

Scandal as the origin of rules

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Chapter D.III treated the scandal that turned this growth into a regulatory problem. From 1961 to 1977 the Chiasso branch of the Schweizerische Kreditanstalt channelled Italian clients' deposits through Texon Finanzanstalt in Vaduz into Italian companies, backed by guarantees that the head office never saw. The commitments reached about CHF 2.2 billion, while the Historical Dictionary of Switzerland puts the loss finally absorbed at about CHF 1.4 billion.¹ The lasting response was private. On 2 June 1977 the banks, the Swiss Bankers Association and the Swiss National Bank concluded the agreement on due diligence, which obliged banks to identify their clients, to establish the beneficial owner in case of doubt and to refrain from active assistance in capital flight and tax evasion.² Revised in five-year cycles, that agreement survives as the CDB 20, whose material provisions FINMA applies through Article 35 of its Anti-Money Laundering Ordinance.

Chapter D.IV showed how the same channels carried the proceeds of heroin trafficking, Mafia extortion and corruption in the 1980s. The Pizza Connection was investigated by Ticino prosecutors together with Giovanni Falcone. The Lebanon Connection, uncovered after the seizure of about 100 kilograms of morphine base and heroin in Bellinzona in February 1987, led to the resignation of Federal Councillor Elisabeth Kopp, whom the Federal Court later acquitted of breach of official secrecy.³ On 23 March 1990 Parliament adopted Articles 305bis and 305ter of the Criminal Code, which entered into force on 1 August 1990.⁴ The first draft of the offence came from Paolo Bernasconi, First Public Prosecutor of the Sottoceneri, whom the Federal Department of Justice and Police had commissioned in 1986, although the Federal Council chose a narrower version than he had recommended. The new law drew a line between criminal money and undeclared money that defined Lugano's business for the following two decades: mutual assistance was granted for drug

trafficking, Mafia offences, fraud and corruption, and refused for simple tax evasion.

1 The market after secrecy

Part E described the private banking and wealth management market that emerged once that line had lost its significance. Chapter E.I gave the numbers. At the end of 2024 Ticino counted 39 banks, twelve of them with their head office in the canton, and in 2023 these banks employed 5,584 persons or 5,218 full-time equivalents.⁵ In 2008 the same statistics had shown 77 banks and 7,619 bank employees.⁶ Between these dates lie the end of banking secrecy towards Italy, the disappearance of BSI after FINMA's findings in the 1MDB case of 24 May 2016 and the absorption of Credit Suisse by UBS.⁷ The domestic business grew at the same time, with BancaStato and Raiffeisen gaining weight and mortgage lending more than quadrupling between 1990 and 2024. In 2023 the financial sector generated about CHF 2.8 billion of value added, or 7.9 per cent of the cantonal gross domestic product.

Chapter E.II traced the legal path that led there. Between 2001 and 2017 Italy offered its residents three anonymous tax shields and two rounds of voluntary disclosure. The first *scudo fiscale* charged 2.5 per cent of the assets declared and the third brought more than EUR 104 billion to the surface. The voluntary disclosure of 2015 recorded that almost seven of every ten euros declared had been held in Switzerland.⁸ Switzerland conceded step by step: the withholding tax of the savings agreement, the OECD standard of March 2009, the Roadmap and Protocol with Italy of 23 February 2015 and the automatic exchange of information, whose first data reached the Agenzia delle Entrate in September 2018.⁹ Since 1 January 2016 a qualified tax offence with evaded taxes above CHF 300,000 per tax period has been a predicate offence to money laundering under Article 305bis paragraph 1bis SCC.¹⁰ Lugano lost much of its undeclared business. A substantial share of the assets nevertheless stayed under Swiss management through the *rimpatro giuridico* of 2009, by which Italian fiduciary companies became the nominal holders of accounts that never left Ticino, and through the voluntary disclosure of 2015, which did not require repatriation.

2 Notes

1. Jan-Henning Baumann, "Schweizerische Kreditanstalt (SKA)", HLS, version of 27 November 2012, <https://hls-dhs-dss.ch/de/articles/041821/2012-11-27/> ("Verlust von ca. 1,4 Mrd. Fr."); "Grandes affaires économiques suisses (26): le

- scandale de Chiasso, l'histoire d'une banque dans la banque", *Le Temps*, <https://www.letemps.ch/economie/grandes-affaires-economiques-suisse-26-scandale-chiasso-lhistoire-dune-banque-banque> ("2,2 milliards de francs"). See Chapter D.III. ↩
2. Swiss Bankers Association (SBA), "Combating money laundering", <https://swissbanking.ch/en/topics/regulation-and-compliance/the-fight-against-money-laundering> (the CDB, introduced in 1977, "sets out banks' duties with regard to identifying the contracting partner and establishing the identity of the beneficial owner"). On the Article 35 AMLO-FINMA mechanism see Chapter D.III. ↩
 3. See Chapter D.IV. "Des milliards dans la machine à laver", *L'Impartial*, 5 November 1988, 1–2, <https://doc.rero.ch/record/110574/files/1988-11-05.pdf?version=1>. ↩
 4. Swiss Criminal Code of 21 December 1937 (SCC), SR 311.0, Art. 305bis, inserted by the Federal Act of 23 March 1990, in force since 1 August 1990 (AS 1990 1077), at <https://www.droit-bilingue.ch/de-en/3/31/311.0-305bis-372.html>. ↩
 5. Ufficio di statistica del Cantone Ticino (USTAT), 12 Denaro e banche (Bellinzona, March 2026), tables T. 12.1 and T. 12.3, https://m3.ti.ch/DFE/DR/USTAT/allegati/prodima/5112_denaro_e_banche.pdf. See Chapter E.I. ↩
 6. René Chopard, "Dalla crisi (per guardare oltre) alla politica del credito. Le banche ticinesi tra struttura e congiuntura", *Dati – Statistiche e società* 4 (2009), https://www3.ti.ch/DFE/DR/USTAT/allegati/articolo/1562dss_2009-4_15.pdf (2008: 77 institutions, 275 branches, 7,619 employees), as cited in Chapter E.I. ↩
 7. FINMA, "FINMA takes action against BSI in 1MDB case", media release, 24 May 2016, <https://www.finma.ch/en/news/2016/05/20160524-mm-bsi/>. See Chapter E.I. ↩
 8. See Chapter E.II, with Fabio Di Vizio, "Lo strano caso di un'emersione a volto coperto. Considerazioni sullo scudo fiscale", *Economia e Politica*, 16 November 2013, https://www.economiaepolitica.it/_pdfs/pdf-1306.pdf, and "Voluntary disclosure: 3,8 miliardi di gettito e oltre 129mila istanze. Il bilancio dell'operazione presentato al MEF", *Finanza e Fisco*, 9 December 2015, <https://www.finanzaefisco.com/voluntary-disclosure-38-miliardi-di-gettito-e-oltre-129mila-istanze-il-bilancio-delloperazione-presentato-al-mef/>. ↩

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9. Swiss Federal Council, press release of 23 February 2015, <https://www.admin.ch/gov/it/start/dokumentation/medienmitteilung.msg-id-56318.html>. The date of the first automatic exchange with Italy is documented in Chapter E.II. ↩
10. Lenz & Staehelin, "Umsetzung der revidierten GAFI-Empfehlungen", Newsflash, June 2015, https://www.lenzstaehelin.com/fileadmin/user_upload/publications/150604_Newsflash_FATF_CC_AMLA_de.pdf (federal act of 12 December 2014; entry into force of the tax predicate offence on 1 January 2016), as cited in Chapter E.II. ↩

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