

# ***PREDATOR***

**How an Italian thug looted MGM, brought  
Credit Lyonnais to its knees, and made the Pope cry.**

## **GIANCARLO PARRETTI AND FLORIO FIORINI**

Try to imagine a global empire being constructed by two individuals, one who began his career as a waiter on the Queen Elizabeth, graduated to become a maitre d' in a hotel in the Sicilian city of Siracusa and eventually managed that hotel. Then managed the Siracusa soccer team. Later he formed a chain of newspapers called "Il Diario" in Italy and still later gained control of "Le Matin" a Socialist newspaper in Paris. While he was publisher of "Le Matin" he befriended two brothers, Gianni and Cesare DeMichelis, who were prominent Socialist party activists. This individual who began this miraculous ascendancy was ***Giancarlo Parretti***, a nondescript person who grew up on an olive farm north of Rome.

Now focus your imagination of a second individual. This person has participated in most if not practically every major financial and political scandal in Italy during the past quarter of a century. Having learned his skills and developed his craft by being the protégé of the well known Vatican affiliated Italian bankers Michele Sindona and Roberto Calvi. The deaths of both of these bankers remain mysterious and unsolved. Only recently Roberto Calvi's body was been exhumed in an attempt to determine his cause of death, since he was found hanging from beneath London's Blackfriars Bridge. Although Calvi's corpse was found dangling from a rope with his hands tied behind his back, his death was pronounced a suicide by the coroner.

This second individual who is coming into full view in your mind's imagination is ***Florio Fiorini***, Giancarlo Parretti's partner.

Two other persons who assisted Fiorini and Parretti initially in the developing of their global empire were ***Bettino Craxi***, the former Prime Minister of Italy and Socialist Party chairman and ***Gianni DeMichelis***, the former Italian Foreign Minister.

***The unfolding of their strategy and the construction of their empire developed in this way.***

Their plan was to take over the MGM Studios in California. In order to accomplish this they required hundreds of millions of US dollars and eventually more than 1.3 billion.

***The key players would be:***

Bettino Craxi, former Prime Minister of Italy  
Gianni DeMichelis, the former Italian Foreign Minister  
Georges Vigon, head of European lending for Credit Lyonnais (before retiring)  
Alan Ladd, Jr., movie executive  
Dino De Laurentiis, Italian movie producer  
Frans Afman, head of loans for entertainment at Credit Lyonnais's Dutch branch Bruce McNall, owner of Gladden Entertainment, which made The Fabulous Baker Boys  
Carolco Pictures, which made some of the Rambo movies.

***The developing of their plan and the participation of the key players begins here:***

In the 1980's *George Vigon* created a new division of Credit Lyonnais exclusively for movie loans and appointed *Frans Afman* to head it.

At this time, while Giancarlo Parretti was amassing his fortunes in Europe by gaining control of a big insurance company, a Spanish hotel and a travel company called Melia International and the well known real estate company Renta Immobiliaria, he met Florio Fiorini.

Fiorini already had established his reputation as one of the more powerful money launderers and political bribers in Europe. His contacts were vast and ran the gamut through the highest echelons in European countries where leading powerful leaders could influence decisions of ranking bank officers at Credit Lyonnais.

Credit Lyonnais had been one of the world's largest banks and of maximal prestige and power. In the 1980's Credit Lyonnais was one of the world's leading lenders to the film making industry in Hollywood. At this same time Georges Vigon was promoted to "straighten out" the Dutch branch of Credit Lyonnais Bank Nederland (CLBN) and he immediately appointed Frans Afman to run it. Which he did and he nearly ran it into the ground for around \$775 million.

It is purported that Bruce McNall, who owned Gladden Entertainment, not only paid Afman with cash but he also afforded him and his family the use of a Malibu beach house in the summer months. Afman was also retained by Carolco Pictures as a consultant for \$225,000 per year. He also sat on the boards of several companies that were competing with each other, giving him access to privileged information. Some of his other clients were Dino De Laurentiis, Alexander Salkind and Hemdale Films among others. He was publicly thanked on Oscar Night in 1987 by the producer of Platoon for "having the money in the Philippine jungle when I really needed it".

In mid 1980's Parretti and Fiorini began the organization and formation of a vast number of holding companies. Fiorini's company Sasea, which was eventually destined to control over 300 subsidiaries globally, was combined with and used as an umbrella in other instances with Parretti's holding companies. All of which were eventually controlled by Comfinance Panama, a masked entity created by Parretti.

Parretti and Fiorini were introduced to the movie business in 1986 when Parretti was approached by a Roman Catholic group asking him to become involved with the making of the production Bernadette. The picture was about the life of a peasant girl who saw visions of the Virgin Mary in Lourdes. Bernadette was later sanctified. The distributor of the film was the Cannon Group that was headed by Menahem Golan and Yoram Globus. Sometime later, in 1989, Parretti showed the movie to Pope John Paul II in the Pontiff's private screening room. It is purported that when the movie ended, the Pope had tears running down his cheeks.

Parretti decided he wanted to buy Cannon Group even though they were on the verge of bankruptcy and their debt was just a little under one billion dollars. The duo, Parretti and Fiorini, decided that they were interested in selling some of Cannon's assets and therefore could gain control of its more valuable assets. However, in order to accomplish this they would have to gain the approval of Cannon's principal bank, which was the Dutch branch of Credit Lyonnais.

Frans Afman, who was the principal loan officer, declined to approve the transaction as he clearly stated that their proposition was not bankable. Georges Vigon, who was head of CLBN and who had appointed Afman director of loans for entertainment, did not heed the advice of Afman and approved to turn over control of the Cannon Group to the duo. The bank lent them \$250 million

Parretti, to show his appreciation for the loan, began to shower gifts to Vigon and other CLBN bankers. In 1988 the Dutch Central Bank began to notice the increased loans to Hollywood and to Parretti and Fiorini by CLBN and expressed concern. Vigon immediately countered by approving additional loans to his Hollywood clients.

A strange occurrence evolved. Vigon was promoted to Paris and to head all European lending. At Credit Lyonnais more bankers befriended Parretti. Jean-Jacques Brutschi succeeded Vigon at CLBN, and Jacques Giffault who knew Florio Fiorini from Milan while he was head of the Credit Lyonnais branch replaced Frans Afman.

Vigon became very bold and suggested to Parretti that he should hire his boss, Jean Naville, who was then in charge of Credit Lyonnais lending for Europe, the Middle East and Africa. Naville left the bank and became Parretti's "senior financial consultant". In his new position, Naville began negotiating with his onetime subordinates Vigon, Brutschi and Griffault.

With such a team Credit Lyonnais continued to lend to the Hollywood film industry in an unprecedented fashion. They now began to make loans to previous borrowers who were defaulting on earlier loans. This allowed them to keep their loan payments current, keep the Dutch and French bank regulators satisfied, and simultaneously continue the bribes flowing to Vigon, Brutschi and Griffault.

Parretti moved his operations to Hollywood and continued his lavish life style. The following episodic events are entertaining albeit intertwined with bribes and craftiness.

He immediately acquired Pathe Cinema, the prestigious French motion picture company and changed the name of the Cannon Group to Pathe Communications Corp. He hired Alan Ladd, Jr., who became a member of his board of directors which gave him instant cachet.

At a Christmas party in 1988 where many important dignitaries in Hollywood were invited, Parretti took Menahem Golan, Georges Vigon, Jacques Griffault and Florio Fiorini into his library and presented each of them with a 200,000 shares certificate of stock in 21<sup>st</sup> Century Distribution Corp. which Parretti controlled. He also gave them 200,000 certificates for Class A and B warrants which were convertible under certain conditions into common stock for a total of 600,000 shares. Parretti intimated that the stock might be selling for \$30-40 soon, which suggested a potential value \$18-24 million.

Vigon and Griffault now became two of the largest individual shareholders of 21<sup>st</sup> Century Distribution. Brutschi who was unable to attend the Christmas party was also given the 200,000 shares certificate.

A Short while later Pathe acquired 21<sup>st</sup> Century and now became a client of Credit Lyonnais. Vigon and Griffault began loaning money to Pathe and by the next year CLBN's commitments to Pathe, Parretti, Fiorini and other corporate entities went from \$600 million to more than \$1 billion.

In 1989 Parretti announced each of the following.

Pathe Communications had earned a profit in 1988.

He planned to bail Dino De Laurentiis out of bankruptcy.

He would buy New World Entertainment.

He would take over Kings Road Entertainment.

He planned on purchasing control of Pathe Cinema, would receive investments from British tycoon Robert Maxwell and Italian magnate Silvio Berlusconi, and would triple Pathe Cinema's size and merge it with Pathe Communications.

The following actually occurred.

The De Laurentiis deal fell through.

He was outbid for New World Entertainment and Kings Road Entertainment.

His bid for Pathe was blocked by the French government.

The Dutch Central Bank imposed a lending limit on CLBN of \$200 million per client. The bank had already loaned the Parretti group more than \$900 million. The following scenario elucidates the craftiness and corruptness of the Parretti/Fiorini duo and the influence and bribery in banking.

Pathe Communications was indebted to CLBN for \$184 million.

Parretti and Fiorini used a company called Cinema V which was owned by Silvio Berlusconi, and had been only recently incorporated in the Netherlands, to purchase a group of Pathe's movie theaters in England and Holland for \$184 million.

Pathe took the \$184 million and paid off the Parretti/Fiorini debt at CLBN with the money.

The central bank did not know that Cinema V was a shell company created by Fiorini, but this fact was known by Vigon, Griffault and Brutschi, solely to deceive the Dutch Central Bank.

In effect, CLBN put up the money for Pathe to pay off the debts of Parretti and Fiorini. The central bank never knew that Parretti and his bankers at Credit Lyonnais controlled both ends of the transaction. This was a clever ploy that was successfully implemented and continued to strengthen Parretti's borrowing position.

In 1990, Parretti was enamored with MGM. He fanaticized that MGM was the central pivot on which he could furtherly build his global empire. Kirk Kerkorian, the owner of MGM had sold the rights to the MGM library and the Culver City acreage to Ted Turner in 1986. In 1990 Kerkorian was interested in selling the rest.

Parretti, through his Pathe Communications, offered Kerkorian \$1.25 billion for MGM. Kerkorian accepted gave Parretti and Fiorini four months to come up with the full amount. The agreement was that the duo had to make nonrefundable monthly payments of \$50 million until the deal was completed.

The duo faced that problem of where to come up with the \$1.25 billion since they had already spent much of the \$1 billion-plus that Credit Lyonnais had loaned to them. Steve Ross, chairman of the Time Warner, agreed to advance them \$650 million, but they had to come up with the remaining amount in equity and not debt. Their only salvation was with Jean-Yves Haberer, who was appointed by President Francois Mitterrand as Credit Lyonnais chairman and CEO.

The following sequence of events nearly toppled the duo's attempt to buy MGM.

Steve Ross had taken a Picasso drawing given to him by Parretti. He was told that it had a value of millions. When he turned the drawing over to Time Warner for an appraisal he was told it was a fake. Ross was insulted and withdrew his commitment for \$650 million.

With the Ross commitment gone they felt they needed high level intervention and went to Gianni DeMichelis, the Italian Foreign Minister, who suggested that they go to see Bettino Craxi, the former Prime Minister. At their meeting with Craxi he suggested that they link the MGM deal to a deal that was presently under negotiation between the French and Italian governments. The French wanted the Italians to purchase a new high-speed rail network from manufacturers in France rather than from Germany. During their meeting Craxi then suggested that they return to DeMichelis and ask him to approach Lorenzo Necci, the chairman of the Italian state rail company, and have him condition any agreement with Italy to purchase the high-speed trains be predicated on Credit Lyonnais good treatment of Giancarlo Parretti.

After Parretti's meeting he delivered a 600 million lire (about \$485,000) bearer certificate to the Socialist Party Treasurer, Vincenzo Balsamo, and asked him to remind Craxi of their conversation. Later Parretti met with DeMichelis and asked him to intervene and have the rail project and the MGM project be an even exchange. He then gave a 200 million lire bearer certificate to DeMichelis's secretary.

A little later, the government of Italy picked Credit Lyonnais and Haberer to head up the financing of the train project. Fiorini, in a meeting with Necci, suggested that the duo needed help with Credit Lyonnais. Shortly thereafter, it was learned that instructions to Haberer had been duly carried out.

Parretti and Fiorini visited Vigon and after briefing him of Haberer's compliance were told to meet with Alexis Wolkenstein, Vigon's boss, who was the general manager in charge of Credit Lyonnais's international affairs. Wolkenstein reported directly to Haberer and aspired to succeed him. The duo then arranged a meeting between DeMichelis and Woldenstein.

By October 1990, Parretti and Fiorini had already paid Kerkorian a total of \$353 million and were short more than \$900 million.

Following is the eleventh hour scuffling before MGM was theirs.

After Time Warner withdrew its \$650 million it then reconsidered and agreed to offer \$125 million for some home-video distribution rights to MGM films.

Turner Broadcasting agreed to \$200 million for television rights to 1,000 MGM movies it did not already own.

Fiorini's Swiss holding company, Sasea, faked that they had raised 340 million francs through Sasea debentures on the Geneva Stock Exchange. In an attempt to show public support of Sasea's financial health they contrived fake balance sheets and secretly bought 88% of the bonds itself through a Dutch subsidiary, which indicated public support.

Now that Sasea appeared to be healthy, they began a new scope and sequence of deceptions to convince their bribe-recruited bankers to lend them the rest of the money.

Fininvest, owned by Silvio Berlusconi, would invest \$50 million.

Reteitalia committed \$168 million for pay-per-view rights for MGM material.

Melia and Comfinance, both shells controlled by Parretti, indicated that they would make equity investments in Pathe totaling \$350 million. Because the Dutch Central Bank knew of the financial weaknesses of both Melia and Comfinance, Fiorini interceded and recruited the assistance of Jean-Rene Bickart, a member of the Seneclauze family, who was also the second largest shareholder of Sasea, and one of the oldest clients of Credit Lyonnais. This deception brought in another \$150 million.

Although the staff of CLBN opposed further loans to Parretti, he already had Vigon, Griffault and Brutschi on his payroll. Vigon gave his approval and Parretti and Fiorini closed the MGM deal by borrowing about 76% of the \$1.3 billion from Credit Lyonnais.

On November 1, 1990 the Duo closed and took over MGM. As incredible as it may seem, CLBN lent them another \$97 million early in 1991.

The exposing of the schemes, deceptions and fraudulent maneuverings by Parretti and Fiorini began to unfold through the efforts of one Los Angeles lawyer, Stephen Chrystie. In March 1991 several individuals came forth and complained to Chrystie that collectively they were owed about \$18 million from MGM and MGM refused to pay. Chrystie obtained Parretti's Italian rap sheet and immediately filed a formal complaint against MGM in the U.S. Bankruptcy Court invoking Chapter 7 of the federal bankruptcy code. If this were upheld the complaint would cause \$300 to \$400 million of MGM bonds to come due in 60 days and conceivably transfer control of MGM from Parretti and Fiorini and the Credit Lyonnais bank to an independent bankruptcy examiner. Such an activity would allow the bankruptcy examiner the power and the authority to look behind Credit Lyonnais's banking relationships. Haberer and his two senior deputies, Wolkenstein and Gille, panicked. They concluded almost immediately that Parretti had to go. Although Wolkenstein was more familiar with the Duo, MGM and had met twice with Foreign Minister DeMichelis, Gille was most supportive of Wolkenstein's views and in their minds, Parretti was past tense. They learned almost immediately that Parretti's rap sheet was presented to the French bankers. Auditors were had been studying the many aspects of the final deceptions that eventually put the MGM deal together

and that Parretti had violated U.S. Securities laws. Parretti's lies about the Cinema V transaction were also exposed.

Alan Ladd, Jr. also abandoned Parretti and told Credit Lyonnais that Parretti was a disaster and offered to take command of the company for \$1 million bonus in addition to his \$3.3 million annual salary.

In order to keep MGM out of bankruptcy Gille and Wolkenstein told Parretti that the bank would loan MGM still more money in order to keep it away from an independent examiner. The terms, however, would require Parretti to step down as chief executive of MGM and also to cede his position as head of Pathe Communications. He remained as director of MGM and appointed Cesare DeMichelis, brother of Gianni, as his successor of Pathe.

Credit Lyonnais advanced to MGM an additional \$145 million. Chrystie's clients were satisfied and he dropped his complaint. As security for this loan the bank took voting control of Pathe's MGM stock. On April 15, 1991 the agreement was signed. Parretti, on the day after the agreement took effect, sent a directive to Ladd demanding that he inform him, as MGM's majority owner, of all important decisions and to meet with him weekly. Ladd responded that he was boss and MGM was without effective leadership.

This battle continued for many weeks and on June 14, Parretti called a meeting of the MGM board. He and his cronies passed several resolutions which attempted to put Parretti again at the helm. After the board meeting, Parretti flew to Paris and had an intense meeting with Gille and Wolkenstein. Having no other options the bank seized control of MGM, removed Parretti from the company and began a lawsuit against him in Delaware where MGM is incorporated.

Much speculating and finger pointing surfaced as Haberer blamed Vigon and Vigon took early retirement. Brutschi and Griffault disappeared, the former was reassigned to Southeast Asia. The latter, was just sidelined and never mentioned again.

The bank and Parretti sued each other. The bank and Kerkorian sued each other. The courts determined that the bank was justified in seizing MGM. Parretti was accused by the judge of lying on the witness stand and Parretti accused the bank of suborning perjury by Fiorini.

Some closing comments:

- ◆ Fiorini's company, Sasea, filed for bankruptcy in 1992 as the largest bankruptcy in the history of Europe with Credit Lyonnais as one of its largest creditors.
- ◆ Haberer and Gille were charged with complicity by a Geneva judge.
- ◆ While battling Parretti in court, Credit Lyonnais has put MGM up for sale.
- ◆ Fiorini was jailed in Geneva on bankruptcy fraud.
- ◆ Parretti was arrested in France. He is living with his son in Burbank but confined to the Los Angeles area.

On May 5, the Paris headquarters of Credit Lyonnais was completely gutted by fire. Authorities have found no cause.