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11/10/80
17 MAR 1980

GR 390
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 FM ROME 051640Z MAR
 TO PRIORITY FCO
 TELEGRAM NUMBER 199 OF 5TH MARCH
 PRIORITY MAFF ROUTINE UKREP BRUSSELS.

RESIGNATION OF ITALIAN MINISTER OF MERCHANT MARINE AND FISHERIES.

1. SRGNOR FRANCO EVANGELISTI, WHO HAD BEEN MINISTER OF MERCHANT MARINE (WHICH INCLUDES RESPONSIBILITY FOR FISHERIES) SINCE THE FORMATION OF THE COSSIGA GOVERNMENT LAST AUGUST, RESIGNED ON 4 MARCH FOLLOWING HIS INVOLVEMENT IN A SCANDAL ABOUT PAYMENTS RECEIVED FROM THE BANKRUPT CALTAGIRONE CONSTRUCTION COMPANY. EVANGELISTI, WHO IS A CLOSE ASSOCIATE OF ANDREOTTI'S , ADMITTED IN A PRESS INTERVIEW LAST WEEK THAT HE HAD RECEIVED MONEY ILLEGALLY FOR HIS OWN AND HIS ASSOCIATES' ELECTION EXPENSES FROM ONE OF THE CALTAGIRONE BROTHERS WHO RAN THE COMPANY. HE ADDED THAT MANY OTHERS HAD RECEIVED MONEY IN SIMILAR CIRCUMSTANCES.

2. THE CALTAGIRONE BROTHERS HAVE FOR SOME TIME BEEN UNDER INVESTIGATION BY THE MAGISTRATES FOR ALLEGEDLY CORRUPT FINANCIAL DEALINGS. THESE AND OTHER INVESTIGATIONS LED TO THE ARREST ON 4 MARCH OF NO LESS THAN 38 SENIOR BANKERS, FINANCIERS AND BUSINESSMEN , WHO ARE SAID TO HAVE BEEN INVOLVED IN ARRANGING UNAUTHORISED LOANS TO VARIOUS BUSINESSES FROM THE STATE SAVINGS BANK, ITALCASSE. WARRANTS WERE ISSUED FOR THE ARREST OF A FURTHER 11 WHO HAD ALREADY LEFT THE COUNTRY (INCLUDING THE CALTAGIRONE BROTHERS). PUBLIC IMPRESSION OF WIDESPREAD SCANDAL HAS BEEN COMPOUNDED BY SEPARATE BUT COINCIDENTAL REVELATIONS ABOUT BRIBES TO LEADING FOOTBALLERS, INCLUDING SOME OF THE BEST KNOWN PLAYERS IN THE COUNTRY.

3. IT IS NOT YET CLEAR HOW FAR THE ITALCASSE INVESTIGATIONS WILL GO , OR TO WHAT EXTENT ANY LEADING POLITICAL FIGURES MAY BE INVOLVED. IT HAS LONG BEEN ALLEGED THAT ALL THE MAIN PARTIES EXCEPT THE COMMUNISTS RECEIVED ITALCASSE PAYMENTS. THERE IS SPECULATION ABOUT ANDREOTTI'S POSITION, BUT IT IS THOUGHT THAT THE PROMPT RESIGNATION OF HIS RIGHTHAND MAN, EVANGELISTI, WILL BE ENOUGH TO KEEP ANDREOTTI IN THE CLEAR.

14. MEANWHILE,

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4. MEANWHILE, EVANGELISTI HAS BEEN REPLACED AT THE MINISTRY OF MERCHANT MARINE BY ANOTHER MEMBER OF THE ANDREOTTI FACTION OF THE CHRISTIAN DEMOCRAT PARTY, SENATOR NICOLA SIGNORELLO. SIGNORELLO WAS MINISTER OF TOURISM IN 1973/74 BUT HAS SINCE THEN BEEN OUT OF OFFICE.

5. FCO PLEASE PASS ADVANCE COPY TO PS/MAFF

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