

Swiss proceedings in Lugano and Bellinzona

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

Swiss law made the Ticino prosecutors' task difficult. Since laundering was not an offence, they had to prosecute the Swiss end of the network as participation in drug trafficking, which required proof that the financial intermediary knew of and contributed to the trafficking itself. The prosecutors of the Sottoceneri, led by Paolo Bernasconi and with Carla Del Ponte among them, nevertheless opened proceedings and executed requests for assistance from the United States and Italy. The first Swiss trial connected with the Pizza Connection took place in Lugano in 1985. It concerned the Sicilian-born financier Vito Roberto Palazzolo, who had moved money for the network through Swiss accounts.¹ Palazzolo had been arrested in 1984 and was sentenced in Switzerland to three years' imprisonment. Released from prison on leave, he fled to South Africa with a Swiss passport. In 2006 an Italian court convicted him of external participation in a Mafia association (*concorso esterno in associazione mafiosa*), a judgment that became final in 2009. After his arrest at Bangkok airport on 30 March 2012 he was extradited from Thailand and handed over to the Italian police on 19 December 2013.²

The use of Swiss banks by the Pizza Connection had a further consequence that went beyond the individual trials. American investigators and prosecutors, among them Rudolph Giuliani as United States Attorney for the Southern District of New York, requested Swiss bank records on a large scale. Swiss authorities executed these requests under the bilateral Treaty on Mutual Assistance in Criminal Matters with the United States of 25 May 1973, which, unlike the European Convention, contained special provisions on organized crime.³ The experience taught the Swiss side that banking secrecy did not protect against criminal investigations once a request reached the courts. The American side, for its part, came to see Switzerland as a jurisdiction where evidence could be obtained, although slowly and through procedures that the account holders could contest at every stage.

1 What the case taught

For the history of Swiss law the Pizza Connection has a special place. The Federal Council's message of 1989 on the new money laundering offence opened with the observation that the events known as the "Pizza-Connection" and "Libanon- Connection" had made the public lastingly aware of the link between organized crime and the financial centre. It added that the theme of money laundering in connection with the Swiss financial centre had become fixed in international opinion "seit den Affären <Banco Ambrosiano> und <Pizza-Connection>".⁴ In other words, the government itself attributed the legislative impulse to a case that had been investigated in large part in Ticino. For Lugano's banks the lesson was more direct. Accounts with innocuous names at a branch in Chiasso or Mendrisio had ended up in the record of a Mafia trial in Palermo and in the evidence of a federal court in New York. The reputational risk of cash business from Italy had become concrete.

2 Notes

1. Gautieri (as above), which names the Sicilian financier "Roberto Palazzolo" and the collaboration of Del Ponte and Bernasconi with Falcone and the New York authorities. ↩
2. "Vito Roberto Palazzolo", Italian Wikipedia, https://it.wikipedia.org/wiki/Vito_Roberto_Palazzolo (consulted as a last resort; "Nel 1984 la polizia svizzera riesce ad arrestarlo [...] e lo condanna in Svizzera a tre anni di prigione"; flight to South Africa after prison leave; conviction of 2006, final in 2009; arrest in Bangkok on 30 March 2012; arrival in Italy on 19 December 2013). The article describes the Swiss offence as money laundering, which Swiss law did not yet punish in 1984, so the text leaves the Swiss charge open. ↩
3. Treaty between the Swiss Confederation and the United States of America on Mutual Assistance in Criminal Matters of 25 May 1973, SR 0.351.933.6, in force since 23 January 1977; the treaty's provisions on organized crime and Giuliani's term as U.S. ↩
4. Botschaft of 12 June 1989 (as above), 1061 and 1066. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/lugano-swiss-proceedings-in-lugano-and-bellinzona