

Then, the story became increasingly blurred. And cars began to catch fire.

On March 2, Di Sora's Lancia Thesis caught fire in the factory's yard. Di Sora put a tombstone and a cross where the car was burned<sup>189</sup>. On March 10, somebody broke an Alfa Romeo 147 owned by Di Sora's daughter. On April 13, an unknown arsonist set fire to another Lancia Thesis owned by Di Sora and a Fiat Bravo owned by FIOM union representative Adolfo Carfagna (Digos, 2004a).

Also, Egidio Di Sora fell out with Piero Villata, who was fired in November 2003. Villata, however, maintained a good relationship with Cavallo.

Villata moved to Tunisia for business. Once, he contacted Cavallo because he needed "tires to be used in a cement factory to produce heat" (Villata, sit, 2005). Cavallo introduced Villata to Caron, who was then ASP president and therefore had used tires to get rid of.

Caron agreed to the offer, while pointing out that it was "a complex matter." Then, according to Villata, the deal wasn't finalized because of problems with the Tunisian company.

But Villata continued to do business in Tunisia<sup>190</sup>.

Luciano Sordi goes to Tunisia, Emanuele Costa goes to Tunisia, Piero Villata goes to Tunisia. It almost seems that the North African country is the new El Dorado.

Other negotiations and clashes took place after these events, but they won't be reported here because of the controversy surrounding them.

Di Sora said that he didn't give other bribes to the unions.

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<sup>189</sup> Tribunale di Asti, June 30, 2008, p. 54.

<sup>190</sup> On May 30, 2005, Villata sent a letter to chief prosecutor Sorbello from Tunisi. Such a circumstance suggests that Villata was still working there.

Cavallo denied having ever pocketed a bribe from Di Sora. However, he said that Villata had “jokingly” suggested (twice) that Di Sora was willing to pay up to 100 million lire to reach a deal. Above all, Cavallo didn’t inform anybody in CGIL about the attempt to corrupt him – quite a singular circumstance (Tribunale di Asti, June 30, 2008, p. 45-46, 50-51, 53).

When Cavallo was arrested, the investigators found the photocopies of three checks worth 150 million lire in his safe-deposit box. They were drawn from Silvano Sordi’s bank accounts and dated back to 1994. Also in this case, Cavallo didn’t alert the CGIL of the corruption attempt (Ghia, 2007a)<sup>191</sup>.

Cavallo offered explanations that the judges considered “not plausible” to justify his behavior in connection with those checks, which Sordi had not mentioned to the police before. In court, Sordi, without losing his characteristic unflappability, claimed to have “forgotten” the checks until they were discovered by the investigators. According to Sordi, the checks had been made out to Cavallo as a guarantee of the cash payments. Sordi commented that cashing them would have left a significant trail which would have set up Cavallo (Ghia, 2007a).

Why weren’t these checks ever given back? Cavallo (personal communication, 2010) told a young reporter that he kept them to prevent Sordi from using “dirty tricks” during the negotiations.

### **The MSA affair and Astigiana Ammortizzatori.**

Cavallo and Serritella’s arrest shook CGIL while Montante had almost concluded the deal with ArvinMeritor on Way Assauto. But Montante soldiered on.

From the initial four competitors, only two were left: Montante (MSA), supported by FIOM, and the tandem Diego Robella-Ezio Trincherio (Astigiana Ammortizzatori), supported by UILM and Roberto Marmo, president of the province of Asti.

On Oct. 27, 2005, the Industrial Union of Asti and Sesta backed Montante’s bid (Gonella, 2005). By then, the local press took the positive outcome of the deal for granted.

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<sup>191</sup> See also Tribunale di Asti, Apr. 3, 2006, p. 5; Tribunale di Asti, Dec. 20, 2007, p. 16-17; Tribunale di Asti, Jan. 7, 2008, p. 26; Tribunale di asti, June 30, 2008, p.26.



Then, the last – and most devastating – judicial earthquake.

Chief prosecutor Sorbello had ordered a police search in MSA headquarters in Caltanissetta and in Asti. According to La Stampa (Gonella & Miravalle, 2005b), investigators found €200,000 in cash – an anomalous sum. Sorbello accused Montante of false accounting and suggested that the cash supply was a slush fund.

According to Claudio Caron (personal communication, 2009a), the search was triggered by the statements by the confidences of Ezio Trincherio, former MSA employee and now partner of Diego Robella in the rival bid for Way Assauto.

Caron said that the police questioned Trincherio on Oct. 18, 2005, and Trincherio “revealed” that Montante was creating a cash reserve for Caron<sup>192</sup>. However, Caron argued that the investigators found no evidence of Trincherio’s statements. He added that Sorbello only found checks made out to ASP for the purchase of warehouses.

Caron confirmed his private and professional ties with Montante and denied any wrongdoing.

It has not been possible to independently confirm Caron’s version. However, it’s certain that the case against Montante was later dismissed and that no charge was filed against Caron.

Caron accused Sorbello of intervening to alter the outcome of the negotiations.

In mid-November, Montante denounced the “hostility” against him and signaled that he could walk out of the negotiations (Gonella, 2005f). By December, it was “game over” for MSA. Astigiana Ammortizzatori had won.

La Stampa journalist Roberto Gonella (interview, 2008) remembered those days:

Way Assauto was one of the most awful stories I had ever written about. Such a climate gave rise to suspicions, a war of all against all. All the nastiest things came out. The workers accused me of taking money from Montante, which is not true. I have no industrial expertise. I was just confirming that Sesta, the public company in charge of finding a purchaser [for Way Assauto], said that MSA’s proposal was the best one – or, at least, the “less bad” one. Robella and Trincherio’s means to purchase Way Assauto appeared squalid to me. I don’t know what intentions Montante had. From the very beginning, however, Montante had said that he

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<sup>192</sup> It has not been possible to obtain a copy of the document. Caron (personal communication, 2009a) said that Montante has a copy of it. However, Montante refused to give him a copy.

couldn't take more than 80-100 workers – a thing difficult to swallow, for a company that employed at that time 350 workers. Robella showed up and said, “I hire all,” and UIL backed him. It was an awful climate. Reliable sources told me that they toasted when Montante's bid failed. They got offended because I wrote that, for that matter, people had toasted also on the Titanic. Unfortunately, what happened next says that I was right.

The unity between the labor unions was shattered. The Waya situation fed a free-for-all among the workers, who began to splinter and compete. Backed by Marmo, Pierluigi Guerrini, secretary of UIL-Asti, was awarded a post in Fondazione Cassa di Risparmio di Asti, a much coveted position that guaranteed power and benefits (La Stampa, 2005e). UIL union representatives got manager jobs in Way Assauto.

Under Astigiana Ammortizzatori, an already ailing Way Assauto was almost brought to death as contracts vaporized.

In May 2007, Diego Robella, majority shareholder and CEO, forbid Trincherro, minority shareholder and general manager, and his aides from entering the factory (La Stampa, 2007a). A month later, La Stampa (2007b) reported that Trincherro was under investigation for embezzlement.

Way Assauto desperately asked for government funds (cassa integrazione) to stay afloat. The cash-strapped company announced that 100 workers were redundant. Then, 200 workers. In April 2008, Robella shocked workers and unions: he put all the 277 workers in the *liste di mobilità*. The factory closed down for almost a month. When it reopened in late May, only a few dozen went back to work. In July, Robella announced that he had started proceedings to liquidate the company. Production continued in fits and starts. In December 2008, the company was put under an external commissioner, while Guardia di Finanza, the Italian financial police, searched Robella's and Trincherro's houses. They were accused of fraudulent bankruptcy. An investigation is still ongoing (La Stampa, 2008).

Here lies Way Assauto, seduced and abandoned, victim of political intrigue, union infights and reckless entrepreneurs.

## CHAPTER V – The Web

“I intend to answer all the questions you’ll ask me. In case of release from prison, I’ll fix my residence located in Montegrino Valtravaglia, in Via Moroni, nr. 11. Last June, the private university ISFOA in Milan awarded me with an honorary degree in business and marketing.”

On June 22, 2004, 10 a.m., after several days in prison, Silvano Sordi was ready to talk in front of chief prosecutor Sorbello and four police officers on the premises of the Procura of Asti.

It was his first time in prison. Sordi the Untouchable had been touched.

He had been incarcerated in the penitentiary of Quarto d’Asti, a few kilometers from downtown. And Sordi couldn’t even enjoy the company of his business partners in the same cell. Judge Federico Manotti had ordered that he, his brother Luciano, Luigi Esposito, Mariano Romano and Michele Romano be incarcerated in different prisons, so that they couldn’t agree on a common version to give to the police<sup>193</sup> (Tribunale di Asti, July 6, 2004, p. 36).

### **Honorary degrees from a “glorious” university**

“Last June, the private university ISFOA in Milan awarded me with an honorary degree in business and marketing.”

Prosecutor Sorbello should have known: Sordi was indeed a respectful, successful self-made man.

ISFOA, a self-styled private “university,” had bestowed on Sordi an honorary degree for Cortefranca Engineering’s “exciting results” at the prestigious venue in the Italian parliament: nothing less than the “Sala della Sacrestia” of the Chamber of Deputies. La Prealpina, the Varese-based daily newspaper, had run a story to celebrate Sordi’s achievement (Della Bella, 2003), which included a photo portraying Stefano Masullo, founder of Assoconsulenza and president of the university<sup>194</sup>, handing a diploma to Sordi.

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<sup>193</sup> Sergio Riva and Piera Germano were put under house arrest.

<sup>194</sup> In Italian: “rettore dell’università.”

Masullo told *La Prealpina*,

Our university was born four years ago. We focused a lot on education. We bestow 50 honorary degrees every academic year. We wanted to give one to Sordi, who was able to make a company grow at such a difficult economic moment.

Interestingly, Cortefranca Engineering, Emanuele Costa's company, went bankrupt shortly after.

ISFOA didn't fare much better: it's, indeed, a bogus university.

On Aug. 8, 2006, the Italian Guarantor Authority for Competition and Market (AGCM)<sup>195</sup>, the Italian regulator that enforces both Italian and European consumer protection laws, established that ISFOA and other companies connected to it for deceptive advertisements that suggested that ISFOA was a university (AGCM, 2006b)<sup>196</sup>. Masullo appealed to the TAR (Regional Administrative Tribunal).

According to *Il Sole 24 ore*, the top Italian financial newspaper, Swiss authorities also investigated ISFOA for having counterfeited a resolution<sup>197</sup> of the government of Canton Ticino<sup>198</sup> (Elli, 2006). The investigation was dropped in 2008 (*Corriere della Sera*, 2008).

ISFOA claimed to have branches on New York's Fifth Avenue, in Monaco, Sofia, Republic of Nauru (Polynesia). However, the university's headquarters were in Rruga Tefta Tashko, 104/6 Tirana, Albania, where the ISFOA had been re-registered on Sept. 8, 2005 (Stella, 2005; Rizzo & Stella, 2006). Indeed, the continuous movement of its registered office gave the Italian authorities a hard time in notifying their orders and sanctions to ISFOA.

However, such a bogus organization was able to organize ceremonies in the Chamber of Deputies – the lower chamber of the Italian Parliament.

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<sup>195</sup> In Italian: "Autorità garante della concorrenza e del mercato."

<sup>196</sup> AGCM fined ISFOA several times in the past for the same reason (AGCM 2004a, 2004b, 2005a, 2005b, 2006a).

<sup>197</sup> In Italian: "delibera."

<sup>198</sup> Canton Ticino is the southernmost canton of Switzerland and borders Italy.

And ISFOA was also able to approach prominent people – among them, Mario Cipollini<sup>199</sup>, a popular racing cyclist (Romeo, 2002); Lorenzo Del Boca, president of the Italian Order of Journalists (La Stampa, 2003a); Colonel Alberto Giordano of the Guardia di Finanza (La Stampa, 2005c).

Stefano Michele Masullo, class of 1964, from Milan, graduated in Economics and got masters' degrees in economics, communications marketing and finance, according to the official website of Assoconsulenza<sup>200</sup>, an association of financial consultants linked with ISFOA. However, Masullo's online resume doesn't specify from which university he graduated.

Assoconsulenza's website displays several photo galleries that portray Masullo at Forza Italia (Berlusconi's party) political conferences, along with "honorable" Maurizio Bernardo – member of the Chamber of Deputies of Sicilian origin, ex regional coordinator of Forza Italia in Lombardia, and entrepreneur in the field of marketing and advertising<sup>201</sup>.

According to Assoconsulenza's website, Bernardo is an honorary member of Assoconsulenza.

Masullo is also vice president of "Noi liberisti azzurri," a political movement that supports Forza Italia. The president is Mario Messinesi, a person close to Francesco Colucci, former Socialist and Craxi's follower. In 2008, Colucci was elected as MP for Forza Italia (Corriere della Sera, 2008).

Two photos uploaded on Assoconsulenza's website also show Masullo talking with Senator Giulio Andreotti at an exclusive dinner.

Documents of the Chamber of Commerce show that Masullo had been or is at the helm of a series of companies, most of them not shut down or inactive.

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<sup>199</sup> Cipollini was given a "laurea in scienze aziendali con specializzazione nel settore della comunicazione."

<sup>200</sup> [www.assoconsulenza.eu](http://www.assoconsulenza.eu).

<sup>201</sup> Source: official website of the Chamber of Deputies ([http://nuovo.camera.it/29?shadow\\_deputato=301550](http://nuovo.camera.it/29?shadow_deputato=301550)).

Among the others, Masullo appears to have been CEO<sup>202</sup> of Euro So.Pa S.p.A.<sup>203</sup> until 2008. The company had been previously established as Euro So.Pa S.r.l., in Varese, via Crispi 20, in 2003. Five years later, Euro So.Pa was moved to Milan, in via Mac Mahon 50 – the same address of Assoconsulenza.

It seems that now it has moved again – to Piazza Cinque Giornate 3, also in Milan.

Chamber of Commerce documents show that Silvano Sordi and Stefano Masullo have close business ties. Nikita Sordi, Silvano's young son, and Gaetano Tuccillo, the former FME plant operation manager, appear among the shareholders<sup>204</sup>. Silvano Sordi is the procurator<sup>205</sup> of the company.

Tuccillo also appears to be CEO of Icos Technology, a company connected to Euro So.Pa. In a twist of fate, it produced anti-shoplifting devices (Smiderle, 2007). Icos also manufactured plastic and aluminium products, according to Chamber of Commerce documents.

Icos was recently cancelled from the register of the Chamber of Commerce.

Petter Johannesen, president of Assoconsulenza, honorary consul of Namibia in Italy, and ISFOA's "professor," was also among the Euro.So.Pa's previous partners.

Eugenio Benettazzo – a young financial consultant who has a weekly one-man show on the popular Italian blog "beppegrillo.it" – is currently Assoconsulenza's vice president.

Masullo and Sordi might have had troubles, but they can always rely on powerful friends. And they rub shoulders with the right people.

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<sup>202</sup> In Italian: "amministratore delegato."

<sup>203</sup> It's the spelling used in the official documents of the Chamber of Commerce. On Euro So.Pa.'s "official" website, the spelling is "Eurosopa Holding SPA"; on Assoconsulenza's website, the spelling is "Euro Sopa SPA." However, the three different spellings refer to the same company.

<sup>204</sup> Tuccillo is now also a "consigliere d'amministrazione" with Massimiliano Patracchini in Euro So.Pa. As of Jan. 23, 2009, Nikita Sordi has a €4,620 share and Tuccillo €5,000 share. Other shareholders are: Luciano Antonio Vailati (€29,600), Mario D'Angelo (€18,750), Carlo Verga (€16,400), Manuel Fabbri (€9,380) Bianca Miola (€7,500), Matteo Bignami (€6,250), Massimiliano Patracchini (€2,500).

<sup>205</sup> In Italian: "procuratore."

According to Assoconsulenza's website, the honorary members of the organization include:

Giovanni Agnelli, Mario Arcelli, Giovanni Bazoli, Benito Benedini, Alessandro Benetton, Marina Berlusconi, Silvio Berlusconi, Angelo Brizi, Michele Calzolari, Carlo Azeglio Ciampi, Roberto Colaninno, Guido Colomba, Antonio D'Amato, Carlo De Benedetti, Rodolfo De Benedetti, Alfonso Desiata, Mario Draghi, Antonio Fazio, Fernando Forghieri, Giovanni Gabetti, Giovanni Gambarotta, Franco Locatelli, Adolfo Mamoli, Emma Marcegaglia, Paolo Panerai, Luciano Pichler, Stefano Preda, Cesare Romiti, Maurizio Romiti, PierGiorgio Romiti, Roberto Ruozi, Carlo Sangalli, Maurizio Sella, Marco Tronchetti Provera, Victor Ukmar, Giancarlo Elia Valori, Marco Vitale<sup>206</sup>.

### **Comrade Sordi**

Silvano Sordi was born on June 8, 1954, in Morazzone, a village a few kilometers from Varese. His octogenarian mother still lives there.

Francesco Sordi, Silvano's father, and Teresa Massari had a large family – five sons and three daughters (L. Sordi, interrogatorio, 2004a; Massari, interview, 2010).

“We had all that was necessary to live, no superfluous things,” said Massari (interview, 2010), Sordi's mother. “Now it's different with my grandsons and great grandsons. They are too demanding, they want everything, they allowed them everything.”

Silvano Sordi, the sixth-born of a working-class family, couldn't afford a college education. During his teenage years, Sordi took evening classes at a vocational high school while working by day at MAM, a manufacturer of electric motors' commutators in Morazzone (Sonno, interview, 2009; Massari, interview, 2010).

Sordi, an A.C. Milan fan, loved to play football since he was a little boy – first at the parish recreation center in Morazzone, then in amateur tournaments in Varese (Malnati, interview, 2010; Massari, interview, 2010).

In the 1970s, Sordi the blue-collar worker joined CGIL.

Antonietta Fittante (interview, 2009), now retired, has known Sordi for almost 40 years. She has been a blue-collar worker, a CGIL member and one of Sordi's victims.

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<sup>206</sup> It was not possible to verify whether all these people are really Assoconsulenza's honorary members or not, and under which procedures “honorary membership” of Assoconsulenza is granted.

“[Sordi] was very, very young,” Fittante remembered. “He was very intelligent. He could memorize whatever he read. He launched himself [into union activities]<sup>207</sup> and they gave him important tasks from the very beginning.”

Fittante said that Sordi stopped working as a blue-collar in less than a year: he became union representative for the MAM workers, then he became a full-time CGIL leader.

“Eh, he had the gift of the gab!” Fittante said. “We had a lot of faith in him. He was clever, very clever.”

According to Guglielmo Sonno (interview, 2009), FIOM union representative at Whirlpool (ex Ignis, ex IRE), Sordi didn’t belong to the intellectuals and the college graduates who had taken over the highest positions in the unions during the 1970s and replaced the old militants.

“But Sordi was a brilliant speaker,” Sonno remarked. “Since he had been a blue collar, he was able to talk to the workers’ guts.”

Both Antonietta Fittante and Giorgio Malnati, FIOM union representative at Bassani Ticino<sup>208</sup>, remember Sordi as “the little one<sup>209</sup>” because he is short. But “the little one” had big ambitions. According to Domenico Lumastro, sometimes he was called “the little Napoleon.”

Sordi became a leading figure of the CGIL faction connected to the Italian Communist Party (PCI). In Varese, the unwritten power-sharing deal between the Communists and the Socialists envisioned that the secretary of CGIL-Varese would be a Socialist, while the secretary of FIOM-Varese would be a Communist (Sonno, interview, 2009; Malnati, interview, 2010).

Similar power-sharing agreements between Communists and Socialists were made everywhere in Italy, at the national, regional and local level.

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<sup>207</sup> In Italian: “è partito in quarta.”

<sup>208</sup> The current name of the company is “BTicino.”

<sup>209</sup> In Italian: “il piccolino.”



CGIL representative Domenico Lumastro<sup>210</sup> (personal communication, 2010) said that Giampiero Castano, Sordi's predecessor at the helm of FIOM-Varese, endorsed Sordi as his successor.

Castano – ten years older than Sordi – had begun his career as a FIM-Varese (CISL) union representative. In 1977, Castano the Communist switched to FIOM-Varese (CGIL) where he quickly climbed the hierarchy: FIOM-Varese secretary (1978-1980), FIOM-Lombardia secretary (1986-1993), national FIOM secretary on telecoms (1993-1999).

In the 1990s, Castano followed the negotiations with Olivetti, a giant of the Italian telecommunication industry that was going through a major crisis. In 2000, Castano, who had already become a moderate, moved to the opposite camp. To the disappointment of many former “comrades,” he became personnel manager of Olivetti Tecnost, the same company he was dealing with as a top union representative until the year before (Revello, 2000; Riboni, 2002). Currently, Castano works in the Ministry for Economic Development as head of the “company in crisis” department<sup>211</sup> under the fourth Berlusconi government.

Lumastro said that Castano had supported Sordi's candidacy. And if the “Castano<sup>212</sup>” listed in Sordi's agenda at Newcompel is indeed Giampiero Castano, it appears that Sordi and Castano were still in touch at the end of 1990s, when Castano was at the height of his career in CGIL – despite the “Sordi-gate” in Varese.

Reached by phone, Castano (personal communication, 2010) denied the circumstance and said that he lost sight of Sordi since the 1980s.

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<sup>210</sup> Domenico Lumastro and Adelio Grimoldi had been associate secretary of FIOM-Varese during Sordi's second term as FIOM-Varese secretary (1985-1987). While Grimoldi left CGIL after Sordi's resignation, Lumastro continued his career in the union.

<sup>211</sup> In Italian: “Responsabile del settore aziende in crisi del Ministero dello Sviluppo Economico.” Castano took an active role in Alitalia and Eutelia restructuring.

<sup>212</sup> Oddly, the name “Castano” listed in the phone book has no number next to it. A “Castanò” (accent on the final “o”) is also listed – this time with a corresponding number – but it refers to a different person.

I don't know if he was already involved in shady dealings at that time. Apparently, he wasn't, otherwise we wouldn't have chosen him. Until I was in Varese, Sordi was competing with another young union representative, Primo Minelli<sup>213</sup>, to become the next secretary of FIOM-Varese. Sordi came out victorious in the meetings with the executives and the factories' union representative<sup>214</sup>. First, he was capable. And then, he was more moderate compared to other union leaders (Castano, interview, 2010).

When Sordi became secretary of FIOM-Varese in 1981, Fittante said, "he began to completely change his life. He saw that he could get money much more easily."

Domenico Lumastro (personal communication, 2010) said that "Sordi embodied the dual personality of Dr. Jekyll and Mr. Hyde."

Giorgio Malnati is convinced that Sordi wasn't corrupted before he began serving as union representative:

Sordi began his career on the right track. Then he gradually drifted onto the wrong one because of contagion. Human weakness can lead to these things. Everybody likes money. The boss gives you a wristwatch as a present, and then... If you are not strong, if you are not ultra-clean, you'll fall. Employers are terrible. When the most intelligent people in the labor unions emerged, employers pursued a divide-and-rule strategy, promoting [union representatives] to richer and easier jobs (Malnati, interview, 2010).

For his election in 1981, Comrade Sordi wrote a report<sup>215</sup> in which he emphasized the "need to defeat a dangerous attack from the employers," which resulted in the "March of the Forty Thousand<sup>216</sup>," a major political event that marked the beginning of the resurgence of employers' authority in the 1980s (see Chapter III).

During his first term, Sordi was assisted by Adelio Grimoldi (a Socialist) and Sandro Zaccarelli (a Communist) (La Prealpina, 1981). In 1985, Domenico Lumastro replaced Zaccarelli<sup>217</sup>.

Grimoldi (interview, 2009) remembered Sordi as a leader with a pragmatic attitude,

We were a group of people with the same goal, the same mission that discussed real issues. Everybody was under 40, and Sordi was the youngest one. He tackled problems with good, sound common sense, he tried to take into account the corporate point of view, otherwise we wouldn't have been able to solve those problems.

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<sup>213</sup> Primo Minelli became secretary of FIOM-Varese between 1993 and 2001.

<sup>214</sup> In Italian: "delegati sindacali di fabbrica."

<sup>215</sup> CGIL-FIOM. Sindacato Territoriale Varese Laghi (1981), p. 20.

<sup>216</sup> In Italian: "Marcia dei Quarantamila."

<sup>217</sup> Grimoldi, Zaccarelli and Lumastro were associate secretaries of FIOM-Varese under Sordi. Sandro Zaccarelli was later elected secretary of FIOM-Varese (1989-1993) and secretary of CGIL-Varese (1993-1998).

Questioned on the criticism against Sordi emerging from FIOM documents that date back to 1987, Grimoldi said that Sordi and the FIOM-Varese secretariat had been criticized because they have tried to “not to ‘fossilize’ the union only on labor issues,” but also to open to “cultural activities,” such as a bookstore and a cinema-theatre in Angera, a small municipality in the province of Varese.

According to Grimoldi, more ideological union representatives in CGIL-Varese had opposed Sordi because of his softer and non-dogmatic position.

Sandro Zaccarelli (personal communication, 2009) told a very different story, which has been broadly confirmed by several sources<sup>218</sup>:

Sordi had not been thrown out of the labor union because he was a moderate. He lived happily and peacefully until we came to know that he shared common interests with some companies. These companies worked with IRE, formerly called IGNIS. Sordi was at the same time union leader and employer: he continued to hold the office of secretary of FIOM-Varese, and at the same time established close business connections with people that he had known through his union activities. He became their business partner. These business partnerships led to the creation of companies. [...] We came to know that big companies – **IRE and BTicino**, in Sordi’s case – gave the input to launch reckless financial rescue operations of small companies in crisis. These operations were led by companies of obscure origins. It came out that Sordi took an active part in these companies through figureheads and his family members – his wife, for sure<sup>219</sup>. When we found out what had happened, we forced Sordi to step down. Sordi wasn’t expelled: we urged him to resign.

And Grimoldi was urged to leave CGIL, too.

Giampiero Castano (interview, 2010) said that

Everything originated in IRE. Sordi was connected with a certain **Guastini**, an IRE manager who had previously been a union representative. Guastini was his associate, the man who introduced Sordi to that group of people.

Luciano Guastini had been the director of Preston SA, the Swiss shell company used by Silvano Sordi and José Maria Martinez Tranco to make out false invoices and create slush funds. He had been reported several times to the police for economic crimes and maintained a long business relationship with Sordi.

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<sup>218</sup> Antonietta Fittante, interview, 2009; Guglielmo Sonno, interview, 2009; Domenico Lumastro, personal communication, 2010; Giorgio Malnati, interview, 2010.

<sup>219</sup> Silvano Sordi’s ex wife is Luciana Beltrami. Electronic search at the Chamber of Commerce gave negative results, but a more comprehensive search might yield information to ascertain this circumstance. It’s certain that Silvano Sordi more recently has used members of his family as figureheads – his brother Luciano in the Newcompel-Mawel case, his son Nikita in Euro So.Pa.

Castano (interview, 2010) added that

Guastini worked in the import-export field. If I remember well, Sordi lived in the same house of Guastini in the beginning, when Sordi got married. And Guastini was probably the man who introduced Sordi to a group of IRE managers who were doing “strange” import-export operations using the **port of Livorno**. Sordi attempted to involve in these operations also the Bassani Ticino.

According to Sandro Zaccarelli, Sordi was in business with people of the ex “Borghi group.”

He referred to a series of companies owned by Guido Borghi, the scion of the most important family in Varese (Borghi, sit, 2003).

### **Guido Borghi and Gaetano Pagano**

Guido Borghi is a cousin of Fedele Confalonieri, president of Mediaset spa, the biggest Italian media company, which is owned by Silvio Berlusconi’s family.

Confalonieri is one of Berlusconi’s oldest and most intimate friends. In the 1940s, Confalonieri and Berlusconi regularly visited Giovanni Borghi, Guido’s father.

And Berlusconi himself wrote the foreword to a biography dedicated to Giovanni Borghi, founder of Ignis, one of the most important European appliances manufacturers (Spartà, 2009: 9).

Borghi Sr. was a towering figure in postwar Italian society, the embodiment of the quintessential down-to-earth Lombard entrepreneur and sports patron. He had revolutionized the manufacturing of refrigerators, which became smaller and cheap enough to become a mass product. He had bankrolled the Varese basketball team, which under his guidance rose to be the strongest European team of the 1960s; and also football and rowing teams, cyclists, boxers, tennis players, jockeys. His love stories and his addiction to gambling dominated the Italian gossip magazines (Spartà, 2009: 81, 127, 133).

In certain respects, Borghi Sr. anticipated Silvio Berlusconi with his unconventional manners, the family management of its industries, the ability to turn his employees into devoted collaborators and the immense popularity given by his powerful sports team. His nephew

Confalonieri said that “Uncle Giovanni was a Berlusconi without a college education<sup>220</sup>” (Spartà, 2009: 14-15).

Ignis was (and still is, under a different name) the engine of Varese’s industry. “If Ignis gets knocked out, also Varese gets knocked out,” said Antonietta Fittante, who worked at Ignis for two decades. Borghi opened new factories in Siena, Trento, Naples and Barcelona. Ignis employed 11,000 workers in Italy alone – 7,000 of them in the province of Varese (Fittante, interview, 2009; Sonno, interview, 2009).

In 1970, Giovanni Borghi began to lose control of his business empire. His addiction to gambling, coupled with economic crisis and faltering health, convinced Borghi to surrender control of the company to IRE, a joint venture with Philips, the Dutch electronics giant. In 1972, he sold the remaining half of his shares<sup>221</sup>.

“Guido [Borghi] was 27 years old when his father sold the company and spared him troubles that a family – even one with a famous name – could not manage,” wrote journalist Gianni Spartà (2009: 148). Giovanni Borghi can’t be compared to his son Guido, Spartà argued. The former, a bigger-than-life character, rough and aggressive, was the archetype of the self-made man; the latter, well-educated, lacked uncouth manners as well as the strength of his father.

Guido Borghi – or “Ciccio,” as his father called him – attended the Collegio De Filippi, a boarding school in Varese, which the high society in Varese attended. The head master was a friend of the Borghi family, and Borghi Sr. had bankrolled the refurbishing of the school. In 1967, Prime Minister Aldo Moro inaugurated the school (Spartà, 2009: 101).

In 1968, Borghi Sr. handed the chairmanship of the Varese football club to Borghi Jr., who became the youngest chairman of a football club in Serie A, the top echelon of the Italian football league.

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<sup>220</sup> In Italian: “Lo zio Giovanni? Un Berlusconi senza laurea.”

<sup>221</sup> Between 1989 and 1991, Philips sold the group to Whirlpool, the current owner.

But Guido Borghi's great love is horse racing. He chairs the "Società Varesina Incremento Corse dei Cavalli SpA," the company that manages the racetrack "Le Bettole" in Varese.

Borghi Jr. seems to love horses more than workers: according to Sordi (interrogatorio, July 22, 2004) and Esposito (memoria, July 16, 2004), Borghi diverted money from one of his ailing companies to renovate Mocajo<sup>222</sup>, a vast rural estate in Tuscany.

In 2004, Borghi Jr. organized a horse racing event in Varese as a memorial to his father. In the grandstand there was almost the entire Italian jet set: Paolo Scaroni (CEO Enel), Alessandro Profumo (CEO Unicredito), Galateri di Genola (CEO Mediobanca), Roberto Poli (Eni chairman), Paolo Berlusconi (Silvio's brother), Natalia Estrada (showgirl, then Paolo Berlusconi's girlfriend), Pietro Lunardi (Italian minister), Fedele Confalonieri (CEO Mediaset), Ferruccio De Bortoli (Corriere della Sera), Salvatore Ligresti (Italian real estate czar), Carlo Puri Negri (CEO Pirelli Re), Antonio Vanoli (CEO Ferrero) and many others (Cepparulo, 2004).

At the death of his father in 1975, Borghi Jr. inherited not only rich and powerful friends, but also money, property companies, and a slate of commercial and industrial activities: Atea, Dai, Novagium, Apg and Emerson (Spartà, 2009: 81, 165-166).

Not much remains of them.

"Guido Borghi is a disaster," said Guglielmo Sonno, an IRE-Whirlpool union representative. And Sonno was the one who expressed the kindest criticism toward Borghi. All the sources unanimously blasted Guido Borghi's entrepreneurial abilities and intentions. If Borghi Sr reveled in opening new factories, Borghi Jr. spared no efforts in closing them down.

And Sordi became his chief consultant. Sordi was still secretary of FIOM-Varese (1981-1987) while he began to secretly work for him.

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<sup>222</sup> Sordi and Esposito most probably referred to Aziende Agrarie Riunite s.r.l., located in Montecatini Val Di Cecina (PI), fraz. Mocajo. As of June 16, 2009, Aziende Agrarie Riunite's owners were Pafin Partecipazioni Finanziarie s.r.l. and Agri-Magic s.r.l., two companies controlled by Guido Borghi.

“I worked with Borghi for about five years<sup>223</sup>,” Sordi (interrogatorio, July 22, 2004) said. “I was in charge of the relations with the labor unions and I often handled negotiations with multinational companies.”

To the investigators, Borghi (sit, 2003a) said:

I first met Silvano Sordi in the 1970s. He was a CGIL labor representative. I lost touch with him for many years. Later on, in 1982-1983, **Gaetano Pagano, of Catanzaro**<sup>224</sup>, my business partner in Dai SpA, hired Sordi as a consultant in this company. As credentials, Pagano told me that Sordi helped him do a good business when he purchased a division of BTicino in Verbania<sup>225</sup>.

Who is Gaetano Pagano? And what kind of business relationship does he have with Borghi?

Walter Valentino (sit, 2005b), former president of the Industrial Union of Asti, offered the investigators bleak portraits of Borghi and Pagano:

I haven't met Guido Borghi, but I knew that he is a reckless industrialist that took over companies that were in crisis and therefore singled out by unscrupulous speculators. I know Mr. Pagano very well. He had been Guido Borghi's tutor. [...] Pagano is a very unprincipled person. He is a very big industrial financier, he has three companies and he is closely connected to important people, such as [**Marco**] **Tronchetti Provera**<sup>226</sup>.

Marco Tronchetti Provera is one of the most powerful men in Italy. He is the chairman of the multinational Pirelli and member of the Italian group of the Trilateral Commission, the opaque and powerful organization founded by David Rockefeller in 1973.

Between 2001 and 2008, Tronchetti Provera had been chairman of Telecom Italia, the largest Italian telecommunication company, which absorbed Olivetti in 2003.

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<sup>223</sup> Sordi is imprecise. According to multiple and consistent sources, Sordi worked with Borghi for more than a decade.

<sup>224</sup> Catanzaro is the capital of Calabria, a region located at the southernmost toe of the Italian peninsula.

<sup>225</sup> Giorgio Malnati (interview, 2010) confirmed that one of the accusations against Sordi also involved a branch of BTicino in Verbania. According to Malnati, the company that purchased the factory was Verbania Motori, which seems to correspond to Borghi Verbania Motori (BVM), established in 1980. According to chamber of commerce documents, there was another company called Verbania Motori, established on July 16, 1986. Between 1986 and 1989, Rita Battistelli appears to be CEO of Verbania Motori. Battistelli was also CEO of Sordi Relazioni Industriali Srl between 1986 and 1988 (later, Sordi took over as CEO and Luigi Scolari liquidated the company in 1994). In 1990, Borghi Verbania Motori and Verbania Motori were both located in via Ligiard 5, Cantalupa (TO).

<sup>226</sup> In Italian: “Non conosco personalmente BORGHI Guido; sapevo di lui come personaggio spregiudicato che operava sempre nel settore di dette aziende in difficoltà, prese di mira da avventurieri di pochi scrupoli. Conosco bene il sig. PAGANO, che è stato il tutore di Guido BORGHI. [...] Posso dire che il PAGANO è persona assolutamente spregiudicata. Si tratta di un grossissimo finanziere industriale, ha tre aziende, miliardario ed è strettamente legato a personaggi importanti come TRONCHETTI PROVERA.”

Tronchetti Provera later resigned when he was investigated in connection with “SISMI-Telecom scandal,” an illegal domestic surveillance program involving members of the Telecom security and Italian spies.

According to an anonymous source, Robert Seldon Lady, the ex-CIA station chief in Milan is also involved in the “SISMI-Telecom scandal” (Ranucci, 2007). Bob Lady bought a villa in Penango, a small village in the province of Asti (Ruotolo, 2005). At the same time, some of the most “delicate” illegal dossiers were brought to Pirelli’s facilities in the province of Asti, a few kilometres from Lady’s villa (Ranucci, 2007).

It’s a small world, isn’t it?

### **Sordi leaves the union**

Business relationship with Borghi, Pagano and Guastini ultimately led to Sordi’s downfall.

Castano (interview, 2010) said that they came to know Sordi’s dealings through the judiciary, which had informed the union that Sordi and other IRE managers were under investigation<sup>227</sup>:

We summoned Sordi [at the CGIL-Lombardia] in Milan the same evening we learned about the investigation. At that time, the secretary of CGIL-Lombardia was Carlo Moro. The day after, Sordi resigned. Then, we lost sight of him, only later on we came to know that Sordi had become a big-time manager and... a big-time crook.

In May 1987, Stefano Landini, a union representative from Legnano, replaced Sordi as secretary of FIOM-Varese (FIOM-Varese, 1987a).

Initially, Adelio Grimoldi continued to be associate secretary of FIOM-Varese, but he was forced to leave the union as well. It’s not clear how Grimoldi was involved in Sordi’s wrongdoings.

Sordi was also accused of other murky episodes which couldn’t be independently verified by the time of press.

One is related to the management of a cinema-theater in Angera and a library owned by FIOM-Varese. “Sole del Verbano,” a limited company (srl), ran the cinema-theater, while a cooperative, “Giaime Pintor,” managed the library.

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<sup>227</sup> It was not possible to learn the precise accusations against Sordi and/or the IRE managers who were involved.



Addressing the FIOM-Varese executive committee<sup>228</sup>, Landini wrote in a Dec. 1987 report that he was struggling to reconstruct FIOM's bookkeeping, in entries related to Sole del Verbano and Giaime Pintor (Landini, 1987: 9-10). Landini explicitly linked the accounting mess to Sordi and an unidentified group of union leaders who were replaced or forced to resign.

“If we were a company, the first choice would be close it down in order to restart” Landini pointed out. However, he also argued such a solution wasn't feasible for political reasons and FIOM-Varese would have to pursue “hybrid solutions.”

Landini (1987: 11-12) also wrote that

Sole del Verbano has worrisome relationship problems between the three FIOM<sup>229</sup> who own it. Such problems compounded as the Centro di Angera has been robbed of everything and only a part of the equipment was found along with the money. These circumstances arise many doubts about the sole director<sup>230</sup> [*i.e.* Sordi] who took unauthorized decisions [...]. The cooperative Giaime Pintor has been sold to a person who doesn't meet his<sup>231</sup> obligations and still owes 15 million [lire] [...] I wonder how we arrived to such a point and how such a situation, which hasn't happened overnight, wasn't detected before.

The documents in the Historical Archive of CGIL-Varese related to the Angera's and Giaime Pintor's accountability are currently classified. According to a reliable source,

During Sordi's leadership in FIOM, Angera became a white elephant<sup>232</sup> [...]. At a certain point, somebody – we don't know who, but we have reason to believe that Sordi knows – came in the middle of the night with a couple of trucks and emptied the center of everything. Then, that center stayed close for several years, until it was sold five or six years ago.

According to handwritten notes found in the Archive of CGIL-Varese, the FIOM-Varese executive committee favorably welcomed Landini's report. FIOM-Varese union representative and auditor Giuseppe Antognazza is reported to have said,

We didn't control the [accounting] books of the companies. About the bookstore, Grimoldi is as guilty as Sordi. Grimoldi must be taken accountable of these things and if I meet Sordi around I'll tell him what I think after he

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<sup>228</sup> In Italian: “comitato direttivo.”

<sup>229</sup> It has not been possible to find out which are the other FIOM that co-owned Sole del Verbano by the thesis deadline.

<sup>230</sup> In Italian: “amministratore unico.”

<sup>231</sup> It could be also translated as “her.” It has not been possible for the current research to find out the name of the person Landini refers to.

<sup>232</sup> In Italian: “cattedrale nel deserto.”

“bullshitted me”. We’ll get some money back when we sell [the center in] Angera. We have to sue Sordi for damages<sup>233 234</sup> (FIOM-Varese, 1987b).

Beside Sole del Verbano and Giaime Pintor, other episodes refer to the delicate negotiations between IRE (ex IGNIS) and FIOM-Varese under Sordi’s watch. In this case, the reticence of the sources didn’t allow the researcher to gather precise and certain information.

According to Domenico Lumastro and Giorgio Malnati, it was Giampiero Castano who managed the entire operation of replacement in FIOM-Varese. At that time, Castano was secretary of CGIL-Lombardia.

The local union wasn’t put formally under the administration of an external commissioner to minimize political backlash.

“We kept a low-profile stance,” said Sandro Zaccarelli (personal communication, 2009).

Giorgio Malnati stressed that CGIL behave correctly once “the bad apple was found.”

“Obviously, you don’t wash your dirty linen in public,” Malnati (interview, 2010) said. “It was a quick, firm action. This is an intelligent and rational behavior. Informing the workers is not.”

The good faith behind CGIL’s actions is not in question. However, the silence surrounding the issue outside the top echelon of CGIL-Varese allowed Sordi to continue to operate with impunity when he left the labor union. If the workers in Asti, for example, had known about his past, Sordi would have had a hard time in carrying out fraudulent bankruptcies.

In a 1985 report for a FIOM congress, Comrade Sordi wrote that one of the biggest problems in the union was the lack of solidarity among workers (Sordi, 1985: 3).

There’s no doubt he was correct.

### **Ottaviano Del Turco**

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<sup>233</sup> In Italian: “Non controllavamo I bilanci delle società. Libreria → Grimoldi ha le stesse colpe di Sordi. [...] Grimoldi deve rispondere di queste cose e se trovo Sordi in giro gli dirò quello che penso dopo che mi ha ‘preso per il culo.’ Bisogna far quadrare I bilanci. Angera: ci sarà un rientro al momento della vendita → Dobbiamo fare rivalsa contro Sordi” (FIOM-Varese, 1987b).

<sup>234</sup> It has not been possible to find out whether FIOM-Varese sued Sordi or obtained compensation through an out-of-court settlement by the thesis deadline.

When he left the labor union, Sordi told Borghi that

... he was friend with Ottaviano Del Turco, who was sorry for Sordi because of his ousting from the sindacato. [Del Turco told him that] he would have had a bright career in CGIL. Sordi hinted that he could have relied on Del Turco to solve any problems with the unions. [However,] I don't know what contacts Sordi had in Rome when he successfully secured cassaintegrazione (Wages' guarantee fund, government money) in Rome (Borghi, sit, 2003b).

Borghi (sit, 2003c) also added that

Sordi didn't tell me about any other relationship with national union leaders but Del Turco.

Sordi denied that he had any close relationship with Del Turco. He even denied he knew him when chief prosecutor Sorbello told him about Esposito's revelations. Sordi also denied he knew Giovanna Rovello, the officer at the Ministry of Labor who helped Newcompel with paperwork about its application for government funds (CIGS) (see chapter IV):

SORDI: I never went to dinner with [Rovello], I don't know who is she<sup>235</sup>. About my relationship with Ottaviano Del Turco, I repeat what I said before. I never talked with him even when I was secretary [of FIOM-Varese].

Dr. SEBASTIANO SORBELLO: Listen...

SORDI: Yes.

Dr. SEBASTIANO SORBELLO: Listen, Borghi repeatedly mentioned your relationship with Del Turco.

SORDI: I I never talked with him even when I was secretary [of FIOM-Varese].

Dr. SEBASTIANO SORBELLO: Therefore you don't know Del Turco?

SORDI: No.

Dr. SEBASTIANO SORBELLO: Listen, Borghi said that you boasted with this relationship with Ottaviano...

SORDI: These are the presumptions that you always make because I was important at that time. Logically, you know the [national] leaders, but you know them because you know them, not because you have a [close] relationship [with them] (Sordi & Esposito, confronto, 2004).

Ultimately, Sordi acknowledged that he knew Del Turco but he denied any familiarity with him.

It's not known whether Del Turco was later investigated in connection with Sordi.

### **Privatization Mon Amour: SME, Alivar and the "cannibals"**

Once out of the union, Sordi's name began to circulate among Italian industrialists.

Walter Valentino (sit, 2005b) said,

I've never met Silvano Sordi in person, but I heard many people talking about him – always in connection with company restructuring. He had become known nation-wide as a consultant specialized in union and corporate issues. He intervened on companies in crisis, sometimes as a consultant, sometimes as a joint partner.

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<sup>235</sup> Rovello's contact was found in a folder. Therefore, Sordi most probably lied. According to Esposito, Sordi and Rovello talked about an "honorable" (i.e. a member of parliament) during a dinner in Rome. Since Sordi boasted to Esposito about his relationship with Del Turco, Esposito thought that Del Turco was the "honorable" Sordi and Rovello were talking about. The case against Rovello was later dismissed (archiviato).

At the beginning of the 1990s, Borghi, Sordi and many others were ready to take advantage of a new golden opportunity: the massive wave of privatizations.

In Italy, state-owned companies dominated the economy to a much greater extent than its European counterparts.

According to a 1990 report of the Centre Européen des Entreprises à Participation Publique, state-owned companies accounted for 16 percent of the employment, 19 percent of the added value and 24 percent of the fixed capital in the Italian economy. The European average was respectively 10 percent, 12 percent and 19 percent. In 1991, state-owned enterprises topped 11 non-financial sectors with respect to annual turnover (Barucci & Pierobon, 2007: 56-57).

State-owned conglomerates had contributed to modernize the country and create jobs. However, they also proved to be unwieldy and inefficient toward the end of the Italian First Republic. Proportional representation voting system and instable political coalitions contributed to turn state holdings into powerful instruments of patronage politics (Barucci & Pierobon, 2007: 57).

At the turn of the 1990s, Italy was living a moment of intense political and economic transformation. The end of the Cold War triggered a chain reaction that led to a quick meltdown of politics founded on a decades-long Communist threat. Italians demanded something more than business as usual. Anti-corruption investigations in the North and anti-mafia operations in the South hurt the legitimacy of the political system.

Years of mismanagement and outright robbery had emptied the coffers of the state. In the 1980s, corruption costed Italian taxpayers billions of euros and played a major role in inflating public expenditures and indebting the Italian state up to the neck. In a decade, the Italian debt jumped from 60 to 120 percent of GDP (Barbacetto, 2010).

At the same time, Europe was pushing for further integration. The Treaty of Maastricht had established the monetary union as a major goal and Italy aspired to enter the future eurozone. But a currency turbulence rippling throughout Europe forced the Italian lira and the British pound to leave

the Exchange Monetary System. “As a result, Italy’s humiliating exit from the exchange rate mechanism in 1992 strengthened the country’s resolve to meet the convergence criteria and join the single currency in 1999” (Dinan, 2005: 492-493; see also Barucci & Pierobon, 2007: 36).

A cash-stripped Italian government found in massive privatization the solution for improving productivity and competitiveness, reducing corruption, joining the eurozone and filling the coffers of the state.

Since 1992, the country underwent an unprecedented privatization process. If we take into consideration the period 1979-1999, the country ranked second for divestment of state-owned companies; in the period 1992-2000, Italy ranks first (Barucci & Pierobon, 2007: 25).

SME was one of the biggest prizes.

Società Meridionale di Elettricità (Southern Electric Company) had been established in 1899 to construct new power plants in Southern Italy. Originally a private company, SME became a state-owned enterprise in the 1930s when IRI<sup>236</sup>, an organization set up by the Fascist government to rescue companies in crisis, became a major shareholder.

In 1962, the Italian government nationalized the energy market and a new state-owned company, Enel, took over as energy provider. IRI turned SME into its leading company in the food industry<sup>237</sup>. In a few years, SME purchased the most famous Italian trademark – such as Motta, Alemagna, Cirio, GS, Bertolli, De Rica, Autogrill and many others (Dell’Aquila, 2005: 76).

Romano Prodi, then chairman of IRI<sup>238</sup>, had attempted to privatize SME in 1985, when he reached an agreement with Carlo De Benedetti, then owner of Buitoni<sup>239</sup>, to sell the company for

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<sup>236</sup> IRI stands for “Istituto per la Ricostruzione Industriale” (Institute for Industrial Reconstruction). In 1992, IRI was the seventh largest company in the world with a turnover of \$64 billion (Corriere della Sera, 1992b). IRI owned business as diverse as the turnpike system, an airline (Alitalia), banks and telecom companies.

<sup>237</sup> In 1962, the name of the company change to Società Meridionale Finanziaria (Southern Financial Company), but the acronym SME continued to be used.

<sup>238</sup> Prodi headed IRI from 1982 to 1989 and from 1993 to 1994 (Willey, 1999).

<sup>239</sup> Carlo De Benedetti controlled Buitoni, a famous pasta-making company, through the holding CIR (Compagnie Industriali Riunite). As the SME deal foundered, De Benedetti sold Buitoni to Nestlé in 1988.

497 billion lire. But politics meddled once again. Prime Minister Bettino Craxi sent signals out that he disapproved of the deal. Prodded by Craxi, a Barilla-Berlusconi-Ferrero cartel<sup>240</sup> made a 600-billion-lire offer a few minutes before the agreement with De Benedetti was finalized. It followed a long dagger-and-cloak story that ended in court. In 1988, the government shelved SME privatization plan (Commissione Europea, 2003).

In 1993, SME had a turnover of 6 trillion lire (3 billion euro) and employed 15,000 workers. Activities linked to SME generated an additional turnover of 3 trillion lire (Dell'Aquila, 2005: 76). Romano Prodi's comeback at the helm of IRI in 1993 accelerated the privatization process.

Alivar, the company that attracted Borghi's interest, was a SME subholding that had already started a quick privatization in 1990. It was worth hundreds of millions of euro.

IRI, SME, Alivar should be imagined like a corporate microcosm – IRI as a universe, SME as a galaxy and Alivar as a solar system of brands – in which the Italian government played the role of financial god (with taxpayers' money).

Alivar was established in 1972 as Alimont (Montedison Alimentari), an assemblage of brands in the food industry. The headquarters were established in Novara, Piedmont. In 1974, Alimont was sold to SME and became Alivar SpA (Canosa, 1986).

In 1986, SME hived the brands Bertolli and De Rica off Alivar, which were incorporated into the Cirio group (also controlled by SME). At the same time, Alivar absorbed Sidalm (Motta and Alemagna brands), a company in such a bad shape that Romano Prodi offered it to De Benedetti for the symbolic price of 1 lire (0.0001 euro) in 1985 (Scipioni, 1986; Commissione Europea, 2003).

Four years later, Rome gave the order: it was time to privatize.

Between 1989 and 1990, "Operation Alivar" led to the creation of four public-private joint ventures:

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<sup>240</sup> The name of the Barilla-Berlusconi-Ferrero cartel was Industrie Alimentari Riunite (IAR).

- Pai (chips): Alivar (51 percent) and Fritolay (Pepsi Group) (49 percent)
- Pavesi (cookies): Alivar (51 percent) and Barilla (49 percent)
- Nuova Forneria (snacks): Alivar (51 percent), Barilla (24,5 percent), Ferrero (24,5 percent)
- Charms and Sanagola (candies): Alivar (51 percent) and Alipark/Adams SpA (Parke-Davis, Warner Lambert group<sup>241</sup>) (49 percent) (La Repubblica, 1990c).

Alivar became a mere holding company. In 1991, SME completely absorbed Alivar and followed through its privatization path (Scipioni, 1991). By 1993, SME sold the majority stake in all the former Alivar joint-ventures to the private counterparts.

SME and Alivar's privatization would deserve an entire book: it exemplifies how out-of-control privatization blew an entire industrial sector out of the Italian economy. In a few years, Italy moved from overblown, inefficient and politicized state-owned companies to the industrial desert, a bleak landscape littered with bankruptcies and job destruction. One might wonder if the "cure" had almost killed the patient.

"They are cannibals," Antonietta Fittante (interview, 2009), a retired blue-collar worker, said. "Just cannibals."

We'll focus on two offshoots of the Alivar saga.

The first, Alipark SpA, was Parke-Davis' Italian subsidiary, established in 1990. Everything began when SME and Warner Lambert launched a joint-venture in the confectionery industry. These companies can be thought of as Russian dolls: SME controlled Alivar, while Warner-Lambert controlled Parke-Davis, which in turn controlled Alipark.

The second, Nuova Forneria, was a joint-venture in the snacks market between Alivar, Barilla and Ferrero, which was shortly after completely privatized.

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<sup>241</sup> In 2000, Pfizer acquired Warner Lambert (Petersen, 2000).

Silvano Sordi – while working as “Dr. Colorato” in Asti for Corporacion Ibmei – played a key role in Borghi’s financial operations that led to the acquisition, “drainage” and divestment of part of the ex Alivar.

### **Daylight robbery. Phase I: Caivano (Naples) and Ala (Trento)**

In 1990, Parke-Davis, the U.S. pharmaceutical company most known for its mentholated cough drops Halls, created Alipark SpA, its Italian subsidiary company, to participate in a joint-venture with Alivar in the Italian confectionery industry (La Repubblica, 1990).

In 1991, Alipark changed its name to Adams.

In December 1992, SME sold its majority stake in the joint-venture to Adams for a symbolic price – just 600 million lire. According to Italian newspaper La Repubblica (1992), an 11-billion-lire annual deficit had determined the low cost of the operation. In addition, Parke-Davis shouldered debts amounting to 22 billion lire.

Why would Parke-Davis throw money at such a risky operation?

The U.S. multinational company was not interested in factories or industrial development, but in the potential of their trademarks. Trademarks mean access to a huge, consolidated market share: at that time, Charms and Sanagola brands were market leaders in the Italian confectionery industry (Ferri, 2002).

The Italian government was fully aware of the real intentions of Warner Lambert/Parke-Davis. However, it opted for stopgap measures rather than a long-term strategy focusing on sustainable growth. SME forced the new owners to tie the trademarks to the factory it had acquired for five years. After that period, all hell broke loose (Ferri, 2002).

In late 1992, Warner Lambert/Parke-Davis had laid its hand on the trademarks Charms and Sanagola. Now, the U.S. multinational company was planning the next move: getting rid of the rest.

Adams owned part of a former Alivar factory in Caivano, a town in the province of Naples.



The factory, which had employed up to 500 workers in the 1980s, was divided into two parts: one was dedicated to the production of confectionery, the other to the production of snacks. In this report, we'll focus on the former, which was Adams' property<sup>242</sup>.

To get rid of the factory and its workers, Warner Lambert instructed a group of former Alivar managers to find a buyer. Riccardo Cantoni and Dario Baldovino found Guido Borghi.

Riccardo Cantoni was a well-known marketing manager. In 1977, he worked for Exportex (Nisco Chemical). Between 1980 and 1985, Cantoni joined two Italian giants of the insurance services, Ras Assicurazioni and La Fondiaria. In the second half of the 1980s, Cantoni became a high-rank manager in the SME Group, where he shot up the ladder: in 1989, he was appointed "procurator" in Alivar; in 1990, he became CEO of Pai; in 1991, he was appointed chairman and CEO of Adams (De Mas, 2004).

Dario Baldovino had been personnel manager of Montefibre (Montedison Fibre) in Acerra (Sordi, interrogatorio, July 27, 2004). Like Alivar (ex Alimont), also Montefibre SpA was a subsidiary company of Montedison established in 1972. In the early 1990s, Baldovino played a key role in Warner Lambert operations in Italy on behalf of the American multinational (Cornero, 1994). According to chamber of commerce documents, he was, for a brief period, the CEO of Adams.

Sordi (interrogatorio, July 27, 2004) said that Borghi had developed close business ties with these companies because he produced televised ads for them through another firm, Movie Magic International<sup>243</sup>. Sordi added that he had been very close to Borghi at that time – both as a friend

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<sup>242</sup> The "snacks" side of the factory was owned by Unichips (San Carlo Group) through the company Alidolce SpA. Production was halted in 2000 after following a path similar to that of the "confectionery" side of the factory. According to Gaetano Tuccillo (memoria, 2005), the mastermind of the Unichips-Alidolce operation was Bruno Dozio, one of the defendants in the FME trial. It was not possible to know whether Dozio was investigated in connection with the operation Unichips-Alidolce by the thesis deadline. As for the FME trial, Dozio was acquitted in January 2010 (Coppero, 2010).

<sup>243</sup> See also the official website of Movie Magic International: [www.moviemagicint.com](http://www.moviemagicint.com). Curiously, the name of the company emerges in connection with a police search related to the Costa and Petralia murder. Police searched the offices of a carrier company in Angera (VA) (Corriere Canetta di Canetta Franco – ditta individuale) and found a revolver Smith & Wesson cal. 38. That day, a camper belonging to Movie Magic International had been parked in Canetta's private parking lot (Guardia di Finanza, Varese, March 9, 2005).

and as a consultant. And Borghi introduced him to the big shots: among them, Riccardo Cantoni and Dario Baldovino.

Warner Lamber bought the majority stake of Alivar's confectionery division in December 1992. A month later, it had already sold Adams to Guido Borghi. In order to comply with its obligation with the Italian government, Warner Lambert granted Borghi a two-year supply contract after snatching the trademarks Charms and Sanagola from Adams, its former company (Borghi, sit, 2003a; Ferri, 2002).

Also in this case, the company was sold for a symbolic price (about 100 million lire). Borghi (sit, 2003b) said that the company was already struggling to survive, having excess of staff<sup>244</sup>. However, Adams benefited from "cassa integrazione straordinaria" (wages guarantee fund)<sup>245</sup> and was kept afloat by its contract with Warner Lambert.

In 1993, Borghi changed the company name from Adams to Magic Candy. Cantoni and Baldovino quit the company.

Silvano Sordi (interrogatorio, July 27, 2004) told the investigators new, crucial details on the deal between Borghi and Warner Lambert:

The company had an 11-billion-lire "dowry" given by Warner Lambert, plus machinery and real estate property<sup>246</sup>. [...] Beyond that, I know that Warner Lambert gave Borghi an additional 3 billion lire "off the books"<sup>247</sup>, through a wire transfer to [a bank account in] the Banca del Gottardo [a Swiss bank]. I can talk on that circumstance because I learned it firsthand. I accompanied Borghi to Lugano, where Banca del Gottardo is based. During that trip, Borghi confided to me about the [3-billion-lire] sum.

In Caivano, Sordi met Gaetano Tuccillo, who had worked in that factory since the early 1970s. Tuccillo, a former union representative, had become plant operations manager when his superior, a certain engineer Pezzullo, was sent to the U.S. with the task of following a joint venture

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<sup>244</sup> In Italian: "esubero di personale."

<sup>245</sup> Cassa Integrazione (CIG): a special public fund used to protect workers' income, financed by companies and the state and administered by the National Institute of Social Insurance (INPS).

<sup>246</sup> Compare to Esposito, memoria, July 16, 2004.

<sup>247</sup> In Italian: "in nero." Another possible translation is "under the table."

between Borghi and General Electric (Sordi, interrogatorio, July 22, 2004; interrogatorio, July 27, 2004)<sup>248</sup>.

In 1992, Borghi also entered negotiations with Nuova Forneria, a joint-venture in the snacks market between Alivar, Barilla and Ferrero. Nuova Forneria intended to get rid of a factory in Ala, a small municipality in the province of Trento, when Borghi providentially showed up. In the 1960s, the factory, owned by Motta, employed up to 200 workers (L'Adige, 2002).

Nuova Forneria sold the factory to D.B.\*Distribuzione Bevande Srl, a Turin-based company controlled by Guido Borghi and run by Giuseppe Tanzi, longtime right-hand man of the Borghi family. Borghi received a 2.6-billion-lire dowry plus a supply contract from Nuova Forneria (Sordi, interrogatorio, July 27, 2004).

In 1993, Borghi established Ala Magic, an ad hoc company to run the factory in Ala<sup>249</sup>. According to chamber of commerce documents, ex Alivar managers Claudio Duranti and Riccardo Cantoni served on the board of directors<sup>250</sup>.

According to Sordi, Cantoni facilitated the operation between Nuova Forneria and Borghi about the factory in Ala. Cantoni and Baldovino had also played a crucial role between Borghi and Warner Lambert concerning the acquisition of "Adams," the company that owned the factory in Caivano:

Borghi confided to me that he had to pay 400 million lire each [206,000 euro] to Cantoni and Baldovino because of their crucial role in the transfer of these business divisions<sup>251</sup>. He also told me about a big sum he had to pay to a foreigner, whose name Borghi didn't mention. I think he was a manager of Warner Lambert Canada.

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<sup>248</sup> Compare to Tuccillo, memoria, 2005.

<sup>249</sup> Borghi controlled Ala Magic through a tangle of companies (Magic Candy, Ceci One, Ceci Two, Ceci Three).

<sup>250</sup> Compare to Tuccillo, memoria, 2005: "Close assistants of Borghi in all his reckless operations related to SME factories had been former Alivar managers: Eng. Duranti (logistic director), Dr. Cantoni (SME director during the divestment process) and Dr. Codazzi (commercial director)."

<sup>251</sup> In Italian: "cessione di detti rami d'azienda."

Once he laid his hands on these companies, Sordi told the investigators, Borghi began to strip their financial resources off:

In both [Ala Magic and Magic Candy], Borghi carried out “drainage” of a considerable order. Asked by Your Lordship to explain the idea of “drainage,” I can say that Dr. Zanini, on behalf of Borghi, diverted the financial resources of these companies through intercompany operations. This money ended up in the United States, where Borghi bought **a villa in Los Angeles**. A relevant part of the “dowry” received [from the previous owners] was also diverted to other companies owned by Borghi through intercompany operations. For example, the funds **to renovate the Mocajo real estate in Tuscany**, registered in the name of another company controlled by Borghi<sup>252</sup>, came from [Ala Magic and Magic Candy] [emphasis added] (Sordi, interrogatorio, July 27, 2004).

Esposito (memoria, July 16, 2004) said that he had heard rumors that Borghi diverted a five-billion-lire loan granted by ISVEIMER, the institute for the economic development of Southern Italy<sup>253</sup>. The money, which had been granted to renovate the factory in Caivano, were used to renovate the Mocajo real estate instead.

Borghi had forgotten to tell the investigators about the “drainage” part. He blamed the Warner Lambert for not renovating the supply contract instead. Borghi (sit, 2003a, 2003b) said that the U.S. multinational lost interest in Magic Candy after it had bought “Saila,” a famous confectionery company based in Abruzzo. Indeed, Warner Lambert bought Saila in 1994 and appointed Dario Baldovino as chairman (Cornero, 1994).

Through his contacts in Rome, Sordi secured another wages guarantee fund (cassa integrazione ordinaria) from the government to keep the companies afloat temporarily (Borghi, sit, 2003b).

Now, Borghi was looking for people to whom he could pass the buck.

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<sup>252</sup> Compare to Esposito (memoria, July 16, 2004). Sordi and Esposito most probably referred to Aziende Agrarie Riunite s.r.l., located in Montecatini Val Di Cecina (PI), fraz. Mocajo. As of June 16, 2009, Aziende Agrarie Riunite’s owners were Pafin Partecipazioni Finanziarie s.r.l. and Agri-Magic s.r.l., two companies controlled by Guido Borghi.

<sup>253</sup> ISVEIMER stands for Istituto per lo sviluppo economico dell’Italia Meridionale (Institute for the economic development of southern Italy). It was a corporation formed in 1938 under the auspices of the Italian government with the purpose of promoting economic development in the depressed South. In particular, ISVEIMER was supposed to lend money to small and medium enterprises. The company was controlled by Banco di Napoli. ISVEIMER was a Socialist fiefdom until 1993, when it was turned into an S.p.A. (joint stock private company). In 1996, ISVEIMER was closed amidst debts and political and judicial scandals. One of them was the 450-billion-lire illegal funding to Fininvest, Silvio Berlusconi’s financial holding in Milan, in exchange for a four billion lire bribe. According to its statute, ISVEIMER should have not granted credit to companies that were not Southern, such as Fininvest (Signoretti, 1996; La Repubblica, 1996; Cirillo, 1996; Biondani, 2003).

## Luigi Esposito

While closely following the factory in Caivano on behalf of Borghi, Silvano Sordi met Luigi Esposito in Naples. Enrico Biondi<sup>254</sup>, the personnel manager of the Whirlpool factory in Naples, had introduced Esposito to Sordi (Sordi, July 22, 2004).

Esposito was then running several food companies:

Esposito was running an important business, backed adequately by Comit [Bank]<sup>255</sup>. Esposito owned three stores (two important pastry stores, Caflich, and a confectionery store) and catering service<sup>256</sup> to several companies – among them, Whirlpool, Nuova Forneria, Magic Candy and a company in Genoa (Sordi, July 27, 2004).

Esposito graduated in pharmacy, but financial alchemies are his vocation (Gonella, 2004e).

Needless to say, almost all Esposito's activities ended in bankruptcy. Caflich, a famous café in Naples, closed in 2000. The same actors of the "Newcompel affair" were involved: Esposito sold Caflich to Roberto Maffettone, who in turn sold it to Italbrill, a company owned by Michele Romano, Esposito's brother-in-law. Workers lost their job overnight without any government intervention (De Matteis, 2000; La Repubblica, 2000).

Esposito lived in a sumptuous villa on the island of Capri, a famous seaside resort on the south side of the Gulf of Naples. Once, in Aug. 2000, Sordi went to Esposito's house for breakfast to discuss business. "I remember that during my only visit to his villa, Esposito showed me important works of art and to have a big collection of 19<sup>th</sup> century paintings," Sordi (memoria n. 3, Aug. 3, 2004) wrote.

When the investigators went to search Esposito's villa, works of art and paintings had disappeared (Sordi & Esposito, confronto, trascrizione, Sept. 23, 2004).

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<sup>254</sup> A "Biondi" is listed in Sordi's phone agenda at Newcompel. The number is preceded by "0042," the international dialing code of Slovakia.

<sup>255</sup> Comit was also known as Banca Commerciale Italiana, which was controlled by IRI, the same state-owned holding that also controlled SME and Alivar. According to Esposito, "Dr. Lanzetta" of the Caserta branch of the Banca Commerciale Italiana, an Italian bank, suggested to Esposito the use of the "screen companies" Rikex and ELFA Holding (Esposito, memoria, Sept. 1, 2004). See Chapter IV.

<sup>256</sup> Esposito's catering service was Italrestaurant (Tuccillo, memoria, 2005).

Renato Monticone (personal communication, July 2009), former secretary of FIM-Asti, said of Esposito:

More than an entrepreneur, he looked like a mafia boss. Indeed, Esposito could have attended a mafia summit. He never smiled. He never betrayed his emotions. Once he was angry, I don't remember why. His face reddened a little, but he said nothing. He was always wearing a suit and tie. All branded products. Esposito was a very, very nasty man.

Monticone's description perfectly matches that of Walter Valentino (sit, 2005b) the president of the Industrial Union, who had known Esposito in 1999:

I met Esposito with Engineer [Aldo] Scotto in a hotel in Rome. Esposito introduced himself as a big businessman, who specialized in acquiring companies in crisis [...] He came at the meeting in one of the most sumptuous hotels in Rome, with a chauffeur-driven black Mercedes. He wore a pinstripe suit and other accessories that make him appear like a "godfather." [...] From our controls at the Credit Suisse and other banks, we ascertained that Esposito was an adventurer with no financial resources.

Antonio Diana (interview, 2009), an entrepreneur of Caserta, commented:

What kind of person was Esposito? A criminal. He's a guy who would shoot his son, if he used a gun instead of a fountain pen. [...] He had nasty manners with his collaborators, his clients. [...] I remember that some employees had received Christmas gifts. Esposito took away these gifts and brought them home. [...] I prefer not to comment further.

A 2003 police report describes Esposito as a "wheeler-dealer"<sup>257</sup>, a consultant and seasoned financial operator specialized in acquiring and selling companies and real estate properties, a middleman of middle-high level" (DIGOS, 2003). The same report also stressed that Esposito was also an expert in securing undue wages guarantee funds (cassa integrazione).

The most vivid description of Esposito in a wiretapped conversation<sup>258</sup> between Sordi and Aldo Todini<sup>259</sup> in 2004:

SORDI: He never worked in his entire life...  
TODINI: Exactly.

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<sup>257</sup> In Italian: "faccendiere."

<sup>258</sup> Guardia di Finanza – Compagnia di Asti, March 26, 2004. Sordi uses a cellphone number registered in the name of Cortefranca Engineering; Todini uses a cellphone number registered in the name of "Brain Works Sas di Todini Aldo & C).

<sup>259</sup> Aldo Todini (born in Istanbul in 1965) owns, among the others, Brain Works, a consulting firm. In another wiretapped conversation, Todini called Sordi "commander." In 2008, Guardia di Finanza, the Italian financial police, arrested Todini and four other people (Guido Torello, of Nizza Monferrato; Gianni Guala, of Morbello; Giorgio Oriboni, of Milan; Francesco Maria Chiesa, of Pavia) on the charge of fraud, false invoices, money laundering and criminal association. Other 26 people were also indicted – among them, eight bank officers. The investigators estimated the total amount of fraud to €50 million and false invoices for €40 million (Ferrise, 2008; L'Ancora, 2008).

SORDI: What the fuck!<sup>260</sup> He has a long curriculum of bankrupt companies...

TODINI: ... that has no end. Do you know what I told him? You're a kind of reverse King Midas, the one who turns the chocolate he touches into shit.

SORDI: Fuck!<sup>261</sup> Every company he got goes bankrupt!

Esposito was one of the entrepreneurs whom Sordi introduced to Borghi between 1994 and 1995 (Borghi, sit, 2003a; Esposito, interrogatorio, July 16, 2004; Esposito, interrogatorio, July 29, 2004). Borghi, Esposito and Sordi met for the first time in Sorrento, a popular seaside resort in the Gulf of Naples (Sordi, July 22, 2007). After six months of negotiations (June-December 1995), Esposito acquired the factory in Caivano (Borghi, sit, 2003a). The company already had debts amounting to 11 billion lire (July 16, 2004). The name of the new company was "Sidal." It went bankrupt in 2000.

At the same time, Borghi moved on to find entrepreneurs willing to buy Ala Magic.

He found Armando Diana.

### **The Diana family**

Born in Casal di Principe in 1941, Armando Diana was then living in Casapesenna<sup>262</sup>, a municipality in the province of Caserta, about 20 km northwest of Naples.

In his bestseller *Gomorrah*, Italian journalist and author Roberto Saviano (2007: 188) offered a bleak portrait of Casapesenna and the surrounding area, where the Casalesi clan rules with iron fist:

Compared to Casal di Principe, Corleone is Disneyland. Casal di Principe, San Cipriano d'Aversa, Casapesenna. Fewer than one hundred thousand inhabitants, but twelve hundred of them have been sentenced for having ties to the Mafia, and a whole lot more have been accused or convicted of aiding or abetting Mafia activities. Since time immemorial this area has borne the weight of Camorra, a violent and ferocious middle class led by its bloody and powerful clan. The Casalesi clan, which takes its name from Casal di Principe, is a confederation of all the Camorra families in the Caserta area: Castelvoturno, Villa Literno, Gricignano, San Tammaro, Cesa, Villa di Briano, Mondragone, Carinola, Marcianise, San Nicola La Strada, Calvi Risorta, Lusciano, and dozens of others towns. Each with its own area capo, each a part of the Casalesi network.

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<sup>260</sup> In Italian: "cazzo."

<sup>261</sup> In Italian: "porca troia."

<sup>262</sup> Unfortunately, Diana is a very common last name in those areas. For example, several Antonio and Armando Diana live in Casapesenna and neighboring areas, and some of them are related, adding further confusion. I'll try to identify them by their birth date whenever is possible.

Until the 1970s, the Casalesi was an ordinary Camorra clan operating small rackets, robberies, rustling<sup>263</sup> and contraband. It emerged as one of the most powerful Italian criminal organizations in the 1980s, when Antonio Bardellino seized power and led a criminal cartel called La Nuova Famiglia (New Family) against Raffaele Cutolo's Nuova Camorra Organizzata (New Organized Camorra) (Cantone, 2008: 264).

La Nuova Famiglia, a loose coalition of Camorra clans, crumbled apart as soon as Cutolo's plan of hegemony over the region of Campania had been defeated. However, Bardellino retained control over the province of Caserta, where he had transformed a low-profile criminal group into a hierarchical, effective organization that was able to take over or infiltrate financial, commercial, industrial and political fabric of society.

Bardellino had learned from the best:

Antonio Bardellino was affiliated with Cosa Nostra, was tied to Tano Badalamenti<sup>264</sup>, and was a friend and companion of Tommaso Buscetta, with whom he had shared a villa in South America. When the Corleones swept away the Badalamenti-Buscetta power, they also tried to eliminate Bardellino, but in vain (Saviano, 2007: 189)

From Bardellino on, the Casalesi made a quantum leap. The DDA<sup>265</sup> of Naples recently estimated that the organization has an annual turnover of €30 billion (Saviano, 2008). Between 1985 and 2004, the Casalesi killed 646 people (D'Errico, 2008).

Mario Diana "o' rappezzaro," well-known entrepreneur and Armando's brother, was among the victims. Diana gave protection money to the Casalesi clan, but he wasn't a member of the organization<sup>266</sup>. On June 26, 1985, a commando of three people wearing a balaclava killed him outside a bar in Casapesenna. It was an execution in great style.

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<sup>263</sup> In Italian: "abigeato," "furto di bestiame."

<sup>264</sup> Marco Cagali, one of Emanuele Costa's business partners, also had close ties with the Badalamenti clan. See Chapter I.

<sup>265</sup> DDA stands for Direzione Distrettuale Antimafia (District Antimafia Directorate), regional antimafia judicial structures. It was Judge Giovanni Falcone who institutionalized the system of pools of magistrates specialized in the investigation of mafia phenomena.

<sup>266</sup> Corte di Assise, Santa Maria Capua Vetere (2009: 8- 9, 13).



Mario Diana left home around 7:30 a.m., hopped on his Citroen Bx and drove for half a kilometer. Diana stopped in front of the “Oreste Fontana bar” in Piazza Agostino Petrillo to drink a coffee. He probably didn’t realize that three men on a Fiat Uno were following him (Corte di Assise, Santa Maria Capua Vetere, 2008: 2, 8, 14).

The commando was composed of Diario De Simone, Giuseppe Quadrano and Antonio Iovine – all of them armed to the teeth. Iovine was the driver.

De Simone pulled down his balaclava, jumped out of the car with a 12 caliber semiautomatic rifle and approached Diana. He shot once at Diana’s back. He came closer to his victim, aimed his rifle at Diana’s head, and shot for a second time (Corte di Assise, Santa Maria Capua Vetere, 2008: 18-19).

Sensing what had just happened, Willy, Diana’s dog, broke the chain and reached to the lifeless body of his master. Too late. Mario Diana had died instantly. Willy whined for two days and two nights (Corbo, 2008). Mario’s sons, Antonio and Nicola, had turned 18 two days before the killing; his daughter Teresa was not yet 17.

It turned out that Mario Iovine, Bardellino’s second in command, ordered the murder. But the motives have remained unknown. (Corte di Assise, Santa Maria Capua Vetere, 2008: 10-11; 13-14). La Repubblica journalist Antonio Corbo (2008) wrote that the killing could have had something to do with Diana’s connections in Montefibre, a Montedison subsidiary company that produced acrylic fiber<sup>267</sup>.

De Simone and Quadrano became pentiti (mafiosi-turned-state-witness) between 1995 and 1996, while Antonio Iovine “o’ ninno” (the baby<sup>268</sup>) worked his way up the organization. Now Iovine is one of the 30 most wanted fugitives. He’s on the lam since 1996<sup>269</sup> (Cantone, 2008: 296).

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<sup>267</sup> See also Corte di Assise, Santa Maria Capua Vetere (2009: 21).

<sup>268</sup> Antonio Iovine earned this nickname since he entered the top level of the organization when he was still very young (L’Espresso, 2007).

<sup>269</sup> De Simone and Quadrano were sentenced to 14 years in prison in connection with the murder of Mario Diana. Antonio Iovine was given a life sentence in absentia.

According to the investigators, Antonio Iovine is now the man who runs the illegal waste trafficking for the Casalesi in Campania (L'Espresso, 2007).

The other top members of the organization didn't fare better. Mario Iovine killed Bardellino in Brazil in 1988; two years later, Iovine himself was killed in Portugal. After Iovine's death, Francesco "Sandokan" Schiavone and Francesco Bidognetti, also known as "Cicciott" 'e mezzanotte," ruled the Casalesi. Bidognetti was arrested in 1993, Schiavone in 1998 (Cantone, 2008: 266).

However, Italian authorities failed to dismantle the organization. Every time the head was cut off, a new one grew back, like a Hydra. Michele Zagaria, currently on the lam, is thought to be the new boss of the Casalesi (Cantone, 2008: 296)<sup>270</sup>.

The relationship between the Diana family and the killers after the murder befuddled the investigators. According to wiretapped phone conversations, the Dianas knew the real identity of the killers. Yet, a nephew of Mario Diana married the sister of Antonio Iovine in 1995<sup>271</sup>. And another nephew of Mario Diana<sup>272</sup> had married one of Mario Iovine's daughters (Corte di Assise, Santa Maria Capua Vetere, 2008: 20-23; 27).

In the Diana family, Costantino Diana, one of Mario's brothers, kept the closest contacts with the Casalesi clan. He was involved in a wide-range investigation on the Casalesi's attempt to manage the construction of the TAV, Italy's high-speed rail system, between Rome and Naples:

A July 1995 investigation coordinated by Judge Franco Imposimato revealed that the large companies that had won bids for the Naples-Rome leg of the TAV [high speed train] then subcontracted the work to Edilsud, a company connected no more than Michele Zagaria, as well as to dozens of other companies linked with the Casalese cartel. A deal that yielded about 5 billion euros. Investigations show that the Zagaria clan had already reached an agreement with the Calabrian 'Ndrangheta about their firms' participation in the bidding in the event that the TAV were to get as far south as Reggio Calabria (Saviano, 2007: 207).

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<sup>270</sup> See also Corte di Assise, Santa Maria Capua Vetere (2009: 6, 13).

<sup>271</sup> Salvatore Diana married Anna Iovine. Salvatore is son of Alfredo Diana, one of Mario's brothers.

<sup>272</sup> A son of Costantino Diana, one of Mario's brothers.

A mafioso-turned-state-witness, Carmine Schiavone, accused Costantino Diana of being a member of the clan of Casalesi. In addition, it also turned out that the Diana family is related<sup>273</sup> to Michele Zagaria, now head of the Casalesi. According to the investigators, Costantino created many companies in the name of his wife, Maria Natalina Piccolo, and his sons (Giuseppe, Nicola, Ernesto, Luigi, Salvatore and Antonio<sup>274</sup>). Behind these companies, there were actually the Casalesi<sup>275</sup> (Senato della Repubblica, 1996: 42).

According to a source close to the investigations, also Armando Diana ambiguously behaved toward the Casalesi. After Mario's death, he hired a member of the Casalesi as driver (X.X. 6, personal communication, 2009).

Along with Armando Diana, Borghi, Sordi and Esposito met Antonio, Nicola and Teresa Diana, sons of Mario Diana.

Borghi (sit, 2003a, 2003b) said that it was Giancarlo Mascioni<sup>276</sup>, the director of the Banco di Napoli branch in Milan, who introduced him to the Diana family. Through its subsidiary, ISVEIMER, Banco di Napoli was the biggest creditor of Magic Candy.

Sordi (interrogatorio, July 22, 2004) also met the Diana family with Borghi shortly after:

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<sup>273</sup> In Italian: "imparentata."

<sup>274</sup> Antonio and Nicola Diana here mentioned are Costantino's sons, while the twins Antonio and Nicola Diana, who knew Sordi, Borghi, and Esposito, are Mario's sons. It should also be noted that Giuseppe Diana (Costantino's son, born in San Cipriano d'Aversa in 1957) is not Giuseppe Diana (born in Casal Di Principe in 1959), who is involved in the Lazio Calcio scandal (alleged attempt of the Casalesi to buy an important Italian football club), as a leaflet by Progetto Sherwood (2008) erroneously suggests. See also Pinelli (2006). This reconstruction had been possible crossing information from Antonello Ardituro (personal communication, 2009), Rosaria Capacchione (personal communication, 2009 & 2010), and documents of the chamber of commerce.

<sup>275</sup> See also reference to Diana Veicoli Industriali, a Casapesenna-based company with a local branch in Latina, Lazio (Corte di Assise, Santa Maria Capua Vetere, 2008: 19). The company was run by Costantino Diana and his son Ernesto.

<sup>276</sup> Silvano Sordi (interrogatorio, July 22, 2004) and Antonio Diana (interview, 2009) confirmed the circumstance. According to a report of the Guardia di Finanza of Asti (Aug. 11, 2004, p. 10), Mascioni named by Borghi and Sordi is Giancarlo Mascioni (b. 1943). One of Giancarlo Mascioni's relatives, Simone Mascioni, was a business partner of Armando Diana in DI.MAS Srl, a company located in Ancona and started in 1993. DI.MAS. is specialized in wholesale trade of soaps, detergents and cleaning products. According to Antonio Diana (interview, 2009), Giancarlo Mascioni and Armando Diana knew each other because Mascioni had been director of the branch of Caserta before he was sent to Milan.

I met Armando Diana for the first time during a meeting at the Capodichino [International] Airport in Naples. Armando Diana was waiting for me and Borghi in the airport to take us to the factory in Caivano. He came [to pick us up] with a Mercedes 500. [...] We went to the factory to show it to Diana, in case he was interested in buying company's shares. Borghi and Diana already knew each other. I think they have already met in the Marciani's office<sup>277</sup>, since I knew that every week Diana went to Milan. Later on, I met other members of the Diana family, the twins Nicola and Antonio, both in the office of their hauling company and in the factory in Caivano. Borghi told me that I had to leave the Dianas in charge of all the transports related to the factory in Caivano. Some suppliers told me that the twins' father had been killed as a result of a "settling of scores"<sup>278</sup>. I knew that the Dianas had a company in Caserta that specialized in plant maintenance<sup>279</sup>. Among their clients, I remember the Montefibre in Milan.

Montefibre reminds of Mario Diana's death, the Casalesi, Milan. And Dario Baldovino, the right-hand man of Warner Lambert in Italy, the man who facilitated Borghi's operations, according to Sordi, in exchange for 400 million lire.

"I met again Baldovino together with the Dianas," Sordi (interrogatorio, July 27, 2004) said. "Baldovino knew the Dianas because he had been the personnel manager of Montefibre in Caserta with which the Dianas had [business] relationships."

Borghi, Mascioni and the Dianas met several times. Sordi proposed to involve Esposito as well. Esposito reached an agreement with Antonio Diana, one of the twins.

Esposito (interrogatorio, July 16, 2004) met the Dianas in their office in Casapesenna:

I knew that the Dianas had a waste recycling firm and a commercial cleaning company that worked for the Montefibre in Acerra. It was Silvano Sordi who accompanied me to their office. Sordi showed great familiarity with the Dianas. They managed all the transportation services for Borghi's companies. [...] A few minutes after I met Antonio Diana, his uncle Armando entered [the room]. I learned who "they were" when I already entered into a business partnership with them. The director of Credito Italiano<sup>280</sup> informed me that he couldn't grant me any credit because the Dianas were my partners and they were much rumored<sup>281</sup> about.

The Dianas were not just "rumored about." In September 1996, the prosecutor office in Varese received an anonymous complaint that revealed that Banco di Napoli – branch of Milan – had opened lines of credits<sup>282</sup> for several billions of lire in favor of Borghi, but Borghi had not

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<sup>277</sup> It wasn't possible to identify who Marciani was by the time of press.

<sup>278</sup> In Italian: "regolamento di conti."

<sup>279</sup> In Italian: "manutenzione di impianti."

<sup>280</sup> Credito Italiano (or Credit) was one of the three Banche di Interesse Nazionale (Banks of National Interest, BIN) controlled by IRI. The other BINs were Banco di Roma and Banca Commerciale Italiana.

<sup>281</sup> In Italian: "chiacchierati."

<sup>282</sup> In Italian: "affidamento bancario."

given any guarantee to the bank. The complaint also denounced the relationships between Borghi, Esposito and the Dianas. The DIA of Naples, a law-enforcement agency specially entrusted with fighting mafia-type organized crime, began to investigate<sup>283</sup> (Digos, Questura di Asti, May 8, 2003). The DIA later questioned Borghi about Ala Magic and Magic Candy's operations (Borghi, memoria, 2003, p. 6).

In July 1995, while Judge Franco Imposimato was investigating Costantino Diana in connection with the Rome-Naples TAV affair, Borghi sold 55 percent of Ala Magic to Armando and Antonio Diana.

According to Antonio Diana (interview, 2010), he and his uncle Armando had rejected the offer to buy the factory in Caivano because it was in terrible financial conditions. Antonio Diana argues that Ala Magic had growth prospects.

Once he was sent to run the factory in Ala, Antonio Diana noted an interesting "anomaly":

The CEO [of Ala Magic] was [Claudio] Duranti. He was a former SME manager, and he was also the CEO of IDI, Industria Dolciaria Italiana SpA, a company that produced snacks. IDI was our major client. The supply contract with it covered about 70 percent of the overall production. However, Ala Magic was selling its products to IDI at a price below the cost of production. Borghi had entrusted this person with the management of the company in spite of his manifest conflict of interests. Therefore, I renegotiated the terms of the contract with IDI<sup>284</sup>. [...] In 1994, Ala Magic had a turnover of about 6 billion lire. After I arrived in mid-1995, it increased to more than 10 billion lire.

According to Antonio Diana, Borghi suggested to move Gaetano Tuccillo, plants operation manager in Caivano, to the factory in Ala, because of his experience in the confectionary industry. Esposito (memoria, July 16, 2004) gave a different version to the police: the Dianas were de facto running the factory in Caivano under Borghi's stewardship, and Tuccillo was their man. Silvano Sordi (interrogatorio, July 27, 2004) confirmed that the Dianas developed a close relationship with Tuccillo and added that they gave him a Mercedes as a gift.

Antonio Diana said that he liked his experience in Ala, but a year later lost interest in the company. He welcomed the proposal of Esposito to take over the rest of Borghi's shares in Ala

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<sup>283</sup> Unfortunately, it has not been possible to access the documents related to the DIA investigation by the time of press.

<sup>284</sup> Tuccillo (memoria, 2005) confirmed the circumstance. It also added that Duranti was forced to leave.

Magic and create a stronger group in the confectionary industry. Borghi gave one billion lire “off the books” to Esposito to take his shares in Ala Magic (Sordi, interrogatorio, July 27).

Once Borghi left<sup>285</sup>, the relationship between Esposito and the Dianas soon deteriorated.

Tuccillo was fired and replaced with Pipolo, from Rome. The Dianas wanted to leave the factory. Once, the factory caught fire – there were suspicions that it was an arson (Tuccillo, memoria, 2005).

Sordi acted as a mediator and broke a deal between the parties. Esposito (interrogatorio, July 29) rewarded Sordi with 200 million lire<sup>286</sup>.

In 2000, Sidal, the Esposito-controlled company that had bought the factories in Caivano and Ala, went bankrupt.

Antonietta Guarino, a blue-collar worker and CGIL union representative, worked in Ala Magic/Sidal between 1996 and 1998. She described how the factory was left go adrift: broken machinery, delayed or no payments to the workers, suppliers and clients on a war footing. A shift foreman often arrived drunk at work. There were three workers doing a job that just one person could have done. Some people worked at extremely slow rhythms – the same rhythms as they were working for a state-owned company. But both the management and labor unions refused to tackle the problems.

According to Guarino (interview, 2009), Pipolo, the plant operation manager who had replaced Tuccillo, had fought to save the company, but he didn’t have the necessary support from Esposito.

“Pipolo started working in the factory at 6 a.m. every single day. I worked with him closely and I tell you, he cared about the future of that factory,” Guarino said.

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<sup>285</sup> According to chamber of commerce documents, Magic Candy became Exacta Srl in June 1996, when Borghi and Esposito finalized the deal on Ala Magic. In September 1996, Borghi’s Exacta merged with three Borghi’s companies - D.B.\*Distribuzione bevande; Mec-Magic; and Borghi Srl. DB and Borghi Srl are located in Cantalupa, Turin, at the same address of Borghi Verbania Motori, the same company of the “BTicino affair” in which Sordi was allegedly involved.

<sup>286</sup> According to Sordi (interrogatorio, July 27, 2004), it was 20 million, not 200 million lire.

Guarino left in December 1998. In May 2000, Esposito fired the last few workers (L'Adige, 2000). The factory was later sold to Forneria Trentina<sup>287</sup>.

A year before, the same had happened to the workers in Caivano. Esposito sold the plant to the Colas, a family of Neapolitan entrepreneurs. The new company, Indaco, still employs 40 workers (Esposito, July 21, 2004; Ferri, 2002; Tuccillo, memoria, 2005).

Before going bankrupt, Esposito had to face the ire of the labor unions in Naples. Sordi (interrogatorio, July 27, 2004) met the labor union representatives in the Jolly Hotel in Caserta, who complained about Esposito, but let understand that they could have softened their stance if they had received a “gift.”

According to Sordi, Esposito sent them a chocolate box with 10 million lire inside.

#### **The Alivar affair: side notes**

Vast areas of Borghi and Sordi's relationship with Alivar and multinationals remain unknown or unclear.

According to chamber of commerce documents, Sordi moved his consulting firm, Sordi Relazioni Industriali Srl<sup>288</sup>, from Varese to Novara, in via Andrea Costa 27. Why Novara? It's not clear. But Novara is the city where Alivar and Industria Dolciaria Italiana, Duranti's company, had their headquarters.

The liquidator of Sordi Relazioni Industriali is Luigi Scolari, President of Preston S.A., a Swiss shell company used by Silvano Sordi and José Maria Martinez Tranco to make out false invoices and create slush funds (see Chapter IV).

At the same address of Sordi Relazioni Industriali in Novara, there is also “IRD Srl Industrial Resources Development,” a company that specialized in “corporate restructuring, including merges, joint ventures and divestments.” The CEO is Luigi Scolari; the owners are

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<sup>287</sup> The new company went bankrupt in 2002 (L'Adige, 2002).

<sup>288</sup> Until 1991, it was called “S.A.E.D. S.r.l. Servizi Amministrativi Elaborazione Dati.”

“Euromedifin SA” and Giulio Salvatore Celesti, another character involved in the Newcompel affair. The FME signed a contract with IRD in 1996. According to Martinez (memoria, Jan. 31, 2005b), Sordi is the man behind IRD<sup>289</sup>.

Therefore, it’s certain that Sordi opened offices in Novara after Alivar’s privatization. The question is: why?

Even more interesting, a reliable source said that Sordi was connected to two prominent entrepreneurs and politicians of Varese who were key figures in Tangentopoli: Enrico Broggi and Emanuele Ducrocchi.

Unfortunately, it has not been possible to ascertain what kind of relationship Sordi had with Broggi and Ducrocchi.

Enrico Broggi was a trusted man of the Borghi family. Between the 1960s and the 1970s, Broggi had been secretary of the Varese football club, then one of the best Italian teams, under the presidency of Guido Borghi.

He became the most prominent Christian Democrat in Varese, holding the office of deputy mayor and assessore of public works in Varese from 1985 to 1990. Broggi was also on the board of directors in Agusta, a worldwide known helicopter manufacturer based in the province of Varese.

Once he sensed that the investigators were closing in on him, Broggi escaped abroad and stayed on the lam for two and a half months in 1992. He knew many things, and “some people” advised him not to return. In exchange for his silence, they offered to pay the expenses of his daughters’ school in Geneva. However, he turned himself up to the police. Threatening phone calls from men with a Calabrian accent soon arrived.

Broggi spilled his guts and help the judiciary to convict dozens of corrupted politicians, most of them Socialists and Christian Democrats (Biglia, 1992a; 1992b).

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<sup>289</sup> According to a 2005 report of the Guardia di Finanza, the office of Francesco Sepe is also located at the same address (via Costa 27). Sepe is a professional accountant [*commercialista*] whose telephone number was found in Sordi’s agenda.



It's worth to note that Broggi was also vice president of the consortium for the purification plant of the Varese Lake in 1992. Interestingly, Sordi had plea-bargained a fine of €5,100 for water pollution in 1995 (Pretura Circondariale di Varese, 1995).

According to court documents, a company, Azimut srl, had dumped industrial waste with over-the limit levels of phosphorous and nitrogen in the river Bardello, an effluent of the Varese Lake, between 1991 and 1992. Silvano Sordi and his partners, Antonio Di Bari<sup>290</sup> and Silvana Secchi, owned Azimut.

It was not possible on the basis of the document currently available for research to establish whether Broggi was involved in the Azimut case.

The story of Emanuele Ducrocchi is deeply connected to Alivar.

Emanuele Ducrocchi was the child prodigy of the Italian Socialist Party (PSI). Ducrocchi, born in 1952, entered politics in Varese at 16. They called him “il bambino” (the kid<sup>291</sup>). He made a dazzling career inside the party: provincial secretary of PSI, consigliere comunale in the 1980s, later assessore of commerce and road system in the comune of Varese.

Between 1983 and 1989, Ducrocchi was president of Hockey Varese, a team that won two national championships under his presidency.

Then, Ducrocchi entered the business world as a financier and specialized in company in crisis. In 1987, he bought two important food companies, Maggiore Dolciaria SpA and Maggiore Industrie Alimentari SpA, from Alivar. He paid no more than a few million lire, and Maggiore continued to supply Alivar with marrons glacés and products.

His role of entrepreneur boosted his political career in Milan.

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<sup>290</sup> Di Bari was also investigated in connection with the Newcompel affair, as he received at least 250 million lire for consulting services. According to chamber of commerce documents, Di Bari had also been chairman of the Legnano and Como football clubs. Esposito (interrogatorio, July 21, 2004) told the investigators that Di Bari was a former security guard of the IRE/Whirlpool factory in Cassinetta (Varese) when Sordi still was a labor union leader.

<sup>291</sup> Gian Paolo Zoppini, personal communication, 2009.

Ducrocchi became very close to Bettino Craxi, former Italian Prime Minister, Berlusconi's friend and one of the most powerful Italian politicians until Tangentopoli. Craxi had proposed Ducrocchi as chairman of IBI<sup>292</sup>, a major Italian bank, and then also the Monte di Milano bank. Eventually, Ducrocchi entered the IBI board of auditor and became Treasurer of the PSI in Lombardy (Pasolini & Passalacqua, 1989a; La Repubblica, 1990a; Corriere della Sera, 1992a).

On Dec. 12, 1989, Ducrocchi went to IBI in via Verdi 2, Milan. He asked two bank clerks to give him 20 cashier's checks<sup>293</sup> for a total of 2 billion lire. They gave Ducrocchi what he wanted.

Once Ducrocchi left the bank with his briefcase, he took a train for Zurich. From there, he boarded on a flight bounded for Brazil, and disappeared.

Ducrocchi left behind debts of dozens of billions of lire: bankruptcies, frauds, bouncing checks. He sold the same shares of Maggiora to different purchasers. He stole billions from Alivar and from a French multinational, Midi (La Repubblica, 1990b; Corriere della Sera, 1992a; Tribunale di Latina, 1994).

No doubt, Ducrocchi was an expert in bankruptcy. For a twist of fate, he had graduated with full marks in business and economics from Bocconi University<sup>294</sup> with a thesis about the bankruptcy of the Varese Bank in 1913 (Pasolini & Passalacqua, 1989b).

In the investigation, it emerged that Attilio Capra De Carré had changed most of Ducrocchi's cashier's checks (1.8 billion lire out of 2 billion), which Ducrocchi had fraudulently obtained from IBI (Pasolini & Passalacqua, 1989a). Ducrocchi had also received a 800-million-lire loan from Capra (Tribunale di Latina, 1994).

Capra, a financier from Milan, had been a member of P2, the subversive Masonic Lodge of Licio Gelli<sup>295</sup>. Most important, Sebastiano Sorbello, then investigative judge<sup>296</sup> in Turin, had

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<sup>292</sup> IBI stands for Istituto Bancario Italiano (Italian Bank Institute).

<sup>293</sup> In Italian: "assegni circolari."

<sup>294</sup> Bocconi University, based in Milan, is one of Europe's leading institutions in business and economic education.

<sup>295</sup> About P2 (Propaganda Two) Masonic lodge and Licio Gelli, see Shennan (1982).

accused Capra of being the mastermind behind a corruption scandal related to bribes in exchange for exemption from the draft<sup>297</sup>. Powerful people – among them a general of the Guardia di Finanza – were caught in the inquiry (Martinetti, 1985a, 1985b). Capra was sentenced to 11 months in prison in 1992 (Pietropinto, 1992).

According to chamber of commerce documents, Adelio Grimoldi, the second-in-command in FIOM-Varese under Sordi's leadership, had been a member of the board of directors on Maggiora Dolciaria SpA and Maggiora Industrie Alimentari SpA from 1987 to 1989. Grimoldi, like Ducrocchi, was a member of the Italian Socialist Party.

There is another interesting coincidence. Claudio Duranti, former Alivar, Ala Magic and IDI manager, was also a member of the board of directors.

What Sordi had to do with Ducrocchi is not yet known. For sure, Sordi and Ducrocchi hung around with the same people.

Ducrocchi returned to Italy in 1992, penniless. He told the *Corriere della Sera* (1992a), "I admit I made some mistakes as entrepreneur, but only as an entrepreneur. My political career has no shadows."

The Italian judiciary begged to differ. In 1993, Ducrocchi was arrested in connection with the scandal of the "AEM bribes," one of the most famous political scandals in Milan (Colaprico & Fazzo, 1993a, 1993b; Tribunale di Milano, 1994).

He was sentenced to several years in prison.

Currently, he's on the lam.

It's also worth to note that Ducrocchi's companies were based in Latina and Aprilia<sup>298</sup>, where the presence of the Casalesi is very strong, as endless police reports, court documents and

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<sup>296</sup> In Italian: "giudice istruttore."

<sup>297</sup> In British English: "conscription." In Italian: "leva (militare)."

<sup>298</sup> Latina is a city in central Italy, about 60 km south of Rome. Aprilia is the second largest city in the province of Latina.

journalistic sources confirm. Latina was also at the center of illegal toxic waste disposal scheme run by the Casalesi (Massari & Monzini, 2004; De Arcangelis, 2008b; Ruggiero & Turri, 2010).

Diana Veicoli Industriali, a company of Costantino Diana, had also a local branch in Latina. Luigi Esposito owned factories there. Future journalistic investigations in that direction could yield interesting results.

### **The Diana family: side notes**

About the Diana family, it's important to stress that the family doesn't act unitarily, even if its members share the same blood ties and run, sometimes, the same businesses.

“Antonio and Nicola Diana, Mario Diana's sons, are among the best entrepreneurs in Campania,” anti-mafia prosecutor Antonello Ardituro (personal communication, 2009) said. “They are very different from the old generation, that of Costantino.”

According to wiretapped conversations, the family had heated discussions when some of its members married close relatives of Mario Diana's killers (Corte di Assise, Santa Maria Capua Vetere, 2008: 20-23; 27).

Antonio, Nicola and Teresa Diana sued the killers for damages in criminal court<sup>299</sup>: it would be a common act in the rest of Italy, but it's a unique example in the Casalesi's territory, where omertà, the code of silence<sup>300</sup>, and fear usually guide the actions of the relatives of the victims.

“You can only choose between taking the law into your own hands, or turn to the state to have justice,” said Antonio Diana (interview, 2009). “People usually choose the first option where I live. I've chosen the rule of law.”

Rosaria Capacchione is a court reporter of *Il Mattino*, a Naples-based newspaper. The Casalesi sent her death threats in response to her anticamorra militancy.

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<sup>299</sup> In Italy, it's possible to be a plaintiff in a criminal court. Usually, the precise quantification of the damages is later established in a civil court.

<sup>300</sup> Omertà is “the cultural code that symbolizes, despite its multivocality, the obligation of secrecy [...]. The core of this code consists in the categorical prohibition of cooperation with state authorities or reliance on its services, even when one has been victim of a crime” (Paoli, 2003: 109).

“Antonio and Nicola are good people<sup>301</sup> who live in a difficult land,” Capacchione (personal communication, 2009) said. “They are victims, not accomplices.”

In December 2008, Antonio and Nicola Diana also hired the Michele Noviello, the son of Domenico Noviello, an entrepreneur who was killed a few months before by the Casalesi because he had denounced his extortioners (De Arcangelis, 2008a; Corbo, 2008).

It seems that Dianas’ public stance against the Camorra irritated the Casalesi.

In July 2009, a 40-kilogram bomb of a diameter of 60 centimeters was found in one of the Dianas’ facilities<sup>302</sup>.

Asked if the “warning” could have been connected to their civil action against the killers of his father, Antonio Diana (interview, 2009) said that he didn’t know, but that it didn’t have much importance for him.

“It’s my right to sue in court against the killers of my father. It took three seconds to decide whether to do it or not,” Diana said. “I’ve done it, and I would do it again and again, because it’s my right. I don’t know how to make you understand this.”

Diana asked the interviewer for his address.

“I’ll send you something that it will make you understand,” he said.

A week later, a young reporter received a copy of the Italian constitution in his letter box. It was accompanied by a card: “Sincerely, Antonio Diana.”

The reporter opened it, and started reading. He found the answer in the third article:

All citizens have equal social dignity and are equal before the law, without distinction of sex, race, language, religion, political opinion, personal and social conditions.

It is the duty of the Republic to remove those obstacles of an economic or social nature which constrain the freedom and equality of citizens, thereby impeding the full development of the human person and the effective participation of all workers in the political, economic and social organization of the country.

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<sup>301</sup> In Italian: “persone per bene.”

<sup>302</sup> Antonio Ardituro, personal communication, 2009; Rosaria Capacchione, personal communication, 2009; Antonio Diana, interview, 2009.

La Repubblica journalist Antonio Corbo (2008) wrote that Erreplast, a model waste recycling company owned by the Diana twins, was not involved in any of the waste-related scandal that plagued Campania in the last two decades.

To avoid humiliating compromises and dangerous connections with the Casalesi, the Dianas had bought plastic from Northern Italy rather than from the surrounding areas.

It seems that the Diana twins are doing their best to steer away from the wrong people. However, they were not always successful, according to Vincenzo Palmesano (personal communication, 2009)

Palmesano is an investigative journalist of Pignataro Maggiore<sup>303</sup>, in the province of Caserta. He's known for his exposures on local politicians and the Lubrano-Ligato clan, who would like him buried six feet under (Roberti, 2009; Fantino, 2009).

“Here, in the province of Caserta, it's not all black or white,” Palmesano (personal communication, 2009) said. “There is a huge grey area where people who are against the Camorra do business with people tied to the Camorra. In certain businesses, you think you're walking on solid land, and then you find yourself in the quicksand.”

In 1999, Antonio and Teresa Diana established with other entrepreneurs Piattaforma SpA<sup>304</sup>, a company that would have built two treatment facilities and dumping grounds to dispose industrial and toxic waste in Pignataro Maggiore and Tora e Piccilli<sup>305</sup>. The project received the blessing of Confindustria Campania, Region of Campania, and the ministries of Industry and Environment (Santonastaso, 2000).

However, some of Dianas' business partners were all but “clean.”

For example, Palmesano found that Carriero & Baldi was secretly involved in Piattaforma SpA. Carriero & Baldi is a construction company based in Naples and known for its scandals in

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<sup>303</sup> Pignataro Maggiore is a comune (municipality) located about 40 km north of Naples and 20 km northwest of Caserta.

<sup>304</sup> The Dianas first participated in Piattaforma SpA with CGT, and later with Erreplast (Camera dei Deputati, 2005).

<sup>305</sup> Tora e Piccilli is a comune (municipality) located about 60 km north of Naples and 40 km northwest of Caserta.

Tangentopoli and its connections with the Camorra. In particular, the company had close ties with Fabbrocino clan through Domenico D'Ascoli, also known as "Mimì 'o Jolly" (Cirillo, 1993; Cirillo & Fusani, 1993; Rivera, 2004a).

Another Dianas' partner in Piattaforma SpA, Ecologia Bruscino, had been "interdicted" under suspicion of ties with the Alfieri clan in 2004. In addition, one auditor of Ecologia Bruscino, Dr. Donato Albanese, had solid business ties with the Nuvoletta clan. However, the Consiglio di Stato<sup>306</sup> revoked the interdiction and "acquitted" the company in 2006 (Consiglio di Stato, 2006; Corbo, 2006).

Ecologia Bruscino also emerges in connection with the activity of the mafioso-turned-state-witness Gaetano Vassallo. Vassallo is a Neapolitan entrepreneur who, for 20 years, illegally buried toxic waste from Northern Italy in Naples and Caserta's countryside. According to Vassallo, Ecologia Bruscino brought toxic sludge from Enel powerhouses to his dumping grounds between 1988 and 1992<sup>307</sup> (Chiarello, 2008; Di Feo & Fittipaldi, 2008).

In 2006, Ecologia Bruscino sold its shares in Piattaforma to other companies – among them, Erreone, which is owned by the Diana family.

In Piattaforma SpA there is also Fineco SpA, the holding company of Ercole Marelli Impianti Tecnologici (EMIT). Fineco is controlled by the Colucci and Pisante families, two entrepreneurial dynasties at the center of shady deals, bribery scandals, and troublesome friendships.

For example, Ottavio Pisante was arrested in connection with bribes related to dumping grounds. He rubbed shoulders with General Masla Mohamed Siad, the son of former Somali dictator Siad Barre (Cinquegrani & Pennarola, 2004).

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<sup>306</sup> The Consiglio di Stato (Council of State) is a legal-administrative consultative body and ensures the legality of public administration in Italy.

<sup>307</sup> Interestingly, Vassallo also named many companies from Montecatini Terme, where Guido Borghi has his countryside real estate (Chiarello, 2008; De Arcangelis, 2008b). Montecatini is also a major touristic resort for top-level camorristi, such as Lorenzo Nuvoletta, who owned a stable there (Cervasio, 1990).

In 2004, Palmesano found that Waste Italia SpA (formerly known as Waste Management Italia) was involved in the 560-million-euro Piattaforma SpA deal.

Born as an offshoot of a U.S. giant, Waste Italia has become the most important actor in the Italian waste market. According to Palmesano, Waste Italia funded Forza Italia's victorious election campaign in 2001 with almost a billion lire. Waste Italia also bankrolled Alleanza Nazionale, the party of Minister Matteoli and Giorgio Magliocca, mayor of Pignataro Maggiore. Palmesano wrote that Ettore Luigi Vacchina, an Asti-born engineer who lives in Milan, was the man of Waste Italia in Piattaforma SpA (Rivera, 2004a, 2004b, 2004c).

Professor Paolo Togni, former president of Waste Italia, became head of the ministerial staff<sup>308</sup> of Altero Matteoli, minister of the environment between 2001 and 2006 (second and third Berlusconi's government). Togni was also appointed vice president of Sogin, the state-owned company that runs nuclear power plants in Italy.

Togni – once controlled, then controller – had a glaring conflict of interest that went almost unnoticed in Italy.

In 2007, he was investigated in connection with a bribe scandal involving freemasons in the public administration. The case was dismissed<sup>309</sup> two years later (Fasano, 2007; Massari, 2007; Gazzetta del Mezzogiorno, 2009).

In the land of Camorra, it's hard to steer away from certain people, especially if you work in the waste market.

### **Daylight robbery, part II. Asti, Savona, Cuneo, Varese, Milazzo, Milano and Barcelona**

In 1996, Guido Borghi got rid of the factories in Ala di Trento and Caivano. Now, it was about time to dispose of the rest.

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<sup>308</sup> In Italian: "capo di gabinetto." Paolo Togni is the son of Giuseppe Togni, former Christian Democrat member of parliament and minister.

<sup>309</sup> In Italian: "il caso fu archiviato."



Four years before, Borghi had bought a series of companies in Italy and Spain to create a metalworking group. To carry out such an ambitious operation, he invested the money of Adams' dowry given by Warner Lambert.

Borghi had set his eyes on LAE S.A., Laminados de Aluminio Especiales, a Spanish manufacturer of evaporators for refrigerators.

The company, based in Rubi, Barcelona, was established in 1964<sup>310</sup> by Antoni Forrellad, an entrepreneur deeply connected with the political power in Catalonia. LAE was part of the Forrellad Group, which included "Unidad Hermética" in Sabadell, a major European producer of compressors for refrigerators (Tintoré & Tixis, 1988).

"For 20 years we did well," recalled Gil Fernandez (interview, 2009), a labor union leader. "Negotiations with the management led to satisfactory agreements. We always worked well with the Forellads."

When Forrellad died in 1983 (La Vanguardia, 1983), his family decided not to follow the footsteps of the founder. Swedish giant Electrolux bought Unidad Hermética in 1988 as part of a wider strategy to enter the Spanish market. LAE became more dependent on Electrolux, which dictated prices and decisions.

In December 1991, Hermen Forrellad, Antoni's son, died at 48 (La Vanguardia, 1991). According to Fernandez, Forrellad's widow looked around for entrepreneurs who were willing to take over her husband's companies.

That's when Borghi showed up.

Borghi knew Barcelona's market because his father had opened a small IGNIS factory there in the 1960s – while Forrellad Sr. was establishing Unidad Hermética and LAE (Borghi, sit, 2003b).

Initially, Borghi looked for partners. Sordi introduced Borghi to Luis Solera, but after two months the talks broke down: Solera was cash-strapped.

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<sup>310</sup> Source: European Business Register.

In 1992, Borghi proceeded alone to buy LAE. A few months later, Sordi introduced Martinez, then former general manager of the Corporacion Ibmei, who bought 15 percent of LAE's shares through his company, Bimetales Y Frio S.A.<sup>311</sup> (Borghi, sit, 2003c).

Martinez (memoria, 2005, Feb. 2, 2005) remembered:

In 1992 or 1993, Mr. Silvano Sordi formally introduced me to Dr. [Guido] Borghi in his office in Cassinetta<sup>312</sup>. I had the impression that he was a big industrialist – a wrong impression, because it was his father, not him, who had been the great industrialist of the province of Varese.

Borghi installed Riccardo Cantoni, the former Alivar manager, as CEO of LAE (1992-1996) (De Mas, 2004; Martinez, memoria, 2005, Feb. 2, 2005).

The Spanish company became part of a three-tier system entirely controlled by Borghi.

LAE sold components to Pro-Mec, which assembled and sold them to TDF, which in turn sold the products to Whirlpool and Zanussi, an Italian subsidiary of Electrolux (Borghi, sit, 2003a).

Interestingly, Borghi owned three different companies that sold materials between themselves. Why not merging them together? If Sordi's accusations are true, Borghi set up three different companies to make out false or inflated invoices. The money trickled out in the intercompany operations, the coffers of these companies emptied, and private bank accounts swelled up.

There's more. According to Martinez, LAE paid commissions on sales to Cornwall International Ltd, another Borghi's company. Why not using TDF, which was already specialized in the marketing of LAE products? Former Corporacion Ibmei General Manager Martinez (memoria, Feb. 2, 2005) wrote,

All the payments for Cornwall [International Ltd] were made to the Banque du Caire and to the Corner Bank, in Switzerland. LAE already had a marketing division; therefore those commissions on sales were not necessary. The average quantity of commissions at that time [1994] was about 900,000 pesetas a month.

Once again, Luigi Scolari and the consulting firm IRD – a front for Sordi – showed up.

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<sup>311</sup> Magic Candy (ex Adams), controlled by Borghi, owned 85 percent of LAE's shares.

<sup>312</sup> Cassinetta is a fraction of Biandronno, a small municipality in the province of Varese where Whirlpool Italia (ex Ignis, IRE) is located.

In September 1994, LAE signs a service contract with IRD for a 15-month period. I want to underline that Dr. Borghi and Luigi Scolari signed it. [...] It means that the relationship between Sordi, Preston, Scolari, Guastini etc. dates back to several years ago.

According to union representative Gil Fernandez (interview, 2009), Martinez himself and his collaborators in LAE were not saints:

They stayed there for one or two years. They offered me “things” that I didn’t accept. They made a lot of money... expensive cars ...

Gil Fernandez also had a low opinion about Silvano Sordi:

He wanted to force us to accept an unacceptable rescue plan for the company. I got very angry and I sent him to hell [...] He wasn’t a “clean” person. I don’t like people who push the workers to pressurize the workers, and he tried to force me into signing certain documents. But I’ve never done that.

*[Vivian Shantz]: Did he ask you to sign anything illegal?*

Nothing illegal, but things that went against the workers’ interest. He made me understand that I would have been “well off” if I signed [these documents], and he got mad when I refused. Once, he told me something in Italian when I refused to sign. I didn’t understand his words but I grasped the sense of it. He never asked me to sign anything again. He never showed up alone, but always with a sort of bodyguard. Then, I also started to have people around me when I met with him.

At the same time, Borghi tried to forge a joint-venture with the U.S. colossus General Electric to manufacture thermostats for refrigerators. According to Borghi (sit, 2003a; sit 2003b), the joint venture would have allowed him to shift one hundred workers from Adams (food industry) to the new group, and both companies would have benefited from the operation:

About General Electric, I dealt with Dr. Barbieri<sup>313</sup> of General Electric Italia and later with Ron Samson (head of the components division of General Electric). The contract was signed in Fort Wayne. Unfortunately, General Electric refused to implement the terms of the contract, since it decided to manufacture thermostats through one of its subsidiaries, Procond<sup>314</sup> (Borghi, 2003b).

Borghi (sit, 2003a) said that he and General Electric settled their dispute by arbitration.

Borghi received 2.5 billion lire. Sordi (interrogatorio, July 27, 2004) argued that General Electric’s refusal to implement the contract was a consequence of Borghi’s unwillingness to pay his 50 percent of investments. The Americans smelled a rat and backed down.

In 1996, Cantoni left LAE, and Borghi prepared himself to follow suit. He needed money.

Union representative Gil Fernandez (interview, 2009) remembered:

Borghi ran LAE for three or four years. They told us that Borghi was at the helm of a very important Italian group, which turned out to be false. We came to know that he had big problems – so big that Banco di Napoli

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<sup>313</sup> It has not been possible to identify “Dr. Barbieri” by the thesis deadline.

<sup>314</sup> It’s Procond Elettronica Srl, a subsidiary of GE Power control Srl. It is located in the province of Belluno.

had distrained upon the shares of his group. Borghi married a young American woman when he was already quite old<sup>315</sup>. They wasted a lot of money and I think that he soon went broke.

Borghi's attempt to get rid of his metalworking companies bumped into snags.

According to Borghi (memoria, 2003: 4), one of his consultants, Giulio Salvatore Celesti<sup>316</sup>, told him that Luigi Scolari and Santo Cassani were interested into buying LAE, Pro-Mec and TDF.

Apparently, Scolari and Cassani were acting on behalf of Ferro-Car Company SA, based in Chiasso, Switzerland.

The negotiations seemed to take off. Then, they soon broke down. It's not clear what happened. Both parties accused each other of breach of contract.

Among the bones of contention, there was a "ghost" payment in July 1996 given from Ferro-Car to Celesti, who acted on behalf of Borghi's Magic Candy. Borghi retorted that Celesti didn't receive any payment from Ferro-Car and that, in any case, Celesti wasn't authorized to receive any money on his behalf (Cassani, 1996; Borghi, 1996).

It seemed the Italian remake of *The Sting*, in which everybody tries to deceive everybody else. And Sordi loomed in the distance<sup>317</sup>.

Then, Armando Diana came forward once again. In December 1996, Diana signed a contract with Borghi to buy LAE "for himself or other person."

In 1997, Esposito bought LAE.

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<sup>315</sup> She's most probably Cecile Elisabeth Feitshans, born in 1964 in Burbank, Calif. Feitshans is almost 20 years younger than Guido Borghi. She's also a member of Movie Magic International's board of directors.

<sup>316</sup> Giulio Salvatore Celesti and Euromedifin SA own "IRD Srl Industrial Resources Development," a company that specialized in "corporate restructuring, including merges, joint ventures and divestments." LAE in 1994 and FME in 1996 signed service contracts with IRD. According to Martinez, Sordi is the man behind IRD.

<sup>317</sup> Martinez (memoria, Jan. 31, 2005b) wrote about another murky episode about Sordi also involving Celesti. In June 1996, Sordi had received from FME 40 million lire that he had to give to compensate a worker on behalf of the company. After months of protests, Sordi wrote a check to the worker on Sept. 16, 1996. However, it turned out that the check had been stolen from Giulio Celesti the month before (La Prealpina, 1996), therefore the worker could not cash it in. How did the stolen check end up in Sordi's hands? Martinez noted that Sordi and his girlfriend were living on the same floor of Celesti's office where the check was stolen. In the end, FME wrote another check to the worker but declined to take legal steps against Sordi.

Borghi, Diana, Esposito. The same actors, the same scheme of Caivano and Ala: first Borghi, then Diana, eventually Esposito.

No company survived.

### **GFT and Schlumberger: Newcompel, Mawel and Mira Componenti**

In late 1996, FME dismissed Sordi, as the relationship between him, Solera and Martinez unraveled.

But Sordi had already found who could profit from his consulting abilities.

Sergio Orsucci, a top GFT manager<sup>318</sup>, introduced Sordi to Gabriele Ferrara Pajno, GFT personnel manager, and to the CEO of GFT (Tribunale di Asti, Jan. 7, 2008, p. 60).

Union representative Giorgio Malnati (interview, 2010) said that Orsucci met Sordi in Bassano del Grappa (later B Ticino) in the late 1980s, when Sordi had already resigned from CGIL.

According to the website of a company where Orsucci was logistic manager, “he had worked for 35 years in top managerial roles for the major Italian industrial companies (STM, B Ticino, Gewis, Gruppo GFT, Gruppo Vemer-Siber) in Italy and abroad, where he accumulated experience of turnkey projects<sup>319</sup> and joint ventures<sup>320</sup>.”

On Nov. 8, 1996, Pajno and Sordi signed a contract according to which Sordi would have found a buyer for one of the two factories in San Damiano d’Asti (Gruppo GFT, 1996).

Sordi looked around to recruit people for his most ambitious project: purchasing factories from GFT and Borghi, devouring their resources and ferrying them to bankruptcy.

Gaetano Tuccillo introduced Sergio Riva to Sordi.

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<sup>318</sup> Gabriele Ferrara Pajno said that Orsucci was the GFT director for the men’s clothing division (Tribunale di Asti, Jan. 7, 2008, p. 60), while Sordi said that Orsucci was the GFT industrial operations manager (Sordi, memoria n.2, Aug. 3, 2004).

<sup>319</sup> In Italian: “progetti chiavi in mano.”

<sup>320</sup> Source: [http://www.natural-living.it/chi\\_siamo/chi\\_siamo.htm](http://www.natural-living.it/chi_siamo/chi_siamo.htm), retrieved on March 13, 2010.

Riva was an FME contractor and had allegedly paid a 120-million-lire bribe to Tuccillo plus a 98-million-lire sponsorship to his soccer team. At that time, Tuccillo had just become plant operation manager in FME thanks to Sordi's good offices.

Riva introduced Sordi to Piera Germano, his professional accountant<sup>321</sup>.

A bunch of underlings and figureheads joined Sordi, Esposito, Riva and Germano.

The team was completed.

Piera Germano and a mysterious company, Simon Fiduciaria SpA, bought a shell company called Newco Aviazione. On March 6, 1997, Newco Aviazione changed name to Newcompel. A week later, Newcompel bought the factory in San Damiano from GFT (see chapter IV) (Tribunale di Asti, Jan. 7, 2008, p. 6; Guardia di Finanza – Compagnia di Asti, Feb. 7, 2003, p. 2-3).

In June 1997, Borghi sold TDF and Pro-Mec, along with their factories in Cassinetta, to Newcompel (Vanetti & Germano, 1997; Borghi & Germano, 1997). Sordi (memoria, July 27, 2004) gave Borghi an additional 250 million lire off the books.

At that point, LAE was in Esposito's hands, while Sordi had brought TDF, Pro-Mec and the ex GFT factory in San Damiano d'Asti under the Newcompel umbrella.

It was just the beginning of a flurry of financial operations.

Schlumberger Industries, a U.S.-French multinational company, wanted to get rid of its factories in Milazzo (Messina, Sicily), Trezzano Sul Naviglio (Milan, Lombardy) and Frosinone (Lazio)<sup>322</sup>. These factories, which produced electric meters for ENEL, the major Italian energy provider, entered into a deep crisis in 1997, when ENEL cut its orders of electric meters by half. Almost 500 workers ended in cassaintegrazione (Senato della Repubblica, 1999: 103-104).

It was another golden opportunity for Esposito and Sordi.

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<sup>321</sup> In Italian: "commercialista."

<sup>322</sup> The factories in Milazzo and Trezzano sul Naviglio were owned by an Italian Schlumberger subsidiary, Cogeco Galileo SpA, which later merged with Schlumberger.

According to Fausto Cavallo (personal communication, 2010), Sordi had contacts with Schlumberger managers at least since 1991-1992, when Nuova Ibmei (later FME) offered to hire redundant workers from the Schlumberger factory in Asti. Therefore, it's not surprising that the multinational asked Sordi for his help once again.

At the same time, a deep crisis also gripped Mawel SpA, a company based in Urbe, a small village on the Ligurian Apennines in the province of Savona. Founded in the 1976 by Giuseppe Fiorini, a former blue-collar worker turned entrepreneur, the factory manufactured electric motors for refrigerators and employed up to 200 workers. It served major industries such as Necchi and Zanussi, but cut-throat competition from Eastern Europe threatened the survival of the company.

The only chance to stay afloat was heavy investment in machinery to lower the production cost, according to Sergio Berzigotti (interview, 2009), Fiorini's nephew and Mawel employee. At a certain point, Fiorini was caught in a dilemma: paying either the new machinery or the workers. There was no money to pay both.

"If you didn't pay the machinery, they impounded it," Berzigotti said. "If you didn't pay the workers, they quit. There was no way out of this mess."

Berzigotti said that it was Sergio Riva who introduced Sordi and the others to Fiorini<sup>323</sup>. Riva knew Fiorini because he had previously sold machinery to Mawel. In corroboration of what he said, Berzigotti showed some rusty machines with "Riva" trademark abandoned outside the former factory in Urbe.

In the meantime, GFT still needed Sordi's help.

The San Damiano's factory was just the first step of a wider plan of divestment. The next step was closing down another GFT factory in Racconigi, in the province of Cuneo.

In 1997, Martinez Trancho rebuffed an alleged attempt of extortion from Sordi, Scolari and Guastini (see chapter IV). Sordi demanded Martinez 100 million lire "to forget about me" through a

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<sup>323</sup> Silvano Sordi (memoria, July 27, 2004) confirmed the circumstance.

fax. Among the beneficiaries of the money, there was also Sergio Orsucci, the manager who introduced Sordi to the GFT brass.

Martinez briefed GFT personnel manager Gabriele Ferrara Pajno about Sordi and Orsucci (memoria, Jan. 31, 2005b). However, on Feb. 9, 1998, Pajno and Sordi signed another contract according to which Sordi would have found a buyer for the GFT factory in Racconigi (Gruppo GFT, 1998). Apparently, the GFT management perfectly knew who Sordi was, but they decided to use him in spite of – or because of – his dubious reputation.

The “Racconigi operation” was too important to be picky toward Sordi.

Schlumberger, Mawel and GFT: all needed Sordi’s help. And he repaid their trust with an appropriate response at record time.

In June 1997, Esposito created Mira Componenti Srl. A few months later, Schlumberger sold its factories in Milazzo and Frosinone to Mira Componenti.

In February 1998, Sordi created through Enrico Viarengo, Piera Germano’s son, Mawel Industriale Srl, a miniscule company with a capital of 21 million lire (€10,800). Luciano Sordi, Silvano’s brother, became CEO of Mawel Industriale Srl. A month later, Mawel Industriale Srl bought the factory in Urbe from Mawel SpA and Sergio Riva took over as CEO of the company.

According to Berzigotti (interview, 2009), Sordi and his partners chose the name Mawel Industriale because it resembled the name of the previous company, which had been in business for more than 20 years and had a good reputation.

Berzigotti remembered:

Those people from Mawel Industriale came here and said “We buy everything...” [...] The first thing they did was paying the arrears of salary. We had come to the point that we had three month of arrears of salary. [I thought] “Hey, these people are good.” [...] But the workers didn’t trust them and prefer the cassaintegrazione. Understand? Staying at home, taking two years of salary. [...] “If I leave now,” the [workers] thought, “I don’t lose INPS, severance pay, plus I get two years of salary.” And many people left. With hindsight, they said, “Thanks god, I left before [we went bankrupt].”

Berzigotti didn’t leave.

Sordi gave Fiorini about half a billion lire off the books. In return, Fiorini gave Sordi a Ferrari as a present. Sordi was seen driving his new sports car around San Damiano with Maria



Rosa Franco, a young GFT blue collar worker who had become his secretary and lover (Esposito, interrogatorio, July 16, 2004; Sordi, memoria, Aug. 3, 2004).

In March 1998, Giorgio Padula – the former FME plant operation manager – presented an industrial plan on behalf of Mawel Industriale to Schlumberger managers Piergiorgio Secco and Baerbel Wouters. They approved it and sold the factory in Milan to Mawel.

In June 1998, Mawel Industriale bought the GFT factory in Racconigi (La Stampa, 1998a).

By the end of the year, Sordi controlled Mawel and Newcompel (San Damiano, Cassinetta, Racconigi, Urbe), while Esposito owned LAE (Barcellona), Mira Componenti (Latina, Milazzo), Ala Magic (Ala di Trento), Sidal (Caivano) and many other companies around Italy.

In the meantime, Tuccillo had established himself in FME and controlled the situation there.

The Sordi-Esposito team pulled out of trouble important entrepreneurs or companies such as Guido Borghi, GFT, and Schlumberger.

Very soon, blue-collar workers were put in cassaintegrazione or they received late payments or they were not paid at all.

Once, Sergio Berzigotti, a Mawel employee who had the key of the factory, refused to open the door unless he was paid his arrears first. In San Damiano, people launched a strike.

As the situation worsened, Sordi and Esposito passed the buck to someone else.

They might have been awful entrepreneurs, but they were great actors.

In May 1999, Esposito formally acquired Newcompel. A few days later, Esposito and Sordi participated in a meeting with the local institutions in Asti to discuss the future of the company.

Turning to Sordi, Esposito publicly said scornfully, “For all the damages you caused, you should leave right now!” Sure enough, Sordi stood up from his chair and left (Monticone, personal communication, 2009).

Later on, Esposito told CGIL representative Adriano Rissone that “Sordi was a criminal.” Rissone answered, “If he’s a criminal, why don’t you file a police complaint?” (Rissone, personal communication, 2009).

It was nothing but show, of course: Sordi and Esposito shifted the blame on each other, while they were actually colluded.

In police interrogations and on the stand, Esposito denied that he had any role in Newcompel before he acquired the company in 1999. However, Sordi had told *La Stampa* in 1997 that Esposito was one of the entrepreneurs involved in the company (Gonella, 1997d; Gonella & Orlando, 1997b).

Moreover, Sordi and Esposito kept doing business together at least until 2004, when they were arrested by prosecutor Sorbello. On wiretapped phone calls, Sordi addressed Esposito in third person – a form of respect and courtesy in Italian.

They tried to pull the same trick on Sorbello during their interrogations – unsuccessfully, this time.

## EPILOGUE

Mawel, Newcompel and the other companies kept changing hands. Sergio Riva left Mawel Industriale to Giulio Celesti; Celesti left it to Lothar Reinhold, a mysterious German entrepreneur who lived in Switzerland, spent time in Varese and loved disappearing from time to time to Thailand.

In 2000, Mawel Industriale went bankrupt.

The other companies managed somewhat to stay afloat until the government granted them the cassa integrazione, a special fund to shore up employment. Then, they closed down.

The severance pay (TFR) of the workers vanished.

Social security contributions were never paid.

Machinery “disappeared” from Italy and Spain. As if by magic, it reappeared in China, India, Slovakia and Brazil.

The Sordi-Esposito team retained real estate properties through other companies, such as Rikex, which they secretly controlled through figureheads. In case of bankruptcy, the creditors may not have sought the seizure of the real estate in court.

Blue-collar workers and taxpayers were the great losers in the game.

The workers eventually lost their jobs and, in many cases, their severance pay. The Italian taxpayers saw their money going down in the drain hole: in the best case, they funded bogus attempts of corporate restructuring; in the worst case, the Sordi-Esposito team pocketed the money.

In Italy, Sordi and Esposito carried out their operations without any major opposition.

In Asti, a judicial scandal hit four CGIL labor union leaders, but it seems that representative from other labor unions in town could have been involved. If we are to trust Sordi, labor representatives in Naples were also corrupted. Many blue collar workers in Racconigi and Varese vented their anger at the unions, accusing their representatives of wrongdoings.

In Spain, things went differently. Labor unions and local institutions effectively limited Esposito's predatory aims.

Gil Fernandez, a LAE union representative, rebutted multiple attempts of corruption. He became best known for a fight with Esposito. When it was clear that Esposito wanted to close down the factory rather than selling it to another Spanish entrepreneur, a furious Fernandez threw a folder toward him. In the scuffle, Esposito's toupee fell to the ground.

The Generalitat de Catalunya, the Catalonia's governmental body, did not grant any government fund to Esposito. It was the same plan that was approved in Italy, which envisioned the transfer of all the machinery out of the company in exchange for the promise that it would have been replaced by more modern equipment.

In the end, Esposito tried to lay his hands on the real estate property, but the Spanish labor unions forced him to back off and give the money of the sale to the workers.

The job was lost, but not Spanish citizens' faith in their institutions.

In 2002, chief prosecutor Sorbello began to investigate the FME and Newcompel bankruptcies in Asti. Two years later, he arrested Sordi, Esposito and their accomplices.

It's not known whether Guido Borghi and Armando Diana were investigated in connection with the Magic Candy-Ala Magic affair.

However, the investigation soon focused on former CGIL union leaders Claudio Caron, Adriano Rissone and Fausto Cavallo. In 2005, the investigation expanded, including then CGIL-secretary Antonio Serritella and the entrepreneurs Egidio Di Sora and Antonio Montante.

CGIL-Asti wasn't formally put under the administration commissioner, but the CGIL-Piemonte imposed Marinella Migliorini, a union representative from Casale Monferrato, as the new secretary (Gonella, 2006).

A day after Migliorini's election, Sorbello announced that he was leaving Asti to become vice-commissioner in the anti-counterfeiting high authority in Rome (Miravalle, 2006a).

At the same time, Antonio Montante dropped his bid for Way Assauto. The factory ended in the hands of Diego Robella and Ezio Trincherio, whose bid was strenuously supported by the center-right president of the province of Asti, Roberto Marmo, and UIL.

As Caron's loyalists fell from grace, Alberto Fassio, the Ruscalla family and other prominent entrepreneurs from Asti sensed that the political wind was changing and took the necessary steps to safeguard their interests.

They switched alliances from the left to the center-right coalition, which triumphed over demoralized opponents at the municipal election in 2007 and the provincial election in 2008 with a landslide.

"If we want things to stay as they are, things will have to change," said Prince Tancredi Falconeri said in the famous novel *The Leopard*. That's the way Italian politics work.

The inquiry began to peter out. Way Assauto went bankrupt. The accusations against Egidio Di Sora were dismissed, but Trust was put under an external commissioner shortly after.

Sorbello grudgingly asked for the acquittal of Caron and Rissone. The evidence against Caron and Rissone was, at best, tenuous.

Judge Paolo Gibelli wrote that "the evidence of a political connection [between Caron and Cavallo] is far from becoming evidence of Caron's complicity in a specific crime" (Tribunale di Asti, Apr. 3, 2006, p. 7). About Rissone and Claudia Corradi, Cavallo's wife, Judge Gibelli pointed out that there was no evidence whatsoever.

In December 2007, Fausto Cavallo was sentenced to four and half years in prison in connection to the 60-million-lire extortion at the expense of Tuccillo and the FME managers in 1998, while the accusation related to the "Nuova Ibmei-FME deal" fell under the statute of limitations. In February 2010, Cavallo was acquitted in appeal, but the reasons were not known by the time of press.

In January 2008, Judge Marco Dovesi acquitted Cavallo in connection to the Newcompel affair, in which he had been accused of pocketing 200 million lire: the evidence was not conclusive

in establishing that the money had in Cavallo's rather than Sordi's pockets. In addition, Judge Dovesi argued that even if Cavallo had pocketed money from Sordi, it would have not been an extortion but rather a corruption "between private individuals" with no criminal relevance. Six months later, Cavallo was found guilty in connection to a 40,000-euro extortion at the expense of Egidio Di Sora, while Antonio Serritella was acquitted. The case is currently pending appeal.

In the meantime, Caron and his supporters launched a vigorous counterattack to wrestle control of the Asti's chamber of labor back from Marinella Migliorini. At the end of April 2007, Beppe Lumia, a Sicilian senator close to Montante and known for his antimafia commitment, said that the Procura di Asti had launched a "political" trial against the CGIL-Asti and turned a blind eye to mafia infiltration in Asti, espousing Caron's conspiracy theory. Two months later, the Caron faction sought to force out Migliorini with a vote of no confidence. CGIL-Piemonte responded putting CGIL-Asti under the administration of an external commissioner.

While an all-out fight for political power was raging on, people forgot about Sordi, Esposito and the others.

Among the most important defendants, Silvano Sordi, Gaetano Tuccillo, Luis Gutierrez Solera and José Maria Martinez Tranco plea-bargained less than two years in prison in connection with the FME affair, but the sentence was suspended thanks to favorable Italian laws.

In Varese, Sordi plea-bargained a sentence of 6 months in connection with Mawel case; Luigi Esposito 4 months; Sergio Riva 2 years and 4 months. Giorgio Padula was sentenced to 2 years. Luciano Sordi, Giulio Celesti and Lothar Reinhold are still under trial.

The major debacle for prosecutor Sorbello was the Newcompel case, an offshoot of the investigation that allowed Sorbello to lift the veil on Sordi and Esposito activities.

It was also the case in which the name of Del Turco had emerged.

More important, Sordi's remand in custody found in Emanuele Costa's briefcase referred to the Newcompel case.

But the crimes committed by Luigi Esposito, the Sordi and Romano brothers, Sergio Riva, Piera Germano and others fell under the statute of limitations.

In other words, they got away with it

Surprisingly, Judge Gibelli dismissed the accusation of “association for purposes of committing offences<sup>324</sup>,” a crime that implies the creation of a stable organization for the purpose of committing an indeterminate number of offences.

### **Final remarks**

A blue collar worker wearing a greasy light blue shirt and washed-out field cap opened the door of the factory and looked into 2000 square meters of empty space.

The sign “Mawel Spa” was painted on the wall outside.

It seemed almost unreal that once, in that building nestled in the middle of nowhere, encircled by mountains and connected to the rest of the world by winding roads, 200 workers produced 8,000 motors a day for major multinationals.

Entering the factory where he worked for 20 years, Sergio Berzigotti could see more than empty space.

Here was the Zanussi production line, there was the Necchi. Here that girl fell in love with that man, and they married. That man who worked here was a slacker, the other one who worked there was a great one.

Berzigotti’s voice with a thick Ligurian accent echoed through the building as his finger danced in the air, pointing in every direction.

His visitor strove to imagine how that looked like 10 years before. The coming and going. The bustle. The curses. The laughters.

White hair and beard made Berzigotti look like a grandfather telling a story to his grandson.

The big companies looked for small ones to outsource. Eh, the work was much cheaper, that’s the reason... They take a thousand small companies that strive to squeeze a profit out of it, and then go bankrupt... but they don’t give a damn, they care that the stuff is cheaper. It’s all cost-cutting, but at the same time it’s all a

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<sup>324</sup> In Italian: “associazione a delinquere,” Italian penal code, art. 416.

“mangia-mangia” [*illicit gains*], because all these small companies work on the basis of the bribes they give, understand? It sucks... you journalists, you should write about these things... Yeah, they wanted just to cut costs. At that time, in the 1970s, they did it with us, didn't they? They gave us everything: raw materials, machinery, everything... They spared a lot of money, but we were ok, we couldn't even believe that they were just giving us all that work... Damn, you had the machinery, you could start working right away. [...] And we went on like that. In the end, we weren't enough for them. And they began to outsource to Czechoslovakia, Poland, Hungary that... Ah ah! When Yugoslavia was still united, Yugoslav technicians came here to see how we did our job. They asked, “How can you work so much?” It was all state-owned there, they had different rhythms... Here, you had to produce a certain number of motors every day, otherwise you went bankrupt... And we made it, every day.

Good will, low wages, hard work, even bribes. After the Cold War, it wasn't enough. China, India, Eastern Europe, Brazil offered new opportunities for quick, fat profits.

Of course, blue-collar workers did not take it well. Workers were also voters, and politicians were unwilling to alien such a crucial constituency.

Multinationals looked for alternatives, and people like Sordi and Esposito offered attractive shortcuts. They undertook the dirty job of the divestment of entire sectors of the industry using all their weapons – bribes, deception, frauds.

Gil Fernandez was very explicit about the involvement of Electrolux, the multinational that controlled *de facto* LAE.

Why did Esposito want LAE to go bankrupt at all costs? Why not to sell it to other Spanish entrepreneurs who were interested in it? Why to transfer its machinery to India?

“Esposito was sent to close down the factory,” Fernandez said. “There were other people behind him.”

Sorbello unveiled a similar pattern in the relationship between Corporacion Ibmei/Tecnocom and Nuova Ibmei/FME.

My investigation on Sordi and Esposito is just the tip of the iceberg.

Beneath the surface, we find multinational companies or major businessmen:

- Corporacion Ibmei, now Tecnocom (Nuova Ibmei, FME)
- GFT/Gemina (Newcompel, Mawel, Mira Componenti)
- Schlumberger (Mawel, Mira Componenti)
- SME-Alivar, Warner Lambert (Alipark, later Adams and Magic Candy)



- Nuova Forneria – Barilla and Ferrero (Ala Magic)
- Electrolux (LAE)
- Guido Borghi (TDF, Promec, LAE, Magic Candy, Ala Magic etc.)

Magneti Marelli (Fiat Group) conducted similar operations through Egidio Di Sora in Trust.

Labor unions also played a prominent role. Major economic and political transformations, as described in chapter III, weakened workers' solidarity and made the unions more vulnerable to patronage politics and, consequently, to corruption.

On the basis of the data currently available, I disagree with prosecutor Sorbello when he argues that the unions accelerated the deindustrialization process in Asti, as they extorted money or they used more “aggressive” tactics in demanding bribes.

The investigation's findings in Asti are consistent with similar corruption patterns related to other chambers of labor around Italy, where the most leftist CGIL faction (Essere Sindacato/Lavoro e Società) was not in power. Therefore, what allegedly happened in Asti appears to be the norm rather than the exception.

Moreover, I strongly doubt that Cavallo's money demands should be considered extortions, as Judge Dovesi and Judge Gibelli correctly observed. It seems more probable that Sordi, Esposito and Di Sora offered bribes to the labor unions, rather than suffering extortive demands. If Cavallo really took money, he could have committed crimes much less relevant than extortion.

True, Cavallo was accused of pressuring other entrepreneurs. However, he was never put under trial in connection to such allegations. On the point, there is no solid data but rumors.

I also find unsubstantiated the so-called “conspiracy theory.”

Caron's loyalists leveled accusations against “unnamed” right-wing and center-left politicians, entrepreneurs, journalists and Sorbello, who would have orchestrated a political and judicial attack on Caron, Rissone and Cavallo.

According to the “conspirationists,” all these people would have taken part in a conspiracy to leash the most leftist chamber of union in Italy and limit the influence of the Party of the Italian

Communists on local politics (Bestente, 2004; Bestente et al., 2007). The conspiracy theorists had a field day in April 2007, when Senator Beppe Lumia leveled heavy accusations against the Procura of Asti and played the “Camorra card” – that is, he said that the Casalesi had gained a foothold in Asti.

Such a theory is flawed, to say the least.

First, it ignores the real dynamics behind the so-called “hidden powers,”<sup>325</sup> i.e., the interlocking relationships between government officers, business groups, politicians and Masonic lodges. These composite and sometimes overlapping groups tend to form loose, strategic alliances on merely opportunistic basis rather than pursuing ideological arcane goals. They tend to support whoever is in power and can benefit them, independently from their ideological stance, as Fassio’s “trasformismo”<sup>326</sup> reveals: his political ties range from the Italian Communists’ Party to Forza Italia; his business circle includes a prominent freemason and an important ‘ndranghetista. Caron was an insider, not and outsider in the “system.” Therefore, it’s not clear why the “system” could have an interest in removing him from power. Of course, center-right parties and Caron’s rivals in the center-left coalition tried to capitalize politically on the investigations. For example, Roberto Marmo, president of the province of Asti, and UIL were more poised to destroy their adversary rather than work in the interest of the community. From the beginning, Marmo knew that a Robella-Trincherò stewardship was unlikely to spark a much-hoped-for revival of Way Assauto. Also, it seems that Trincherò (currently under investigation in connection to the Way Assauto affair) gave the investigators information against Montante and Caron<sup>327</sup> in October 2005. But there is no indication whatsoever that he or others orchestrated the scandal.

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<sup>325</sup> The most appropriate Italian term to describe the concept is “poteri forti” (literally “strong powers”), which indicates those interests that are big enough to directly influence the economy, society and government.

<sup>326</sup> “Trasformismo” is the policy of forming opportunistic alliances in order to retain power and weaken the opposition.

<sup>327</sup> It was not possible to obtain a copy of the transcription of Trincherò’s interrogation by the thesis deadline.

Second, the Industrial Union of Asti supported Montante's bid for Way Assauto. In addition, Giuseppe Garrone, who is the director of the Industrial Union and a freemason, gave in court a version that favored – or at least it didn't hurt – Cavallo's defense.

Third, if Sordi had been part of such a conspiracy, why didn't he say that he handed the money directly to Caron? Why didn't Tuccillo and Esposito even mention Caron? Moreover, Esposito told the investigators that Sordi had also corrupted a CISL labor union leader (Renato Monticone) and a UIL labor union leader (Luigi Bonelli). Sordi later denied the circumstance, therefore Monticone and Bonelli were not indicted; however, it's clear that Esposito didn't have any secret agenda against Cavallo or CGIL in particular. In addition, Sordi talked about an alleged episode of corruption involving Neapolitan union leaders who have nothing to do with Caron, Cavallo or their political party.

Fourth, and finally, the Casalesi clan had no interest in opposing Caron, Cavallo and other union representatives, as some conspirationists suggested. It's not even clear whether the Casalesi infiltrated Asti. We know that Tuccillo contracted FME transportations to a haulage company of the Diana family. He also awarded an 800-million-lire contract for the renovation of a new electrical system to a non-identified company in Caserta, a town in Campania, 750 km south of Asti. Maddalena Parena, a former FME employee, pointed out that the operation appeared suspicious: her husband, Marco Rey, who had worked at Ibmei as an engineer, asked only 350 million lire to do the same job. In addition, Tuccillo's soccer team had an outsized budget and sponsorships compared to its real value. But even if the Casalesi were behind these operations, the labor unions in Asti didn't play any role in opposing them. These facts actually emerged because of – not in spite of – Sorbello's investigations. Beppe Lumia, then vice president of the anti-mafia parliamentary commission, didn't confirm his allegations against the Procura of Asti. I tried to contact Lumia for almost a year. After several attempts, I was promised a phone interview in July 2009. However, Lumia's press officers went back on their promise offering no reasonable motivation. They even refused to issue a “no comment.”

If the conspiracy theory is far fetched, it's true that Sorbello made an inexcusable mistake that could have nullified all the trials against Cavallo. Defense attorney Pierpaolo Berardi found that some police interrogatories [*verbali di sommarie informazioni, sit*] relevant to the trials had been filed as “modello 45,” i.e. as information non-related to crimes, which is not available to the defense. Indeed, in those interrogatory there was plenty of information about alleged crimes. Moreover, two entrepreneurs, Fiorenzo Orlandinotti and Gianni Cappellino, gave the investigators information that was highly favorable to Cavallo' defense. The “modello 45” story broke out in the newspapers and cast a shadow on the investigations.

Also, CGIL-Piemonte lacked of transparency, to say the least, during the internal investigation against Cavallo in 1999, when it denied him access to the final report from the disciplinary commission, as I remembered in chapter IV. The document – written by Alfiero Cortesi and Silvia Battaglia – was highly favorable to Cavallo: indeed, CGIL dismissed the case on the basis of that report.

About Cavallo, it should be noted that he didn't convincingly explain why he didn't inform CGIL about Sordi and Di Sora's attempts of corruption. It also remains unclear how Cavallo accumulated real estate properties of considerable value.

The local press focused almost exclusively on the Cavallo-Caron-Rissone branch of the investigation and on its political impact, but almost forgot that Sordi, Esposito and their underlings. They were acquitted from the accusation of “association for purposes of committing offences,” while my research suggests a precise and enduring pattern between the activities of Sordi and Esposito.

Time-pressured journalists and cash-strapped newsrooms tend to focus on single-issues, often narrated in a piecemeal fashion. Moreover, reporters have problems in getting access to court documents even if the investigation ended long before.

However, the FME and Newcompel cases can only be understood if framed in a wider context. We looked at the trees and we missed the forest.

Globalization created opportunities for the predatory takeover of legal institutions of society, such as politics, private enterprise, and the media, by ruthless interest groups. For example, a network of businessmen – ranging from legal actors such as multinationals to white-collar criminals and organized crime – have been able to manipulate the privatization of formerly state-owned businesses in a way that they acquired shares below the market value or obtained factual control over businesses for the purpose of systematically looting company assets.

At least part of these financial operations had been possible thorough connections with the political power. Sordi appears to be at the center of this intricate web of ties. He has connections to the “salotto buono,” an Italian word that indicates exclusive circles; at the same time, he retains direct or indirect ties with the underworld.

Local journalists often feel powerless in covering extensive criminal networks. In my opinion, they shouldn't. Small newspapers can bend together and pool their resources for special projects, such as covering criminal network operating simultaneously in different areas. Internet offers new avenues to share and collect data between reporters.

Citizens need and deserve better information on such issues. Now.

## CAST

**AZCONA, Ladislao.** Spanish TV journalist and entrepreneur. Azcona was vice president of Corporacion Ibmei and replace Solera as president of Tecnoacom in 2005.

**BERLUSCONI, Silvio.** The longest-serving Italian prime minister and media tycoon. Berlusconi's fortunes began in the 1970s in building industry. His ties with Cosa Nostra, the subversive Masonic lodge P2, and former Prime Minister Bettino Craxi gave rise to endless controversy. Former antimafia parliamentary commission president Ottaviano Del Turco publicly defended Berlusconi and chastised the investigations of antimafia judges against him. Berlusconi has been also involved in the SME affair.

**BACCALINI, Andrea.** One of Emanuele Costa's intimate friends. The night before his murder, Costa used Baccalini's office to meet people in order to discuss unprecised financial operations. Baccalini has also ties with Silvano Sordi.

**BAINO, Renzo.** Secretary of UILM-Asti from the end of the 1980s to 1995. He also took part in the Nuova Ibmei-FME negotiations. He was later replaced by Luigi Bonelli.

**BALDOVINO, Dario.** Former personnel manager of Montefibre (Montedison Fibre) in Acerra, where he met the Diana family. In the early 1990s, Baldovino played a key role in Warner Lambert operations in Italy. He was, for a brief period, the CEO of Adams and played a crucial role between Borghi and Warner Lambert about the acquisition of that company. According to Sordi, Borghi paid 400 million lire each to Cantoni and Baldovino because of their crucial role in those negotiations.

**BESCHI, Lucia.** See ANGELO COSTA.

**BINDA, Gabriella.** Emanuele Costa's wife. The couple never formally separated.

**BLANCO, Jesus Martin.** Financial director of Corporacion Ibmei (Madrid) and of Nuova Ibmei (Asti). Gaetano Tuccillo told the investigators that Blanco met Fausto Cavallo and secured his approval for a request for funds to the Italian government (cassa integrazione) through a bribe in 1999-2000.

**BONFANTI, Dante.** See ANGELO COSTA.

**BORGHI, Guido.** The scion of the most important family in Varese. His father, Giovanni Borghi, founded IGNIS, one of the most important European manufacturer of refrigerators. Borghi is a cousin of Fedele Confalonieri, president of Mediaset SpA and Silvio Berlusconi's intimate friend. Borghi developed a close personal and business relationship with Silvano Sordi, his industrial consultant.

**BROGGI, Enrico.** Christian Democrat politician and entrepreneur from Varese. Broggi was close to the Borghi family. Judicial investigations ended his political fortunes in 1992.

**BUCHY, Carole.** One of Emanuele Costa's lovers. In 2001, the couple had a son.

**CANNATÀ, Naomi.** Giuseppe Petralia's girlfriend and key witness in the trial against Isidoro Marai.

**CAGALI, Marco.** Previous offender with ties with the Badalamenti clan, a powerful Cosa Nostra's family. Together with Alberto Schiavone, Cagali managed "Euro.Com srl," a Cremona-based company that was instrumental to the Costa-Petralia-Marai VAT fraud. Cagali also partnered with Emanuele Costa in other illegal businesses.

**CANTONI, Riccardo.** Well-known marketing manager. In the second half of the 1980s, Cantoni became a high-rank manager in the SME Group, where he shot up the ladder: in 1989, he was appointed "procurator" in Alivar; in 1990, he became CEO of Pai; in 1991, he was appointed chairman and CEO of Adams. He developed close ties with Guido Borghi: he was CEO of LAE (1992-1996) and served on the board of directors of Ala Magic.

**CARON, Claudio.** Former CGIL leader and Communist politician. Caron had been secretary of the chamber of labor in Asti and undersecretary of the Ministry of Labor under D'Alema Government (1998-1999). Caron was accused of extortion in the FME affair. He will be later cleared. Caron forged also close relationships with prominent entrepreneurs, such as Alberto Fassio, Antonello Montante and the Ruscalla family.

**CASTANO, Giampiero.** Castano began his career as a FIM-Varese (CISL) union representative. In 1977, Castano the Communist switched to FIOM-Varese (CGIL) where he quickly climbed the hierarchy: FIOM-Varese secretary (1978-1980), FIOM-Lombardia secretary (1986-1993), national FIOM secretary on telecoms (1993-1999). In the 1990s, Castano followed the negotiations with Olivetti, a giant of the Italian telecommunication industry that was going through a major crisis. In 2000, he accepted to become personnel manager of Olivetti Tecnost, the same company he was dealing with as a top union representative until the year before. Currently, Castano works in the Ministry for Economic Development as head of the "company in crisis" department under the fourth Berlusconi government and he faced thorny issues such as the "Alitalia" and the "Eutelia" cases.

**CASTINO, Beppe.** Long-time CISL leader. Castino had been associate secretary of CISL-Asti from 1989 to 2003.

**CAVALLO, Fausto.** Long-time CGIL leader. Cavallo began to work as a blue-collar worker in Way Assauto, the most important factory in Asti, at 16. Since the end of the 1960s, he began an unstoppable career in the CGIL-Asti, where he forged a long-time private and professional relationship with Adriano Rissone and Claudio Caron. Cavallo held almost all the most important offices in the organization. He had been elected twice secretary of the FIOM-Asti (1981-1991) and once secretary of CGIL-Asti (1996-2000). Cavallo underwent an internal CGIL investigation in 1998 for bribes, but he was cleared of the accusations. Accused of extortion by chief prosecutor Sebastiano Sorbello, Cavallo would face three major trials since 2004 (FME, Newcompel, and Trust affairs).

**CELESTI, Giulio Salvatore.** Industrial consultant close to Sordi. Celesti was one of the defendants in the "Mawel case."

**CONFALONIERI, Fedele.** Cousin of Guido Borghi. Confalonieri, president of Mediaset spa, the biggest Italian media company, which is owned by Silvio Berlusconi's family. Confalonieri is one of Berlusconi's oldest and most intimate friends.

**COSTA, Angelo.** Business partner in the Globe srl with Lucia Beschi and Dante Bonfanti. Cortefranca Engineering was also in the middle of a tug-of-war with Globe srl, which had acquired a business division of the company for €400,000. But soon problems had arisen. Angelo Costa (not related to Emanuele Costa), Beschi and Bonfanti had given four checks of €100,000 as a guarantee

of payment to Emanuele Costa. But when the payment had been completed, Emanuele Costa allegedly refused to return the checks. On Oct. 29, 2004, Emanuele Costa had confided to Carole Buchy that four Apulians had beaten him. He had linked the assault to the sale of a business segment of Cortefranca Engineering. Emanuele Costa died two weeks later.

**COSTA, Emanuele.** Shadowy businessman suspected of ties with several mafia-type criminal organization. He owned many businesses – among them, Cortefranca Engineering, a company where Silvano Sordi worked. Costa also had a close business relationship with Tonino Savignano, the head of an Abruzzo-based criminal organization. They went together to Tunisia for unknown business. Costa was killed on Nov. 13, 2004, with his friend Giuseppe Petralia. The briefcase that investigators found on the crime scene contained a remand in custody of Silvano Sordi.

**COSTA, Amalia.** One of Emanuele Costa's daughters and Savignano's lover. She was implicated in the investigation of Savignano's shadowy business. Amalia Costa was also appointed liquidator of the Cortefranca Engineering in 2005.

**D'APOLITO, Giampiero.** An acquaintance of Petralia's family. D'Apolito and Incognito were accused of being Marai's accomplices in Costa and Petralia's murder. They were later acquitted.

**DEL TURCO, Ottaviano.** One of the most powerful politicians in Italy. Luigi Esposito, Sordi's accomplice in fraudulent bankruptcies, had told the investigators that Del Turco was Sordi's political patron. Born in Abruzzo in 1944, Del Turco was CGIL's associate national secretary from 1983 to 1993 – the second-in-command in the most important Italian labor union (La Repubblica, 1993). Shortly after, Del Turco became national secretary of the Italian Socialist Party (PSI) in the aftermath of Tangentopoli and Bettino Craxi's fall. Under Del Turco's watch, the Italian Socialist Party was disbanded in 1994. Del Turco chaired the antimafia parliamentary commission from 1996 to 2000. In 2000, he became Minister of Finance under the D'Amato government. In 2004, Del Turco was elected europarlamentarian; a year later, he became president of his native region, Abruzzo. In 2008, Del Turco was arrested and charged with corruption in connection with a bribery scandal in the Abruzzo's health care system.

**DIANA, Armando.** Entrepreneur from Caserta, brother of Mario and Costantino Diana, uncle of Nicola, Antonio and Teresa Diana. Armando Diana entered a business partnership with Borghi first and with Esposito later in Ala Magic. Giancarlo Mascioni, director of the Banco di Napoli branch in Milan, introduced Diana to Borghi. Armando Diana and his nephew, Antonio, forged a close relationship with Gaetano Tuccillo.

**DIANA, Mario.** Entrepreneur from Caserta. The Casalesi clan killed Diana in 1985 for unknown reasons. According to mafiosi-turned-state-witnesses, Dario De Simone, Giuseppe Quadrano and Antonio Iovine carried out the murder on behalf of Mario Iovine, then second-in-command of the clan.

**DIANA, Costantino.** Entrepreneur from Caserta, brother of Mario and Armando Diana. According to the investigators, Diana maintained a close relationship with the Casalesi. In 1995, he was involved in a wide-range investigation on the Casalesi's attempt to manage the construction of the TAV, Italy's high-speed rail system, between Rome and Naples. A mafioso-turned-state-witness, Carmine Schiavone, accused Costantino Diana of being a member of the clan of Casalesi. Diana is related to Michele Zagaria, now head of the Casalesi, and Antonio Iovine, one of Mario Diana's killers.



**DIANA, Nicola, Antonio, Teresa.** Entrepreneurs from Caserta. They are sons of Mario Diana, who was killed by the Casalesi clan in 1985. They are best known for their anti-camorra stance and their waste-recycling businesses. Antonio also worked in Ala Magic on behalf of his uncle, Armando Diana.

**DILIBERTO, Oliviero.** One of the most famous Italian politician. Current leader of the Italian Communists' party.

**DI BARI, Antonio.** Chairman of Legnano and Como football clubs. His name appears in connection with the Newcompel case. Di Bari is one of Silvano Sordi's longtime friend and business partner. He met Sordi when he worked as a security guard in IRE in the 1980s.

**DI SORA, Egidio.** Entrepreneur from Frosinone. At the beginning of the 1990s, Di Sora bought Trust from Magneti Marelli (Fiat Group). Between 2002 and 2003, Di Sora clashed several times with the unions as he planned to cut jobs and outsource part of the production to other firms. Di Sora accused Cavallo of demanding a €40,000 bribe to "soften" FIOM-Asti's position. In 2004, Di Sora signaled his interest in purchasing Way Assauto.

**DUCROCCHI, Emanuele.** Rising star of the Italian Socialist Party in the 1980s and entrepreneur in Varese. Ducrocchi was best known for his leading role in the bankruptcy of Maggiora, a confectionary manufacturer, and his involvement in the "AEM bribes" trial. Ducrocchi has become a fugitive to avoid serving time in prison.

**DURANTI, Claudio.** Former Alivar manager. Duranti served in the board of directors of Maggiora in the 1980s. He had also been a close business partner of Guido Borghi.

**ESPOSITO, Luigi.** Neapolitan entrepreneur with a three-and-half-million-euro villa in Capri. He is the first person to mention the payment of large sums to the sindacato. Esposito, who graduated in pharmacy, had a vocation for financial alchemies. Almost all his activities ended in bankruptcy. Since the early 1990s, Esposito forged a close business partnership with Sordi.

**FASSIO, Alberto.** Giuseppe Fassio's son. The Fassio family controls wide shares of the real estate market in the province of Asti. Alberto and Giuseppe Fassio are connected to Masonic lodges, political parties and business groups. Alberto Fassio had also been the business partner of a prominent member of 'Ndrangheta. President of the Italian and European champion Callianetto tamburello team, Alberto Fassio was arrested in a 2005 police operation against cocaine consumption.

**FASSIO, Giuseppe.** See FASSIO, Alberto.

**FAVRIN, Roberta.** Reporter for local newspaper La Nuova Provincia. She broke the news of the alleged involvement of Fausto Cavallo in the FME affair.

**GARRONE, Giuseppe.** Freemason and Director of the Unione Industriale di Asti since 1991. Before, Garrone led the negotiations with the labor unions on behalf of the Unione Industriale. Garrone had been accused of perjury because he denied that he knew anything about Cavallo's alleged requests for money.

**GATTI, Ettore Angelo.** RFT personnel manager (1985-2001), had also close ties with labor union leaders: Francesco Villata, Claudio Caron, Fausto Cavallo and Beppe Castino.

**GERMANO, Piera.** Professional accountant in Turin, one of the former CEO of Newcompel and Silvano Sordi's business partner. She was accused of a series of financial crimes in the Newcompel affair.

**GIANTI, Giancarlo.** The top negotiator with the labor unions on behalf of the Unione Industriale between 1993 and 2003. Gianti was one of the main accusers of Cavallo. He also assisted Sordi, Tuccillo and the Spanish management in the several negotiations with the unions. According to Tuccillo, Gianti suggested to pay Cavallo in order to reach a deal on the approval of cassaintegrazione. Gianti denied the circumstance.

**GONELLA, Roberto.** Reporter for national newspaper La Stampa. Gonella covered court proceedings and labor union politics in Asti.

**GRIMOLDI, Adelio.** Labor union leader and member of the Italian Socialist Party. Grimoldi was second in command in FIOM-Varese under Sordi's leadership (1981-1987). Once left the union, Grimoldi served as a member of the board of directors on Maggiora Dolciaria SpA and Maggiora Industrie Alimentari SpA from 1987 to 1989, under Emanuele Ducrocchi.

**GUASTINI, Luciano (Pistoia, 1928 – Monvalle, VA, 2002).** Director of Preston SA, a Swiss shell company used by Silvano Sordi and José Maria Martinez Tranco to make out false invoices and create slush funds. In the 1980s, Guastini was one of FIOM union representatives for IRE (ex IGNIS, later Whirlpool). Later, he became an IRE manager and he introduced Sordi to a group of managers involved in shady dealings, according to Giampiero Castano. Guastini had been reported several times to the police for economic crimes and he maintained a long business relationship with Sordi. Later on, Martinez sued Guastini and Scolari in Switzerland for embezzlement, and Sordi in Italy and Spain for attempted extortion. Guastini and Scolari were found guilty.

**INCOGNITO, Andrea.** Giuseppe Petralia's son in law. Incognito and D'Apolito were accused of being Marai's accomplices in Costa and Petralia's murder. They were later acquitted.

**LENOTTI, Luciano.** CEO of ASP, a public-private company, under Caron's presidency (2004-2008). Working for SKF since 1972, Luciano Lenotti had been RFT's vice general manager (1978-1983), RFT's general manager (1984-1987), SKF Industries vice general manager (1987-1994) and general manager (1994-2000). In 2003, Lenotti became CEO of Stampal, a Turin-based subsidiary company of Euralcom, European leader in the production of aluminium components for the automotive industry. At the same time, Sordi was working at Costa's "Cortefranca Engineering" and told La Prealpina that a deal with Euralcom helped keep his company's operations in Italy.

**MARAI, Isidoro.** Entrepreneur in economic difficulties, Marai asked Giuseppe Petralia and Emanuele Costa for help. Costa, Petralia and Marai concocted a VAT fraud through false or inflated invoices that created a false "credit" in favor of Marai toward the Italian government. Charged with Costa and Petralia's murder, Marai was later acquitted. The trial is pending appeal.

**MARCENARO, Pietro.** Regional secretary of the FIOM-Piemonte and later CGIL-Piemonte during the 1990s. In 2000, Marcenaro became regional secretary of DS (Left Democrats) and regional consigliere. He was elected member of parliament twice: as "deputato" (House representative, 2006) and as senator (2008).

**MARMO, Cono.** FME quality manager and Tuccillo's closest aide. Marmo had been sentenced to 3 years and 5 months for extortions at the expense of an FME contractor.

**MARTINEZ TRANCHO, José Maria.** Former general manager of the Corporacion Ibmei, general director of Zertan (Corporacion Ibmei), CEO of “Nuova Ibmei,” and member of the board of directors of the “FME.” In 1997, Martinez Trancho fell apart with Silvano Sordi and Luis Solera. He accused Sordi of attempted extortion.

**MASCIONI, Giancarlo.** Director of the Banco di Napoli branch in Milan. Mascioni introduced Borghi to the Diana family. Through its subsidiary, ISVEIMER, Banco di Napoli was the biggest creditor of Magic Candy. Mascioni and Armando Diana knew each other because Mascioni had been director of the branch of Caserta before he was sent to Milan. Interestingly, one of Giancarlo Mascioni’s relatives, Simone Mascioni, was a business partner of Armando Diana in DI.MAS Srl, a company located in Ancona.

**MASONI, Pamela.** One of Emanuele Costa’s lovers. She spent the night before the murder with Costa, who had also an affair with her mother, Silvia Senn.

**MASULLO, Stefano.** Founder of the ISFOA “university.” Masullo has close ties with Silvano Sordi.

**MONTANTE, Antonello.** Sicilian entrepreneur and owner of Mediterr Shock Absorber (MSA). Montante developed a close relationship with Claudio Caron. CGIL, the Industrial Union and the Sesta backed his bid to purchase Way Assauto from the U.S. multinational company ArvinMeritor. However, the deal foundered when Montante was accused of false accounting. The charges against him were later dismissed.

**MONTICONE, Renato.** Former labor union leader in CISL-Asti. He had been secretary of FIM-Asti, the metalworker category of the CISL. He also took part in the Nuova Ibmei-FME negotiations. Luigi Esposito accused him of having taken bribes in the “Newcompel affair.” The Procura of Asti dismissed any charge against him.

**ORSUCCI, Sergio.** High-ranking GFT manager. Orsucci introduced Sordi to the GFT brass. He and Sordi first met in Bassani Ticino (later B Ticino) in the late 1980s. Orsucci worked for 35 years in top managerial roles for the major Italian industrial companies (STM, B Ticino, Gewis, Gruppo GFT, Gruppo Vemer-Siber) in Italy and abroad, where he accumulated experience of turnkey projects and joint ventures.

**PAGANO, Gaetano.** Guido Borghi’s business partner and industrial financier closely connected to Marco Tronchetti Provera. Pagano introduced Sordi to Borghi in the 1980s.

**PAJNO, Gabriele Ferrara.** GFT personnel manager. Pajno signed two contracts with Sordi, according to which Sordi committed himself to find a buyer for the GFT factories in San Damiano d’Asti and Racconigi.

**PETRALIA, Giuseppe.** Business partner and intimate friend of Emanuele Costa. Petralia was shot to death with Costa on Nov. 13, 2004, in Arcisate, Varese.

**POLITI, Massimo.** Deputy public prosecutor (Sostituto Procuratore della Repubblica). Politi led Costa and Petralia’s murder investigation.

**PONZONI, Maurizio.** One of Cagali and Costa’s partners in illegal businesses. Cagali and Ponzoni were later arrested in 2006. They were accused of running a criminal organization specializing in trafficking stolen cars from Germany and defrauding leasing and insurance

companies. Ponzoni has also been linked to Vincenzo Rispoli, who has been recently accused of being the head of the 'Ndrangheta's locale in Legnano.

**RISSENE, Adriano.** One of CGIL leaders in Asti, friend and colleague of Claudio Caron and Fausto Cavallo. He had been secretary of FIOM-Asti in the second half of the 1990s. Accused of extortion in the FME trial, Rissone was later acquitted.

**RIVA, Sergio.** A former FME contractor whom Tuccillo introduced to Sordi. Riva played a key role in connection with the Newcompel and Mawel affairs.

**ROVELLO, Giovanna.** Officer of the Ministry of Labor. Rovello was investigated in connection with the "Newcompel affair," but the accusations against her were later dismissed.

**SAVIGNANO, Tonino.** Head of a criminal organization specialized in fraudulent bankruptcy. The Savignano clan, based in Abruzzo, extended its tentacles as far as Lombardy. Savignano had a close business relationship with Emanuele Costa, with whom he went to Tunisia in August and September 2004. According to investigators, Savignano was the lover of Amalia Costa, Emanuele Costa's daughter. Savignano was also investigated in connection with the murder of Costa and Petralia. Savignano's organization was decapitated by the Carabinieri and the Guardia di Finanza in 2006.

**SCHIAVONE, Alberto.** Previous offender connected to Cosa Nostra. Together with Marco Cagali, Schiavone managed "Euro.Com srl," a Cremona-based company that was instrumental to the Costa-Petralia-Marai VAT fraud.

**SCOLARI, Luigi.** President of Preston S.A. a Swiss shell company used by Silvano Sordi and José Maria Martinez Tranco to make out false invoices and create slush funds. Scolari had previous business relationship with Sordi (e.g. Sordi Relazioni Industriali srl, Ferrocar). Later on, Martinez sued Guastini and Scolari in Switzerland for embezzlement, and Sordi in Italy and Spain for attempted extortion. Guastini and Scolari were found guilty.

**SENN, Silvia.** One of Emanuele Costa's lovers. Costa also had a secret affair with Senn's young daughter, Pamela Masoni.

**SOBRINO, Enzo Domenico.** Secretary of CGIL-Asti between 1993 and 1996 for the local majority (national minority) faction "Essere sindacato." Because of his opposition to Cavallo and the Nuova Ibmei-FME deal, Sobrino was not re-elected. He worked in the "Ufficio Vertenze" of CGIL-Piemonte in the second half of the 1990s and was provincial secretary of Communist Refoundation Party in Asti between 1999 and 2003.

**SOLERA, Luis Gutierrez.** President and CEO of IB-Mei Española, which later became Corporacion Ibmei (1987) and Tecnocom (2000). Solera hired Silvano Sordi as his industrial consultant in labor union matters and left him in charge of the Nuova Ibmei-FME management buyout operation in 1994. He resigned as President of Tecnocom in 2005.

**SORBELLO, Sebastiano Antonio.** "Investigative judge" in Turin from 1972 to 1994, chief prosecutor in Asti between 1994 and 2007, vice-commissioner in the anti-counterfeiting high authority between 2007 and 2008. Sorbello is now judge of the Court of Appeals in Rome. In Turin, he investigated the 'Ndrangheta, PCI and Fiat, building a reputation as "maverick." In Asti, he led numerous lines of investigation of "TangentAsti." He investigated the FME, Newcompel and Trust affairs. In 2009, he faced a disciplinary proceeding in the CSM (Superior Council of Judiciary).

**SORDI, Luciano.** One of Silvano Sordi's brothers. He was involved in the Newcompel affair.

**SORDI, Silvano.** Former labor union leader, industrial consultant and white-collar criminal. Sordi had been secretary of the FIOM in Varese from 1981 to 1987, when he was forced to resign for pocketing money from entrepreneurs. According to two witnesses, Sordi enjoyed the political protection of Ottaviano Del Turco. He was also a close consultant of Guido Borghi and planned Borghi's financial operations that led to the purchase, draining and dismissal of several companies of the "SME" group. Sordi masterminded the complex "management buyout" operation on behalf of Corporacion Ibmei in 1995. Two years later, he devised a complex plan for the dismissal of Italian and Spanish factories on behalf of powerful industrial groups, such as Electrolux, Schlumberger and GFT. Sordi started close business relationship with Emanuele Costa, the Diana family, Gaetano Tuccillo, Luigi Esposito, Stefano Masullo. José Maria Martinez Trancho, a former Corporacion Ibmei manager, accused Sordi of attempted extortion.

**TRONCHETTI PROVERA, Marco.** One of the most powerful men in Italy. He is the chairman of the multinational Pirelli and member of the Italian group of the Trilateral Commission, the opaque and powerful organization founded by David Rockefeller in 1973. Between 2001 and 2008, Tronchetti Provera had been chairman of Telecom Italia, the largest Italian telecommunication company, which absorbed Olivetti in 2003. Tronchetti Provera later resigned when he was investigated in connection with "SISMI-Telecom scandal," an illegal domestic surveillance program involving members of the Telecom security and Italian spies.

**TUCCILLO, Gaetano.** Plant operation manager in Magic Candy (Caivano), Ala Magic, FME, Icos Technology. Tuccillo had developed ties with Sordi and the Diana family in the early 1990s. He was accused of extortion at the expense of two entrepreneurs from Asti. He had also been chairman of an Asti-based football team. In Costa's briefcase was also found an undated fax that Tuccillo sent to "Dott. E. Costa, Dott. G. Ossola, Ms. L. Beschi" about Cortefranca Engineering.

**VALENTINO, Walter.** President of the Industrial Union of Asti between 1997 and 2001 and top officer of the same organization in the metalworking sector (1994-1997). Valentino managed Ceset, an important company specialized in electronic appliances, subsidiary of the "Emerson appliance motors Europe" (EAME). Later, Valentino became president of EAME. In 1999, he approved and supported Gianti's initiative to denounce alleged Cavallo's wrongdoings to CGIL-Piemonte.

**VILLATA, Francesco.** Former CGIL labor union leader. He led the FIOM-Asti in 2001. While Villata was in the same faction of Fausto Cavallo ("Essere sindacato"), he openly opposed him. Villata had also a longtime friendship with Claudio Caron, but their relationship deteriorated when Villata testified against Cavallo.

**VILLATA, Piero.** General manager of Trust between December 2002 and November 2003. According to the investigators, he paid a €40,000 bribe to Cavallo on behalf of Egidio Di Sora.

## GLOSSARY

**AGCM.** See **AUTORITÀ GARANTE DELLA CONCORRENZA E DEL MERCATO**.

**ALIVAR.** A subholding company of IRI. Alivar was established in 1972 as Alimont (Montedison Alimentari), an assemblage of brands in the food industry. The headquarters were established in Novara, Piedmont. In 1974, Alimont was sold to SME (IRI) and became Alivar SpA. It was completely privatized by 1993.

**ALTERNATIVA SINDACALE.** See **ESSERE SINDACATO**.

**ASSESSORE.** In an Italian comune (municipality), an “assessore” is a member of the “Giunta Comunale,” the executive body appointed by the “sindaco” (mayor).

**AUTORITÀ GARANTE DELLA CONCORRENZA E DEL MERCATO (AGCM)** (**Guarantor Authority for Competition and Market**). The Italian regulator that enforces both Italian and European consumer protection laws,

**CARABINIERI.** “Arma dei Carabinieri” is an Italian military corps of the gendarmerie type with police functions, which also serves as the Italian military police.

**CAMORRA.** The Neapolitan Mafia.

**CASSA INTEGRAZIONE GUADAGNI (CIG) (Wages guarantee fund).** “A special public fund used to protect workers’ income, financed by companies and the state and administered by the National Institute of Social Insurance (INPS). In cases laid down by law, the Wages Guarantee Fund makes up the pay of employees affected by lay-offs or short-time working, up to 80 per cent. of the lost pay<sup>328</sup>.” In industry, the Fund operates through two forms of intervention: ordinary (CIGO) and special (CIGS). CIGO is granted to weather temporary market crisis. CIGS is granted in other circumstances, such as company restructuring.

**CGIL.** The major Italian labor union. It was founded in 1944. CGIL stands for Confederazione Generale Italiana del Lavoro (Italian General Confederation of Labor). See “sindacato.”

**CHAMBER OF LABOR (“camera del lavoro”).** “The CGIL’s confederate structure at territorial (horizontal) level, incorporating the industrial or category federations at this level. The Camera del lavoro remained with the communist/socialist Cgil after the secessions which began in 1948. The CISL and the UIL formed their own territorial structures”: *Unione sindacale and Camera sindacale* (Bedani, 1995: 335).

**CISL.** One of the three Italian major labor unions. It was founded in 1950. CISL stands for “Italian Confederation of Trade Unions” (*Confederazione Italiana Sindacati Lavoratori*). See “sindacato.”

**COMUNE.** The basic administrative unit of both provinces and regions, and may be approximated in casual speech by the English word “township” or “municipality.”

**COMMUNIST REFOUNDATION PARTY (Partito della Rifondazione Comunista, PRC).** A communist Italian political party. In 1991, when the Italian Communist Party (PCI), led by Achille

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<sup>328</sup> Eurofund online website. Definition retrieved on Feb. 26, 2010 on <http://www.eurofound.europa.eu/emire/ITALY/WAGESGUARANTEEFUNDCIG-IT.htm>

Occhetto, became the Democratic Party of the Left (PDS), dissidents led by Armando Cossutta launched the Communist Refoundation Party. In 1998, a group of dissidents split off and founded a rival communist party, the Party of Italian Communists (Partito dei Comunisti Italiani, PdCI).

**CONFINDUSTRIA.** The Italian employers' federation founded in 1910. Confindustria stands for Confederazione generale dell'industria italiana (General Confederation of Italian Industry).

**CONSIGLIERE (COMUNALE).** In an Italian comune (municipality), a "consigliere" is a member of the "Consiglio comunale," the legislative body.

**COSA NOSTRA.** The Sicilian Mafia.

**DEMOCRATIC PARTY OF THE LEFT (Partito Democratico della Sinistra, PDS).** In 1991, the Italian Communist Party (PCI), led by Achille Occhetto, was disbanded and became the Democratic Party of the Left (PDS). In 1998, PDS and minor political groups founded the Democrats of the Left (DS). In 2007, the bulk of the DS and the centrist Daisy Party merged into the Democratic Party (PD).

**DDA.** See DIREZIONE DISTRETTUALE ANTIMAFIA.

**DIA.** See DIREZIONE INVESTIGATIVA ANTIMAFIA.

**DIREZIONE INVESTIGATIVA ANTIMAFIA (Investigative Antimafia Directorate, DIA).** A law-enforcement agency specially entrusted with fighting organized crime.

**DIREZIONE DISTRETTUALE ANTIMAFIA (District Antimafia Directorate, DDA).** A regional antimafia judicial structure. It was Judge Giovanni Falcone who institutionalized the system of pools of magistrates specialized in the investigation of mafia phenomena.

**DUMPING.** The practice of selling a product at a very low price – either below the price the manufacturer charges in its home market or below its costs of production – in order to drive out competitors.

**ESSERE SINDACATO ("Being labor union").** The left-wing, minoritarian faction in CGIL. In Asti, "Essere sindacato" was the majoritarian faction to whom Fausto Cavallo, Claudio Caron and Adriano Rissone belonged. It later changed name in "Alternativa sindacale" (Labor alternative) and "Lavoro e Società" (Work and Society).

**FIM.** The metalworker category of the CISL. FIM stands for "Italian Metalworkers' Federation" (Federazione Italiana Metalmeccanici).

**FIOM.** The metalworker category of the CGIL. FIOM stands for Federazione Impiegati Operai Metallurgici (Federation of Employee and Metallurgy Workers).

**FIRST REPUBLIC.** The republican government of Italy between the installation of the Republic in 1946 and the end of the almost 50-year long predominance of the Christian Democrats and their allies in the Italian parliament. In 1992, the traditional mass political parties started to crumble as a result of the death of Judge Falcone and Borsellino and the nationwide political scandal known as "Tangentopoli." The birth of the Second Italian Republic is conventionally set in 1994 with the first Berlusconi government.

**GEPI.** A state-owned company specialized in the rescue of companies in economic difficulties. Gepi stands for Società per le Gestioni e Partecipazioni Industriali (Company for State Holdings and Management).

**GUARDIA DI FINANZA.** The Italian financial police. As it retains military status, like the Carabinieri, it is part of the Italian Armed Forces.

**INPS.** The main social security agency of the Italian government. INPS stands for Istituto Nazionale della Previdenza Sociale (National Institute of Social Insurance).

**IRI.** IRI stands for Istituto per la Ricostruzione Industriale (Institute for Industrial Reconstruction). IRI was an organization set up by the Fascist government to rescue companies in crisis. In 1992, it was the seventh largest company in the world with a turnover of \$64 billion, owning business as diverse as the turnpike system, an airline (Alitalia), banks and telecom companies. Former Italian Prime Minister Prodi headed IRI from 1982 to 1989 and from 1993 to 1994. In the 1960s, IRI turned SME (originally an electric energy provider) into its leading company in the Italian food industry. The Italian government closed IRI in 2002.

**ISFOA.** ISFOA stands for Istituto Superiore di Finanza e Organizzazione Aziendale (High Institute of Finance and Business Administration). ISFOA is a bogus university. The Italian antitrust authority fined ISFOA for unfair competition. Stefano Masullo, ISFOA's founder, has close ties with Silvano Sordi.

**ISVEIMER.** ISVEIMER stands for Istituto per lo sviluppo economico dell'Italia Meridionale (Institute for the economic development of southern Italy). It was a corporation formed in 1938 under the auspices of the Italian government with the purpose of promoting economic development in the depressed South. In particular, ISVEIMER was supposed to lend money to small and medium enterprises. The company was controlled by Banco di Napoli. ISVEIMER was a Socialist fiefdom until 1993, when it was turned into an S.p.A. (joint stock private company). In 1996, ISVEIMER was closed amidst debts and political and judicial scandals. One of them was the 450-billion-lire illegal funding to Fininvest, Silvio Berlusconi's financial holding in Milan, in exchange for a four billion lire bribe. According to its statute, ISVEIMER should have not granted credit to companies that were not Southern, such as Fininvest.

**ITALIAN COMMUNIST PARTY (Partito Comunista Italiano, PCI).** An Italian communist party founded in 1921, when Amedeo Bordiga and Antonio Gramsci led a group of dissidents of the Italian Socialist Party to split off. In the 1970s, it was the biggest communist party in Western Europe (more than 34 percent of the votes in 1976). In 1991, the PCI was replaced by the Democratic Party of the Left (PDS), while a group of radicals founded the Communist Refoundation Party (PRC).

**ITALIAN COMMUNISTS' PARTY (Partito dei Comunisti Italiani, PdCI).** A communist Italian political party. It was founded in 1998, when Armando Cossutta encouraged a group of dissidents of the Communist Refoundation Party (PRC) to split off and found a rival communist party. The PdCI joined Massimo D'Alema's government. Its long-time leader is Oliviero Diliberto.

**ITALIAN SOCIALIST PARTY (Partito Socialista Italiano, PSI).** Founded in 1892, PSI was one of the major Italian parties before the rise of fascism. After World War II, it lost ground to the Italian Communist Party, the emergent force of the Italian left. PSI gradually abandoned Marxist ideology and embraced social democratic ideals in the 1980s. From the end of the 1970s to the beginning of 1990s, it was dominated by Bettino Craxi, the first socialist who became Italian prime



minister. Craxi and the party were crushed by the Tangentopoli scandals. Craxi fled to Tunisia to avoid serving time in prison. PSI was disbanded in 1994.

**LAVORO E SOCIETÀ (Work and Society).** See ESSERE SINDACATO.

**LISTA DI MOBILITÀ.** List of workers who are given benefits when they are redundant. The Italian government gives them a redundancy payment. If a company hires one or more of these workers, it may be granted fiscal incentives for the first few years.

**‘NDRANGHETA.** The Calabrian Mafia.

**OPERATION “CLEAN HANDS”.** “Mani pulite” was a nationwide investigation into Italian political corruption. The extension of the investigation led to radical restructuring of the political system and to the demise of the Italian First Republic.

**PCI.** See ITALIAN COMMUNIST PARTY.

**PdCI.** See ITALIAN COMMUNISTS’ PARTY.

**PDS.** See DEMOCRATIC PARTY OF THE LEFT.

**POLIZIA STRADALE (“Highway Police”).** A sub-directorate of the Italian State Police (Polizia di Stato), one of the national police forces in Italy.

**PRC.** See COMMUNIST REFOUNDATION PARTY.

**PROCURA DELLA REPUBBLICA.** “Procura della Repubblica” (or “Procura”) is the office of the prosecutor – called in Italy “Procuratore della Repubblica” (or “Procuratore Generale” in an Appeal Court), who is assisted by deputies (sostituti procuratori).

**PSI.** See ITALIAN SOCIALIST PARTY.

**SESTA.** An ad hoc company established by Comune and Province of Asti.

**SINDACATO.** “The Italian word for ‘union.’ The Italian sindacato is used in a number of ways. It can refer to individual unions, e.g. sindacato dei metalmeccanici. It can also be used to denote any component of the workers’ movement, e.g. sindacato cattolico. Finally, it is the word most commonly used to describe the sum total of unions in Italy looked at in their organizational capacity or as a ‘movement’ or ‘force.’ There is no exact equivalent in English which serves all these purposes” (Bedani, 1995: 344).

**TANGENTASTI.** See TANGENTOPOLI.

**TFR.** See TRATTAMENTO DI FINE RAPPORTO.

**TRATTAMENTO DI FINE RAPPORTO (TFR).** A kind of force savings guaranteed by the State. It was established in Italy in 1982 to create a sort of payment deferred in time. There is no direct equivalent in USA employment to TFR; “severance pay” is more or less correct as a translation even if it is not exactly equivalent. It can also be translated as “severance indemnity,” according to the EU Financial Statements scheme<sup>329</sup>.

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<sup>329</sup> www.wordreference.com.

**TANGENTOPOLI (“Bribesville”).** A system of corruption that was so endemic and engrained in the Italian political culture that politicians and entrepreneurs alike had come to see bribing as the norm, almost a “customary duty,” and transparency as the exception. “Tangentopoli” cost Italian taxpayers billions of euros and played a major role in inflating public expenditures and indebting the Italian state up to the neck. In a decade, the Italian debt jumped from 60 to 120 percent of GDP. At the beginning of the 1990s, the judiciary in Milan launched a high-profile investigation, “Operation Clean Hands,” that encouraged other “Procure” [prosecutor’s offices] around Italy to undertake similar investigations. In Asti, the corruption system was rechristened “TangentAsti.”

**UIL.** One of the three major Italian labor unions. Founded in 1950, it represents Socialists, Social democrats, and Republicans. UIL stands for *Unione Italiana del Lavoro* (Italian Labor Union). See “*sindacato*.”

**UILM.** The metalworker category of the UIL. UILM stands for *Unione Italiana Lavoratori Metalmeccanici* (Italian Metalworkers’ Union).

**UNIONE INDUSTRIALE DI ASTI (“Industrial Union of Asti”).** The provincial branch of *Confindustria*, the Italian employers’ federation founded in 1910. The Industrial Union of Asti was established in 1935.

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# ACADEMIC VITA OF RICCARDO GHIA

Name: Riccardo M. Ghia

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## EDUCATION

Major: Print Journalism

Minor: Political Science

Honors: Print Journalism

Thesis Title: Italian White-Collar Crime in the Globalization Era

Thesis Supervisor: Russell Frank

Second Faculty Reader: Russ Eshleman

## WORK EXPERIENCE

**The News (regional daily newspaper)**

PORTSMOUTH (UK)

*Intern reporter*

May 2009 – June 2009

- Brainstormed ideas, researched information, verified facts and wrote stories
- Filmed a video
- Conducted interviews
- Completed news stories on short deadlines
- Wrote short news stories based on wire service information

**The Independent (national daily newspaper)**

LONDON (UK)

*Intern reporter*

June 2008

- Brainstormed ideas, researched information, verified facts and wrote stories
- Conducted interviews
- Wrote short news stories based on wire service information

**Il Corriere dell'Astigiano (weekly newspaper)**

ASTI (ITALY)

*Crime and Court Reporter*

February 2006 – June 2007

- Brainstormed ideas, researched information, verified facts and wrote stories
- Conducted interviews
- Covered press conferences, rallies, committee meetings and public hearings
- Completed news articles on short deadlines

**Il Cittadino (weekly newspaper)**

ASTI (ITALY)

*Editor & Reporter (Music, Crime, Law)*

August 2005 – January 2006

- Assigned articles to reporters and jobs to photographers
- Copy-edited articles
- Brainstormed ideas, researched information, verified facts and wrote stories

- Conducted interviews
- Covered press conferences, rallies, committee meetings and public hearings
- Completed news articles on short deadlines

**No Quarter (monthly magazine)**

ASTI (ITALY)

**Editor**

March 2004 – June 2005

- Assigned articles to reporters and jobs to photographers
- Copy-edited articles
- Conducted staff meetings
- Wrote feature articles on local events, artists and musicians
- Conducted interviews

**LEADERSHIP**

**International Student Council**

UNIVERSITY PARK, PA

**Director of Public Relations**

August 2008 – April 2009

- Produced and distributed of promotional material
- Created database and archive
- Dealt with the press

**No Quarter Association**

ASTI (ITALY)

**Cofounder, President**

September 2003 – September

2005

- Founded an independent monthly music magazine
- Won financial backing from European Union Commission's Youth Programme
- Collaborated with Meeting delle Etichette Indipendenti (MEI), Audiocoop Piemonte, Disma, Stati Generali del Rock - Arezzo Wave Piemonte
- Organized a rock concert for inmates in the Penitentiary of Quarto d'Asti

**AWARDS**

Dean's List (Fall 2007 – present)

Knight Minority School of Communications Scholarship (2008)

Knight Minority School of Communications Scholarship (2009)

National Society of Collegiate Scholars (NSCS) (May 2008 – present)

Honor Society of Phi Kappa Phi (Spring 2009 – present)

**PROFESSIONAL MEMBERSHIPS**

Member of the Italian Order of Journalist (nr. 124725)

**LANGUAGE PROFICIENCY**

Italian, English, French