

# China + Italy



## Giant Sucking Sound of Chinese Theft

CrowdStrike, the infamous cybersecurity firm embedded in federal agencies, published a surprisingly damning report in October 2019 that exposed a Chinese cyberattack against the U.S. from 2010 to 2015. The report has since been removed<sup>1</sup> from CrowdStrike's website, and a co-founder of the firm left shortly after its release.<sup>2</sup> In short, the Chinese Communist Party (CCP) swiped enough intellectual property to create their own version of Boeing's 737, the crown jewel of America's commercial aviation industry. The report explained—in penetrating detail—the various hacking methods used, including USB data grabs.<sup>3</sup> After decades of state-sponsored espionage, the Chinese state-owned enterprise (SOE) COMAC unveiled the C919 in November 2015. All roads lead to Beijing.<sup>4</sup>



Figure 1 – <https://web.archive.org/web/20210706142512/https://mysecuritymarketplace.com/reports/crowdstrike-intelligence-report/>



Figure 2 – <https://web.archive.org/web/20210706142612/https://www.fromtheskies.it/arriva-il-comac-c919-aereo-di-linea-made-in-china/>

<sup>1</sup> <https://web.archive.org/web/20210709024426/https://www.crowdstrike.com/resources/reports/>

<sup>2</sup> <https://web.archive.org/web/20210115152748/https://www.crn.com/news/security/crowdstrike-co-founder-dmitri-alperovitch-leaves-to-launch-nonprofit>

<sup>3</sup> <https://web.archive.org/web/20210706144527/https://www.zdnet.com/article/building-chinas-comac-c919-airplane-involved-a-lot-of-hacking-report-says/>

<sup>4</sup> [https://web.archive.org/web/20210501083149/https://www.governo.it/sites/governo.it/files/Memorandum\\_Italia-Cina\\_EN.pdf](https://web.archive.org/web/20210501083149/https://www.governo.it/sites/governo.it/files/Memorandum_Italia-Cina_EN.pdf)

## Pomigliano d'Arco

Pomigliano d'Arco (near Naples) is home to Leonardo SpA's premiere aircraft hub, where they've designed, built, and tested parts destined for Boeing aircraft for over a decade.<sup>5</sup> Leonardo boasts that specialized craftsmanship of important parts for the 787 are manufactured here.<sup>6</sup> Coincidentally, Leonardo has also invested millions on engineering activities for the development of a Chinese-Russian joint venture at Pomigliano.<sup>7</sup> The sprawling campus at the base of Mt. Vesuvius is a crown jewel in Italy's military-industrial complex. Politicians from each of the umpteenth parties in Italy make the trek to Pomigliano for tours and staged photos.<sup>8</sup>



Figure 3 – <https://web.archive.org/web/20210706151157/https://www.flickr.com/photos/leonardocompany/33271689418>

<sup>5</sup> [https://web.archive.org/web/20210706151653/https://www.leonardocompany.com/documents/20142/104547/Boeing\\_787\\_programme\\_milestones.pdf?t=1538988233364](https://web.archive.org/web/20210706151653/https://www.leonardocompany.com/documents/20142/104547/Boeing_787_programme_milestones.pdf?t=1538988233364)

<sup>6</sup> <https://web.archive.org/web/20210710200955/https://www.leonardocompany.com/en/news-and-stories-detail/-/detail/boeing-and-alenia-aermacchi-restructured-contract-787-program>

<sup>7</sup> <https://web.archive.org/web/20210120063542/https://www.aeropolis.it/leonardo-luci-e-ombre-dal-palco-di-pomigliano-darco/>

<sup>8</sup> <https://web.archive.org/web/20210706152919/https://www.flickr.com/photos/leonardocompany/46423521444/>

## CrowdStrike

On July 29<sup>th</sup>, 2020, Leonardo announced a collaboration with CrowdStrike to “strengthen the organizations’ security posture.”<sup>9</sup>



Figure 4 – <https://web.archive.org/web/20210103000741/https://www.leonardocompany.com/en/press-release-detail/-/detail/29-09-2020-leonardo-and-crowdstrike-collaborate-to-strengthen-organizations-security-posture>

Russian, Chinese, and U.S. aircraft are all co-located at the Pomigliano d’Arco facility, almost certainly a breach of U.S. export control laws.<sup>10</sup> To make matters worse, another cyberattack—reminiscent of China’s earlier hack—at the *same* facility was announced on December 5<sup>th</sup>, 2020.<sup>11</sup> Despite CrowdStrike’s extensive experience with Chinese aerospace hackers, they apparently failed to uncover the latest attack spanning from 2015 to 2017 that, once again, involved USB data grabs. To add culpability to injury, Leonardo was alerted in 2017 to *an abnormal outflow of data* by built-in cybersecurity safeguards.<sup>12</sup> Said differently, the cyberattack that began in 2015 wasn’t acted upon until 2020, even after Leonardo was *internally* alerted to it. According to the official story, two of the world’s most premier cybersecurity institutions failed to stop highly sensitive data from being stolen even though they had already been tipped off. Leonardo and CrowdStrike were either utterly incompetent or complicit.<sup>13</sup>

<sup>9</sup> <https://web.archive.org/web/20210103000741/https://www.leonardocompany.com/en/press-release-detail/-/detail/29-09-2020-leonardo-and-crowdstrike-collaborate-to-strengthen-organizations-security-posture>

<sup>10</sup> <https://web.archive.org/web/20210628211932/https://www.federalregister.gov/documents/2020/12/23/2020-28052/addition-of-military-end-user-meu-list-to-the-export-administration-regulations-and-addition-of>

<sup>11</sup> <https://web.archive.org/web/20210414165404/https://www.commissariatodips.it/notizie/articolo/attacco-hacker-a-leonardo-spa-due-arresti/index.html>

<sup>12</sup> *Ibid.*

<sup>13</sup> <https://web.archive.org/web/20210108031200/https://brainwavescience.com/stories/december-23-2020-leonardo-hack-targeted-military-plane-details-arrest-warrant-icognative/>

## Cyberattacks and Mont Blanc Pens

In an independent report about the attack, cyber investigators (*not* CrowdStrike) were shocked at how easy it was to uncover the scheme: *Sending data in clear with a simple GET is a major oversight for an actor that, supposedly, wants to remain undetected.*<sup>14</sup>

### Conclusions

As we have just shown, the malware is not particularly sophisticated but it certainly reached its goal. Sending data in clear with a simple *GET* is a major oversight for an actor that, supposedly, wants to remain undetected. The frequent beaconing and the absence of all kinds of hiding/evasion mechanisms (with the exception of a basic sandbox evasion technique) shows either a lack of care, or a lack of structure. One factor that contributed to the success of the attack was that the installation was performed manually, thus not requiring sophisticated evasion techniques. At the same time, the level of security expected from a major defence contractor should have pushed a sophisticated attacker toward a very different *modus operandi*.

In our view the attack has been built opportunistically over time, with incremental enhancements, lacking the structure of a real APT and certainly the sophistication. Unless the attacker could leverage on his position within the company, to make sure he couldn't be detected, we can't see any reason why he was expected to otherwise remain hidden. In this regard, the code changes only show an increase in exfiltration capabilities, while completely neglecting the detection aspect.

Figure 5 – <https://web.archive.org/web/20210630190332/https://reaqta.com/2021/01/fujinama-analysis-leonardo-spa/>



Figure 6 – <https://web.archive.org/web/20210227194016/https://www.elite-network.com/partners/what-is-elite-partnership>

Only one month after this announcement, a *separate* probe was launched into 10 Leonardo employees and a supplier (Trans-Part Srl) for bribery, black funds, fictitious contracts, fake salaries, and more. The total amount that is under investigation exceeds 6 million euros, which was laundered through Google Payments.<sup>15</sup>

Trans-Part was added to Leonardo's *Elite Partnership Program* in 2019 but has supplied them for nearly two decades. The program was ostensibly designed to provide suppliers with greater access to big banks that Leonardo is privileged to use. Two of Trans-Part's top managers were placed under investigation for fictitious contracts, payouts, and money laundering. The laundered money was sent back to Leonardo in exchange for fabricated contracts. The suckling of money from the teat of big banks bought everything from Mont Blanc pens to digital devices for the embezzlers.<sup>16</sup>

<sup>14</sup> <https://web.archive.org/web/20210630190332/https://reaqta.com/2021/01/fujinama-analysis-leonardo-spa/>


<sup>15</sup> <https://web.archive.org/web/20210116191011/https://www.corrierecomunicazioni.it/digital-economy/leonardo-10-indagati-per-tangenti-sotto-inchiesta-due-societa-google/>

<sup>16</sup> <https://web.archive.org/web/20210127195652/https://www.laverita.info/fondi-neri-e-tangenti-indagati-google-e-manager-di-leonardo-2649919069.html>

## Trans-Part Srl

Most of Trans-Part's clients are either a subsidiary of, in a joint venture with, or owned by Leonardo.<sup>17</sup> Through the *Elite Partnership Program*, Trans-Part was able to receive loans from banks with *impeccable*<sup>18</sup> integrity such as HSBC, UniCredit, and UBS.<sup>19</sup>

**Press Release**  
18 February 2019



### ELITE and Leonardo sign the first corporate partnership for the sustainable growth of Leonardo's high-potential suppliers

- ELITE signs an agreement with Leonardo to create the "Leonardo Corporate Lounge"
- First ELITE "Corporate" Lounge in partnership with an industrial company, following the ten banking and advisory Lounges already in operation
- The partnership is designed to support the sustainable growth of the high-potential suppliers that form part of Leonardo's supply chain through the ELITE platform
- ELITE is London Stock Exchange Group's international business support and capital raising platform, dedicated to the most ambitious companies, with a solid business model and a clear growth strategy

ELITE, Borsa Italiana – London Stock Exchange Group's international business support and capital raising platform, announces the signing of an agreement with Leonardo, a global high-tech company and a leader in the aerospace, defence and security sector (AD&S), to support and accelerate the growth process of the most ambitious SMEs in its chain.

It is ELITE's first partnership with an industrial company, and it includes the creation of the "Leonardo Corporate Lounge": a bespoke environment built to meet the needs of Leonardo's supply chain companies through a process designed to support their sustainable growth. Thanks to an integrated collaboration model, ELITE will offer to "Leonardo Corporate Lounge" companies an international programme of training and mentorship to support the managerial, strategic and governance growth of the companies and facilitate their access to funding sources to further boost their growth.



1

Figure 7 – <https://web.archive.org/web/20210706185152/https://www.elite-network.com/news/elite-and-leonardo-sign-the-first-corporate-partnership-for-the-sustainable-growth-of-leonardo-s-high-potential-suppliers>

### TOP CLIENTS

















			
LEONARDO ELICOTTERI	LEONARDO VELIVOLI	LEONARDO AEROSTRUTTURE	LEONARDO SISTEMI AVIONICI E SPAZIALI
			
LEONARDO ELETTRONICA PER LA DIFESA	LEONARDO SISTEMI DI DIFESA	LEONARDO SPAZIO	ALSTOM
			
ANSALDO ENERGIA	HITACHI RAIL	THALES	PIAGGIO AEROSPACE
			
FINCANTIERI	LAER	ELT ELETTRONICA	VITROCISSET

Figure 8 – <https://web.archive.org/web/202107170658/http://www.transpart.it/en/clients.html>

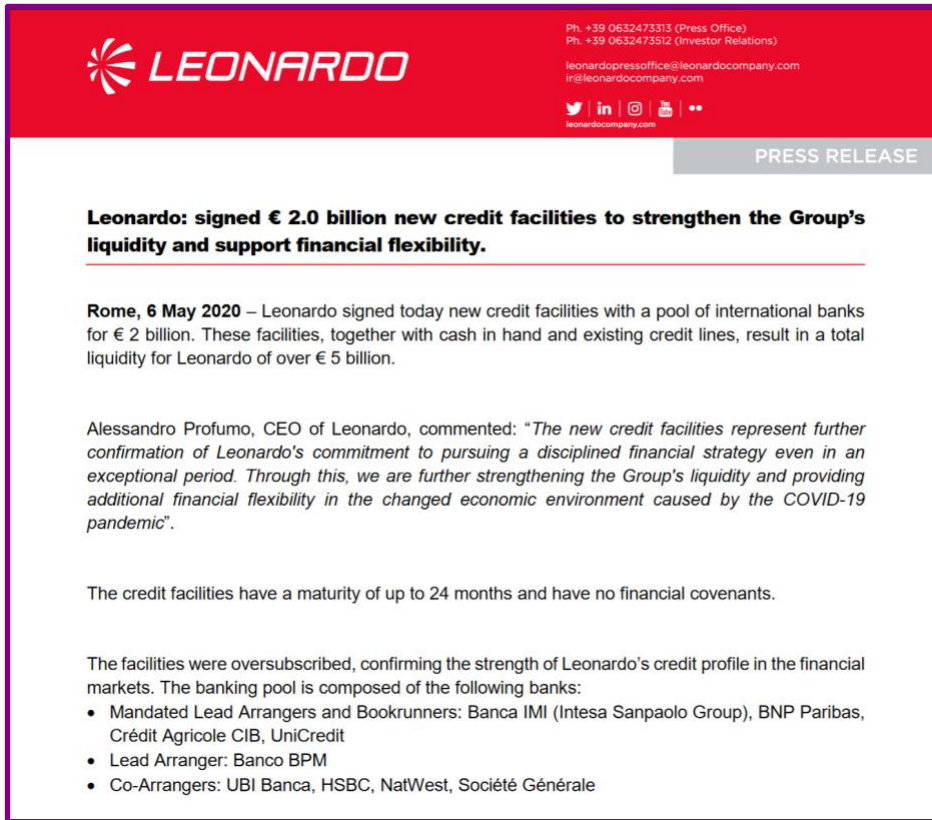
<sup>17</sup> <https://web.archive.org/web/20201027170658/http://www.transpart.it/en/clients.html>

<sup>18</sup> <https://web.archive.org/web/20210620122336/https://www.justice.gov/opa/pr/hsbc-holdings-plc-and-hsbc-bank-usa-na-admit-anti-money-laundering-and-sanctions-violations>

<sup>19</sup> <https://web.archive.org/web/20200813092726/https://www.leonardocompany.com/en/press-release-detail/-/detail/06-05-2020-leonardo-signed-2-0-billion-new-credit-facilities-to-strengthen-the-group-s-liquidity-and-support-financial-flexibility>

## Financial Backers

To help deliver this liquidity, Leonardo conveniently received €2.0 billion in May 2020 from UniCredit and HSBC, among others.<sup>20</sup> Additionally, in the past year, UBS Securities LLC and/or its affiliates received *compensation for ... services other than investment banking services*<sup>21</sup> from Leonardo. *What could those services have been?* One should note that UBS Securities LLC infused \$400 million into Staple Street Capital III, LP (owner of Dominion Voting Systems) just three weeks before the 2020 presidential election.<sup>22</sup> One should *also* note that in 2019 HSBC signed a Security Agreement with Dominion, receiving Dominion’s patents as collateral.<sup>23</sup>



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**PRESS RELEASE**

**Leonardo: signed € 2.0 billion new credit facilities to strengthen the Group's liquidity and support financial flexibility.**

**Rome, 6 May 2020** – Leonardo signed today new credit facilities with a pool of international banks for € 2 billion. These facilities, together with cash in hand and existing credit lines, result in a total liquidity for Leonardo of over € 5 billion.

Alessandro Profumo, CEO of Leonardo, commented: “*The new credit facilities represent further confirmation of Leonardo’s commitment to pursuing a disciplined financial strategy even in an exceptional period. Through this, we are further strengthening the Group’s liquidity and providing additional financial flexibility in the changed economic environment caused by the COVID-19 pandemic*”.

The credit facilities have a maturity of up to 24 months and have no financial covenants.

The facilities were oversubscribed, confirming the strength of Leonardo’s credit profile in the financial markets. The banking pool is composed of the following banks:

- Mandated Lead Arrangers and Bookrunners: Banca IMI (Intesa Sanpaolo Group), BNP Paribas, Crédit Agricole CIB, UniCredit
- Lead Arranger: Banco BPM
- Co-Arrangers: UBI Banca, HSBC, NatWest, Société Générale

Figure 9 – <https://web.archive.org/web/20200813092726/https://www.leonardocompany.com/en/press-release-detail/-/detail/06-05-2020-leonardo-signed-2-0-billion-new-credit-facilities-to-strengthen-the-group-s-liquidity-and-support-financial-flexibility>

**EQ Rating & Price Target Table**

Date	Stock Price (p)	Price Target (p)	Rating
2018-03-23	9.40	10.50	Neutral
2018-12-06	8.28	9.60	Neutral
2019-03-27	10.11	11.00	Neutral
2019-12-09	10.38	12.30	Buy
2020-04-23	6.24	8.00	Buy
2021-03-12	7.43	9.00	Buy

**Disclosures**

- UBS AG London Branch is acting as financial advisor to Leonardo SpA on the acquisition of a minority stake in Hensoldt AG.
- Within the past 12 months, UBS AG, its affiliates or subsidiaries has received compensation for investment banking services from this company/entity or one of its affiliates.
- Within the past 12 months, UBS Securities LLC and/or its affiliates have received compensation for products and services other than investment banking services from this company/entity.
- UBS AG London Branch acts as broker to this company.
- UBS AG London branch or affiliates acts as liquidity provider or market maker in the financial instruments of this company.

Figure 10 – [https://web.archive.org/web/20210706190214/https://research.ibb.ubs.com/openaccess/compliance/103051\\_1\\_new.html](https://web.archive.org/web/20210706190214/https://research.ibb.ubs.com/openaccess/compliance/103051_1_new.html)



Figure 11 – <https://web.archive.org/web/20210706142612/https://www.fromtheskies.it/arriva-il-comac-c919-aereo-di-linea-made-in-china/>

<sup>20</sup> <https://web.archive.org/web/20200813092726/https://www.leonardocompany.com/en/press-release-detail/-/detail/06-05-2020-leonardo-signed-2-0-billion-new-credit-facilities-to-strengthen-the-group-s-liquidity-and-support-financial-flexibility>

<sup>21</sup> [https://web.archive.org/web/20210706190214/https://research.ibb.ubs.com/openaccess/compliance/103051\\_1\\_new.html](https://web.archive.org/web/20210706190214/https://research.ibb.ubs.com/openaccess/compliance/103051_1_new.html)


<sup>22</sup> [https://web.archive.org/web/20210515061820/https://www.sec.gov/Archives/edgar/data/1827586/000182758620000001/xslFormDX01/primary\\_doc.xml](https://web.archive.org/web/20210515061820/https://www.sec.gov/Archives/edgar/data/1827586/000182758620000001/xslFormDX01/primary_doc.xml)

<sup>23</sup> <https://web.archive.org/web/20210515061817/https://legacy-assignments.uspto.gov/assignments/assignment-pat-50500-236.pdf>

## Noteworthy Banks

Leonardo also received at least €4,000,000,000 through a Mid-Term Note (MTN) program in May 2020.<sup>24</sup> The list of banks—once again!—included HSBC, UniCredit, and UBS. Leonardo's current CEO, Alessandro PROFUMO, formerly served as CEO of UniCredit; during his tenure at UniCredit he committed (and was subsequently convicted of) accounting fraud, among other crimes.<sup>25</sup> According to financial authorities, MTNs are especially susceptible to fraud.<sup>26</sup> A portion of the MTN program funds outlined in the prospectus were to be invested into Leonardo's facility in Pomigliano d'Arco, according to the filing.<sup>27</sup>

**BASE PROSPECTUS**



**LEONARDO – SOCIETÀ PER AZIONI**  
*(Incorporated as a società per azioni under the laws of the Republic of Italy)*

**EUR 4,000,000,000 Euro Medium Term Note Programme**

Under the EUR 4,000,000,000 Euro Medium Term Note Programme (the "Programme") described in this base prospectus (the "Base Prospectus"), Leonardo S.p.A. ("Leonardo" or the "Issuer") may from time to time issue notes (the "Notes") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below), subject to a minimum denomination of EUR 100,000 (or its equivalent in another currency). The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 4,000,000,000 (and, for this purpose, any Notes denominated in another currency will be translated into euro at the date of the agreement to issue such Notes (as calculated in accordance with the provisions of the Dealer Agreement as defined under "Subscription and Sale"). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement. The Notes issued by Leonardo will constitute "obbligazioni" pursuant to Article 2410 et seq. of the Italian Civil Code, which relate to the issuance of "obbligazioni" by joint stock companies (società per azioni) in the Republic of Italy.

This Base Prospectus has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF"), which is the Luxembourg competent authority under Regulation (EU) 2017/1129 (the "Prospectus Regulation"), as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of notes ("Notes") issued under the Euro Medium Term Note Programme (the "Programme") described in this Base Prospectus during the period of twelve months after the date hereof. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the issuer in accordance with Article 6(4) of the Luxembourg Act dated 6 July 2019 on prospectuses for securities and has only approved the Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the issuer nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in such Notes. This Base Prospectus is valid for a period of twelve months from the date of approval. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange, however Notes may be issued pursuant to the Programme which will not be admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange but admitted to listing, trading and/or quotation by any other competent authority, stock exchange and/or quotation system of the European Union as the issuer and the relevant Dealer(s) may agree, in accordance with applicable laws and regulations. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments.

The Issuer has been rated "Ba1" with a "stable" outlook from Moody's Deutschland GmbH ("Moody's"), "BB+" with a "stable" outlook from S&P Global Ratings Europe Limited, Italy Branch ("Standard & Poor's") and "BBB-" with a "stable" outlook from Fitch Italia Società per il Rating S.p.A. ("Fitch"). Each of Moody's, Fitch and Standard & Poor's are established in the European Economic Area (the "EEA") or in the United Kingdom and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "CRA Regulation") and are included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>. Notes issued under this Programme may be rated or unrated. Where the Notes are to be rated, the credit rating will be assigned by Moody's and/or Fitch and/or Standard & Poor's. Where a Tranche of Notes is to be rated, such rating

will not necessarily be the same as the rating assigned to Notes already issued or, if any, to the Issuer. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

The Notes have not been, and will not be, registered, *inter alia*, under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) except in certain transactions exempt from the registration requirements of the Securities Act. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "Subscription and Sale".

**Investing in Notes issued under the Programme involves certain risks. The principal material risk factors that may affect the abilities of the Issuer to fulfill its obligations under the Notes issued under the Programme and those that are material for the purpose of assessing the market risks associated with Notes issued under the Programme are discussed under "Risk Factors" below.**

Arranger  
BofA Securities

Dealers

Banca IMI	Banco Bilbao Vizcaya Argentaria, S.A.
Barclays	BNP PARIBAS
BofA Securities	Citigroup
Commerzbank	Credit Agricole CIB
Credit Suisse	MEDIOBANCA
HSBC	NATIXIS
MUFG	SMBC Nikko
NatWest Markets	UBS Investment Bank
Société Générale Corporate & Investment Banking	
UniCredit Bank	

12 May 2020

Figure 12 - <https://web.archive.org/web/20210706190753/https://www.leonardocompany.com/documents/20142/0/Leonardo+-+2020+Update+-+Base+Prospectus+%281%29.pdf>

<sup>24</sup> <https://web.archive.org/web/20210706190753/https://www.leonardocompany.com/documents/20142/0/Leonardo+-+2020+Update+-+Base+Prospectus+%281%29.pdf>

<sup>25</sup> <https://web.archive.org/web/20210706191040/http://web.archive.org/screenshot/https://www.defensenews.com/industry/2020/10/15/leonardo-ceo-found-guilty-of-fraud-in-previous-job/>

<sup>26</sup> <https://web.archive.org/web/20210422004002/https://oig.treasury.gov/Scams/Prime-Bank-Investment-Fraud>

<sup>27</sup> <https://web.archive.org/web/20210706190753/https://www.leonardocompany.com/documents/20142/0/Leonardo+-+2020+Update+-+Base+Prospectus+%281%29.pdf>



## Italian Nesting Dolls

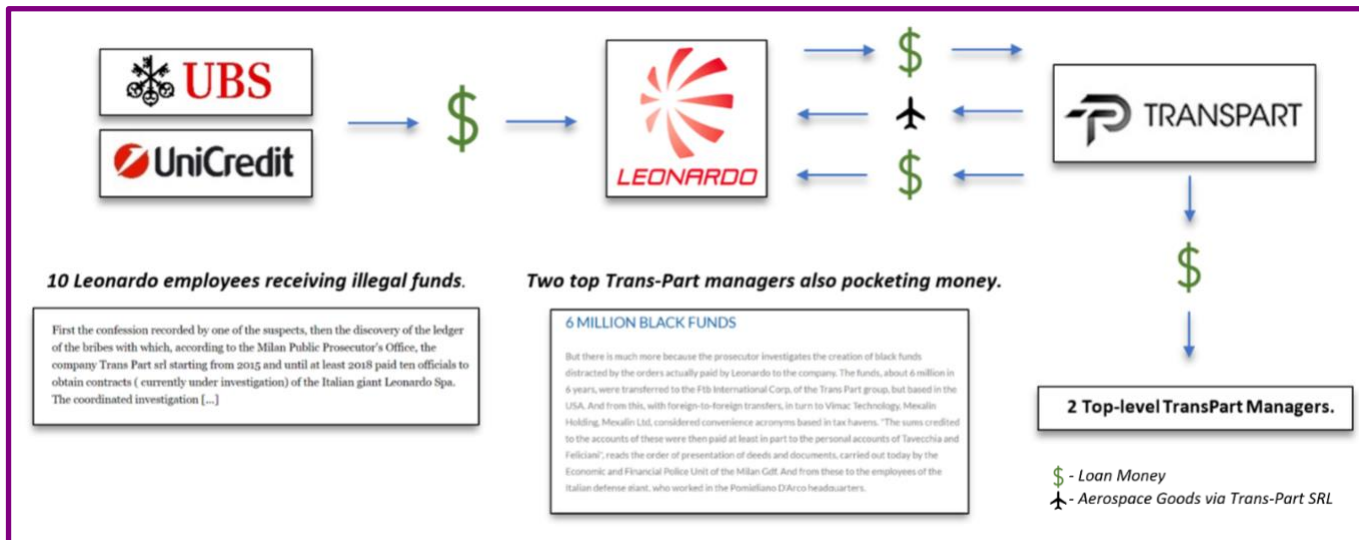
Prior to these banking agreements, union workers at other Leonardo factories had begun demanding answers from Italian politicians:

*Why do you only fund Leonardo at Pomigliano d'Arco?<sup>28</sup>*

If everything had been functioning according to law, the transactional flow of money and goods would have looked like this:



However, with fraud, bribery, black funds<sup>29</sup>, payoffs, and fictitious contracts<sup>30</sup> it actually looked like this:



<sup>28</sup> <https://web.archive.org/web/20210706191551/https://www.prpchannel.com/en/leonardo-grottaglie/>

<sup>29</sup> <https://web.archive.org/web/20210118212150/https://www.ilfattoquotidiano.it/in-edicola/articoli/2021/01/14/leonardo-trovato-il-libro-mastro-delle-tangenti/6065076/>

<sup>30</sup> <https://web.archive.org/web/20210224185330/https://www.policymakermag.it/italia/cosa-sappiamo-sulle-tangenti-a-uomini-leonardo/>

## Great Expectations

HSBC, UniCredit, and UBS gave Leonardo loans. Leonardo then used the money to buy goods from Trans-Part, a supplier. It'd be one thing if *only* Leonardo were illegally pocketing funds (something Leonardo CEOs are *known*<sup>31</sup> for), but that was not the case. Two Trans-Part executives also pocketed money, suggesting a more sophisticated criminal conspiracy.<sup>32</sup> Any losses Leonardo accumulated over time by paying off Pomigliano d'Arco employees *and* their suppliers could be strategically offset by the Italian government, which owns more than 30% of the company.<sup>33</sup>

Italy was positioning itself for future contracts with China by leaking U.S. aerospace intellectual property. China's commercial aviation titans seek to supplant a world traditionally dominated by orders from U.S. manufacturers. In 2019, Boeing valued China's aircraft purchases at almost \$3 trillion over the next two decades<sup>34</sup>. Nevertheless, COMAC *still* has no planes in operation, even after the theft which enabled the creation of the C919.<sup>35</sup> That delay, at least, is not only due to Italian corruption, but also Chinese ineptitude.

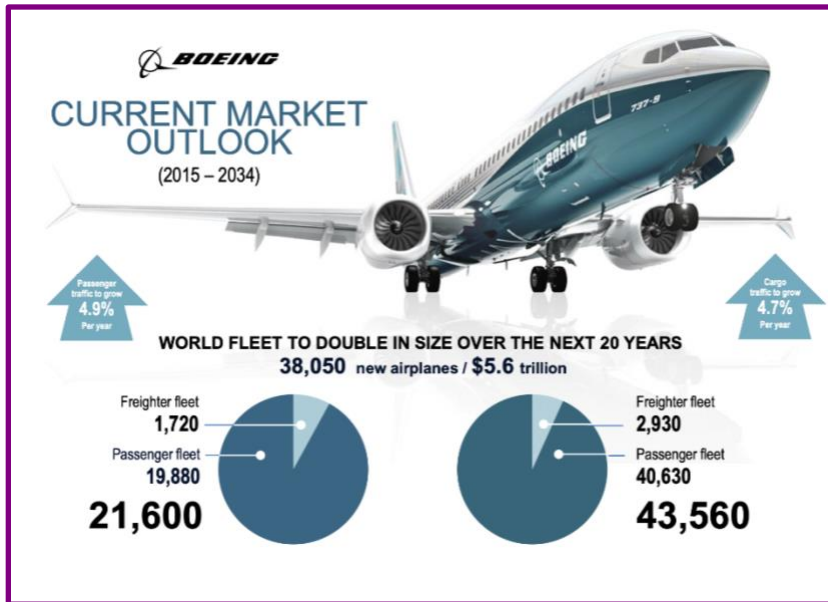


Figure 13 – <https://web.archive.org/web/20200105201451/http://www.boeing.co.uk/news-media-room/news-releases/2015/june/boeing-forecasts-demand-for-38050-new-airplanes-valued-at-%245.6-trillion.page>



Figure 14 – <https://web.archive.org/web/20210706142612/https://www.fromtheskies.it/arriva-il-comac-c919-aereo-di-linea-made-in-china/>

<sup>31</sup> [https://web.archive.org/web/20210709030302if\\_/https://www.reuters.com/article/uk-italy-leonardo-montedeipaschi/italys-5-star-movement-says-leonardo-ceo-should-resign-after-monte-dei-paschi-ruling-idUKKBN2752JG](https://web.archive.org/web/20210709030302if_/https://www.reuters.com/article/uk-italy-leonardo-montedeipaschi/italys-5-star-movement-says-leonardo-ceo-should-resign-after-monte-dei-paschi-ruling-idUKKBN2752JG)

<sup>32</sup> <https://web.archive.org/web/20210424075729/https://www.corrierecomunicazioni.it/digital-economy/leonardo-10-indagati-per-tangenti-sotto-inchiesta-due-societa-google/>

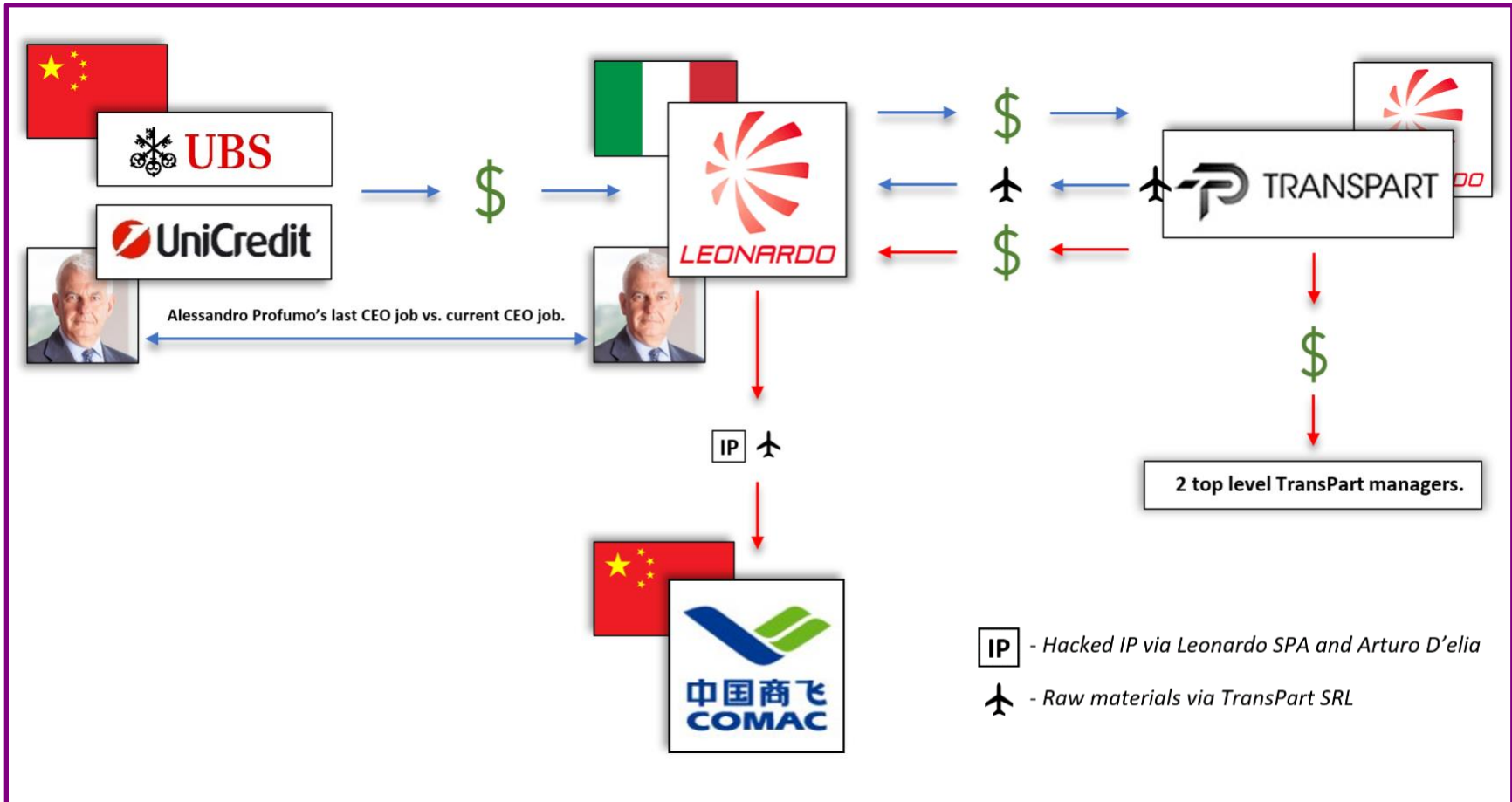
<sup>33</sup> <https://web.archive.org/web/20210629064901/https://www.leonardocompany.com/en/investors/stock-info/shareholders-base>

<sup>34</sup> <https://web.archive.org/web/20201101144933/https://www.cnbc.com/2019/09/17/boeing-says-china-needs-to-spend-almost-3-trillion-on-new-planes.html>

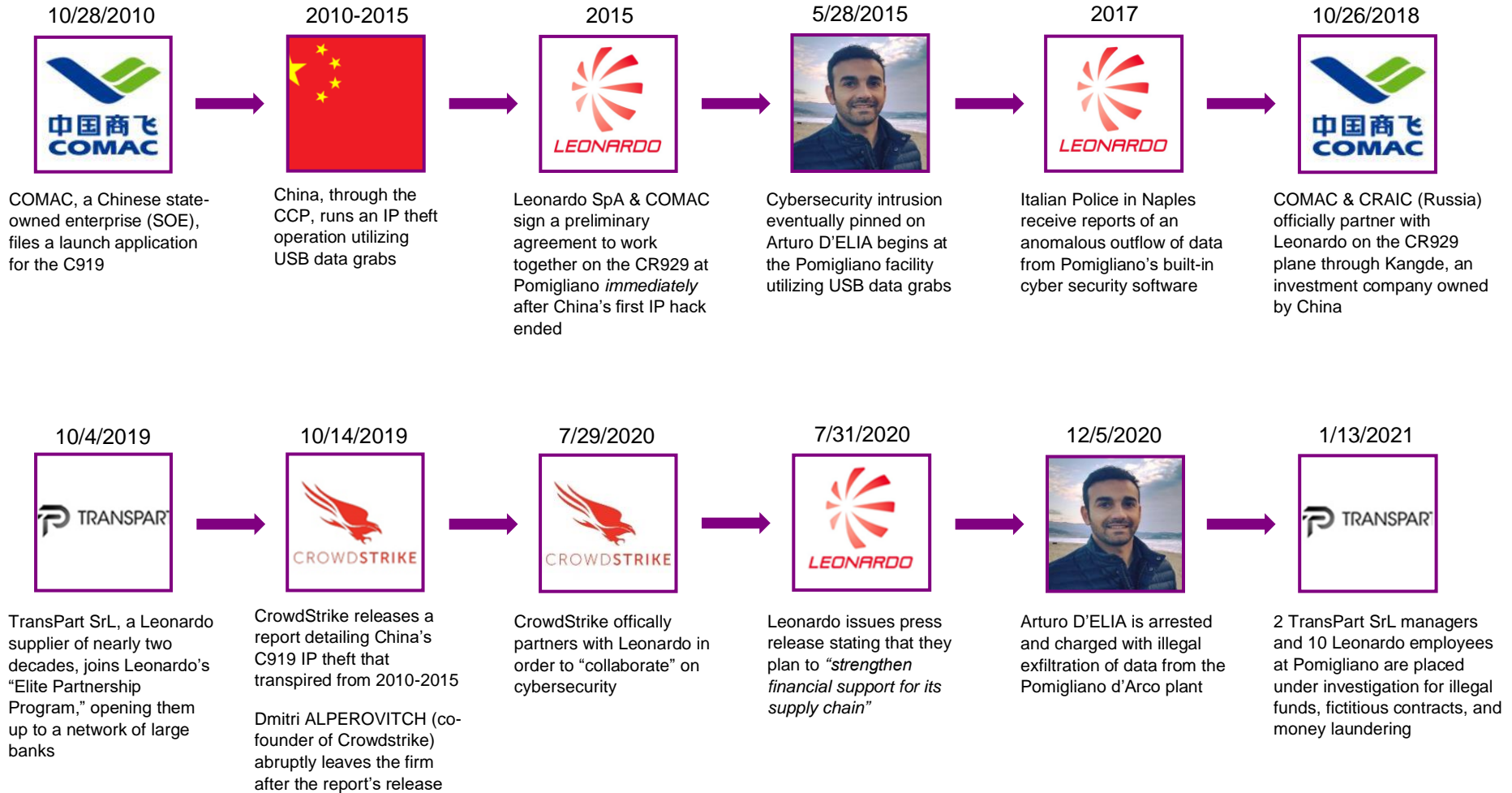
<sup>35</sup> <https://web.archive.org/web/20210706142612/https://www.fromtheskies.it/arriva-il-comac-c919-aereo-di-linea-made-in-china/>

## Follow the Money

UBS, HSBC, Leonardo, and COMAC are all ultimately influenced by the Chinese. The Chinese have been paying Leonardo—and, by extension, their suppliers—for U.S. intellectual property. The scheme was funded by the Chinese and agreed upon by Italy who, in turn, was likely guaranteed future business with China and its massive airline market. The nesting doll shell game looks like this:



## Decade in Aerospace Infamy



## Cyber Crimes—with Chinese Characteristics

Leonardo signed a preliminary agreement with COMAC in 2015.<sup>36</sup> China’s initial cyberattack supposedly ended on May 7, 2015.<sup>37</sup> Another cyberattack at Leonardo’s Pomigliano d’Arco facility began later that month on May 28, 2015.<sup>38</sup>

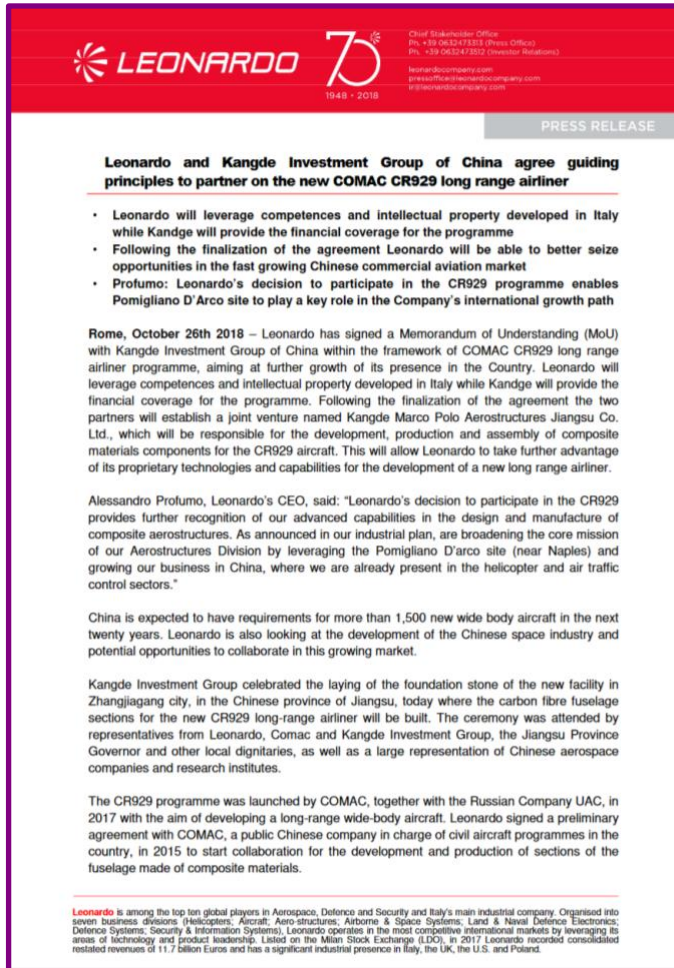


Figure 15 – <https://web.archive.org/web/20210706193036/https://www.leonardocompany.com/en/press-release-detail/-/detail/comac-cr929>

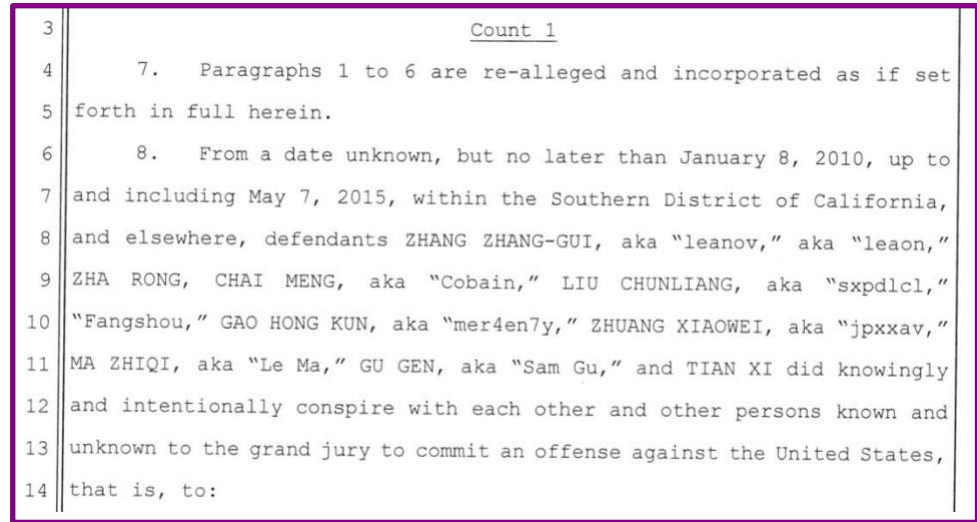


Figure 16 – <https://web.archive.org/web/20210414145144/https://www.justice.gov/opa/pr/chinese-intelligence-officers-and-their-recruited-hackers-and-insiders-conspired-steal>

Sample	Compilation Time
Sample 1	2015-05-28 08:02:25
Sample 2	2015-07-14 12:33:39
Sample 3	2018-09-22 23:10:46

Figure 17 – <https://web.archive.org/web/20210630190332/https://reacta.com/2021/01/fujinana-analysis-leonardo-spa/>

<sup>36</sup> <https://web.archive.org/web/20210706193036/https://www.leonardocompany.com/en/press-release-detail/-/detail/comac-cr929>

<sup>37</sup> <https://web.archive.org/web/20210414145144/https://www.justice.gov/opa/pr/chinese-intelligence-officers-and-their-recruited-hackers-and-insiders-conspired-steal>

<sup>38</sup> <https://web.archive.org/web/20210630190332/https://reacta.com/2021/01/fujinana-analysis-leonardo-spa/>

## Collins Aerospace—American Company with Chinese Characteristics

Boeing designed the Maneuvering Characteristics Augmentation System (MCAS) software. The MCAS software would lead to the 737 MAX crashes. However, the underlying lines of MCAS code were programmed by Rockwell Collins, who is proud to boast of their nearly 40-year partnership with communists in China.<sup>39</sup>

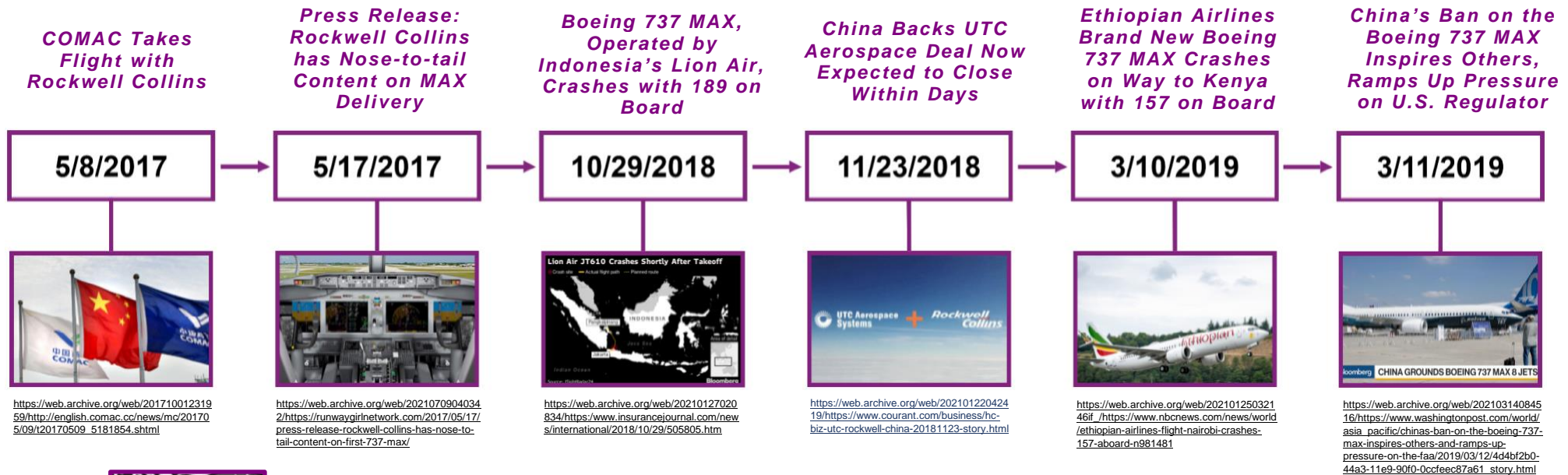


Figure 18 – <https://web.archive.org/web/20210615150146/https://www.collinsaerospace.com/-/media/project/collinsaerospace/collinsaerospace-website/product-assets/global/asia/china/rc-china-30-years-infographic.pdf?rev=f64cc2d704cc446a81c23eb627fb7e64>

<sup>39</sup> [https://web.archive.org/web/20201107234223/https://www.washingtonpost.com/business/economy/boeings-737-max-design-contains-fingerprints-of-hundreds-of-suppliers/2019/04/05/44f22024-57ab-11e9-8ef3-fbd41a2ce4d5\\_story.html](https://web.archive.org/web/20201107234223/https://www.washingtonpost.com/business/economy/boeings-737-max-design-contains-fingerprints-of-hundreds-of-suppliers/2019/04/05/44f22024-57ab-11e9-8ef3-fbd41a2ce4d5_story.html)

## Sequence from Hell

The maiden commercial flight for the 737 MAX, *with RC's parts and MCAS system*, was on May 22, 2017.<sup>40</sup> A month after the first 737 MAX crash in October 2018, Chinese regulators approved UTC's acquisition of RC. Was China leveraging a compromised RC to approve a deal that was initiated well over a year prior to the crash?<sup>41</sup> After Boeing's second crash, China was the very first country to pull the plug on the 737 MAX, creating a global domino effect. It seems as though Beijing helps create the crisis and then just so happens to be well positioned to benefit from the crisis. This is (economic) war by other means, as Clausewitz would describe.



General Lloyd J. Austin III (Ret.), former commander of U.S. CENTCOM, joined the board of United Technologies Corporation (UTC) in 2016. UTC then merged with the infamous Rockwell Collins (RC), which proudly partnered with CCP proxies for decades. This new UTC-RC behemoth would *then* go on to merge with Raytheon in April 2020.<sup>42</sup> According to financial statements, Lloyd Austin received nearly \$1.4 million in compensation since joining the conglomerate in 2016. These nesting doll acquisitions could make Russians envious. Oh, and Austin was confirmed as the Secretary of Defense on January 22, 2021.<sup>43</sup>

<sup>40</sup> <https://web.archive.org/web/20201130211355/https://www.malindoair.com/news-events/2017/05/22/MALINDO-AIR-TAKES-THE-SKIES-AS-THE-WORLD'S-FIRST-TO-FLY-BOEING-737-MAX-8->

<sup>41</sup> <https://web.archive.org/web/20210122042419/https://www.courant.com/business/hc-biz-utc-rockwell-china-20181123-story.html>

<sup>42</sup> <https://web.archive.org/web/20210629113620/https://www.thegazette.com/business/utc-raytheon-formally-join-forces-in-mega-merger-poised-to-reshape-global-aerospace-and-defense/>

<sup>43</sup> <https://web.archive.org/web/20210607094352/https://www.pogo.org/database/pentagon-revolving-door/people/lloyd-j-austin/>

## Questions and (no) Answers

Back to Italy...prior to the investigation, Leonardo terminated an employee for reporting anomalies surrounding Trans-Part Srl:

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*At the center of the investigator's focus is a supplier of Leonardo, Trans-Part Srl, a distribution company of materials and equipment destined for a diversity of sectors. Customers include companies in the military, aerospace, transport, and petrochemical [sectors]. The company based in Milan now has 4 people being investigated, both managers and employees. According to the investigation, in exchange for "rigged" orders they paid Leonardo employees gifts such as gift cards redeemable at gas stations and electronic stores. Compensation also came in the form of fictitious consultancy contracts: from 1,500 euros per month to as much as 30 thousand per year in commissions.*

*It doesn't end there. An honest employee, who dealt in safety at work, reported on the anomalies in Casoria and immediately was subjected to spurious disciplinary measures followed by an absurd dismissal. Frankly, it's maddening to think that at Leonardo you can fire an employee for reporting the truth.<sup>44</sup>*

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What else is there to uncover about Arturo D'ELIA and Leonardo SpA?<sup>4546</sup>

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*I have my covers they can't do anything to me. – Arturo D'ELIA*

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After the first complaint by Leonardo in March 2017, the investigators were provided *an absolutely reductive and misleading picture of the affair*, wrote the judge.<sup>47</sup> Among other things, the original copy of the so-called "patient zero" disappeared—the first computer infected with the latest generation spy malware that was allegedly used by D'ELIA. According to the indictment, [Antonio] ROSSI *deliberately kept silent about circumstances relevant to the investigation and for the immediate identification of D'ELIA.*<sup>48</sup> In the information attached to the investigative documents, an interview is cited during which D'ELIA claimed that the same people related to the Leonardo affair *could not do anything to him*. Also, the D'ELIA added that *he had left a written document with a notary.*<sup>49</sup>

<sup>44</sup> <https://web.archive.org/web/20210301045827/https://www.ildesk.it/campania/gruppo-leonardo-nellocchio-del-ciclone-per-corruzione-e-qualche-licenziamento-anomalo/>

<sup>45</sup> <https://web.archive.org/web/20210111100218/http://www.stiletv.it/news/71702/eboli-cyberfurto-interrogatorio-di-garanzia-e-riesame-per-l-hacker-d-elia>

<sup>46</sup> <https://web.archive.org/web/20210224185255/https://www.startmag.it/mondo/leonardo-boeing-atr-hacker-usa-e-nato/>

<sup>47</sup> <https://web.archive.org/web/20210108005240/https://ricerca.repubblica.it/repubblica/archivio/repubblica/2020/12/07/lhacker-ho-le-mie-coperture-non-possono-farmi-nullaNapoli05.html>

<sup>48</sup> <https://web.archive.org/web/20210414165404/https://www.commissariatodips.it/notizie/articolo/attacco-hacker-a-leonardo-spa-due-arresti/index.html>

<sup>49</sup> <https://web.archive.org/web/20210108005240/https://ricerca.repubblica.it/repubblica/archivio/repubblica/2020/12/07/lhacker-ho-le-mie-coperture-non-possono-farmi-nullaNapoli05.html>



## Topline Connections

### No excuse for Leonardo—with help from CrowdStrike—to have a cyberattack go undeterred at Pomigliano d’Arco for 5 years:

- CrowdStrike exposed China’s cyber theft of U.S. intellectual property used to build COMAC’s C919
- CrowdStrike was monitoring China and Russia’s CR929 joint venture
- CrowdStrike partnered with Leonardo in July 2020 to improve Leonardo’s “cybersecurity posture”
- Leonardo’s built-in software protocols alerted police of an anomalous flow of data in 2017 from Pomigliano d’Arco
- The cyberattack was unsophisticated and the hacker made little effort to hide his tracks
- According to a federal judge, Leonardo initially misled responding authorities

### China (and Italy) have everything to gain by strengthening COMAC and hurting Boeing:

- Injecting a competitor to Boeing in the commercial aviation market to drive down prices and secure future build orders with COMAC would help Italy (and Europe as a whole)
- Boeing parts/software manufactured by Rockwell Collins are directly linked to the two 737 MAX crashes, killing 346 people\*
  - These crashes sent the global aerospace industry into a tailspin even prior to impacts from the Chinese virus
- This sordid affair involves state-owned enterprises and “national champions” in aviation from around the globe
  - COMAC, CRAIC, ATR, Boeing, Leonardo (and, by extension, Airbus)

### The anomalies surrounding Arturo D’ELIA and Pomigliano d’Arco suggest further criminality:

- Arturo D’ELIA worked in Quantico, Virginia at the U.S. Air Force Office of Special Investigations (OSI), even claiming to have patched vulnerabilities in the Pentagon’s network that he was previously arrested for exploiting
- D’ELIA has expressed to his girlfriend a desire for political asylum based on his sensitive work [in the Chieti/Pescara facility]
- The hack currently pinned on D’ELIA and ROSSI could still be ongoing, as investigators cannot locate the stolen data and if there were any entities/state actors that received the stolen data
  - *“I have my covers they can’t do anything to me”* and [he] *“had left a written document with a notary”*
- D’ELIA, who was surrounded by convicted felons while working at Leonardo (e.g., Alessandro PROFUMO), is the only one thus far to serve *any* time in jail, even though D’ELIA has not been convicted
- 10 Leonardo employees at Pomigliano were placed under investigation for money laundering through Google Payments only one month after D’ELIA was arrested
- Leonardo is a reflection of the Italian government, which owns 30% of the firm: corrupt, nepotistic, and (*unjustifiably*) proud

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\*This report is dedicated to Samya Rose Stumo, who tragically died in the Ethiopian Airlines Flight 302. Requiescat in pace, Samya.