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Crimes Against Catholics

Believing Pilla didn't know about a kickback scheme takes a giant leap of faith.

By BILL FROGAMENI; September 6, 2006

"No way would this amount of money have been transferred without [Pilla's] say-so." When Joseph Smith left Cleveland, only to resurface in Columbus, the move had the suspicious air of so many similar reassignments within the Catholic Church. For decades, it has covered up widespread pedophilia among its priests, preferring to transfer them to distant outposts whenever things got too hot.

But this wasn't about molestation. Smith was the chief financial officer of the Cleveland Diocese, the man charged with overseeing the tithing of some 800,000 parishioners. And when he left his post in 2004, it appeared that he hadn't been the best of custodians. Among other things, he was accused of steering \$17.5 million in diocese business to Anton Zgoznic, a former diocese employee who, for roughly two years, worked under Smith in the finance office as an assistant treasurer.

In turn, Zgoznic allegedly funneled \$784,000 to companies owned by Smith under the auspices of "outsourcing" and "consulting."

The feds would later call it a kickback scheme. But despite the revelations, Smith simply reappeared in the same job in the Columbus Diocese.

Why the church would retain a man essentially accused of stealing from little old ladies is anyone's guess. Yet it marks another strange chapter for the Cleveland Diocese, where the behavior of top officials is beginning to look more criminal than ecclesiastical.

Smith and Zgoznic were indicted on August 16; both pleaded not guilty. The church, meanwhile, is painting itself as a "victim," contending that "any suggestion that the Diocese of Cleveland or its leadership approved or knew of the conduct alleged in the indictment at issue is flatly wrong and inaccurate," it said in a prepared statement.

Yet the details don't seem to fit a victim argument. Santiago "Charlie" Feliciano, the diocese's former general counsel, spent 22 years working for the church before stepping down in 2000. He describes former Bishop Anthony Pilla as "a micromanager, especially with money."

And a man obsessed with church funds, Feliciano asserts, would surely be aware of \$17.5 million in expenses. "If Anthony Pilla could have figured out how to sell indulgences, he would have," says Feliciano.

Moreover, the indictment indicates Smith and Zgoznic weren't acting alone. It refers to a special fund created in 1996 by "the then diocesan financial and legal secretary," which paid Smith \$270,000 in unreported income in addition to his regular salary. That secretary was Father John Wright, Smith's boss until he assumed other duties in 2001.

According to Feliciano, who worked directly under Wright, Pilla was the only person Wright answered to. "No way would this amount of money have been transferred without [Pilla's] say-so," he says. "I worked for John Wright, and I can tell you he was scared to tie his shoes without getting permission from Anthony Pilla."

The indictment says Wright authorized the special fund so Smith would "remain [working] at the diocese." But for reasons unknown, the special payments were not formally recorded in the diocese's books, nor were they

reported to the IRS.

Yet Wright is also claiming to be a victim, says his lawyer, Kevin Spellacy. He just won't explain why.

Such claims, however, run contrary to the church's own behavior. If the diocese was preyed upon by deceitful employees, why did it allow Smith's transfer to Columbus? And why is a man accused of stealing its funds still overseeing the contributions of the faithful?

"The absolute imprudence of keeping someone who has been indicted for such substantive amounts of money is beyond me," says Feliciano. "Smith still has a job in Columbus."

To attorney Jay Milano, who's handled sex-abuse claims against the church, the transfer looks strikingly similar to the way the church handled predator priests: Instead of turning them in for prosecution, it did its best to shuttle them from the scene of the crime.

"Mr. Smith was exposed, then left Cleveland to take the same job with the diocese in Columbus," says Milano. "Is it a pattern, coincidental, or merely ironic, that the same thing happened to priests who assaulted children?"

Bishop James Griffin, who led Columbus during Smith's hire, has claimed that Pilla recommended Smith. The Cleveland diocese denies that. Unsurprisingly, neither would discuss the matter with Scene.

Then there's the specter of Pilla's premature resignation. Last spring, as the feds' investigation was heating up, the bishop unexpectedly resigned at age 73 -- two years before the customary retirement age. Perhaps the longtime bishop merely thought his time had come. Perhaps the church, like so many times before, was merely whisking another priest away from the scene of his sins.

"We have to assume the bishop had knowledge of what Father Wright was doing," says Robert Rotatori, Zgoznic's lawyer.

Tom Byrne, a Cleveland representative for Voice of the Faithful, a Catholic reform group, believes the same. He calls the diocese's claims of victimization "public relations working overtime."

Regardless of what ranking clerics knew, there's little chance they'll be making amends in orange jumpsuits. John Siegel, the lead prosecutor in the case, doesn't anticipate further indictments.

Which leaves the faithful to wonder whether their leaders have gotten away with another crime.
