

Where the money went: wine, tourism and plastics

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

The funds that passed through Texon flowed back to Italy. This was the economic logic of the construction. Italian savers and entrepreneurs had moved capital to Switzerland, often in breach of Italian currency law. Italian companies needed credit that Italian banks gave only at high rates or against guarantees they could not provide. Texon closed the circle by lending Italian flight capital, now held under a Swiss name, to Italian borrowers. *Le Temps*, summarizing the company history of the Kreditanstalt, names three areas of investment: tourism, with the development of the island of Albarella in the Po delta; wine, with the Winefood group; and toy manufacturing, with the company Ampaglas.¹

Over time Texon became less a lender than an owner. When borrowers could not repay, the establishment converted claims into participations or lent fresh money to keep the companies alive. The *l'Unità* correspondent at the trial put the total absorbed by Texon at about CHF 1.3 billion, which he equated with almost a thousand billion lire, and noted that nine in ten of the injured parties were Italian.² The Federal Banking Commission spoke of "funds, mainly of Italian origin". The precise volume of Texon's balance sheet at the time of its collapse is given differently in the sources, since some count only the deposits and others include the guarantees and the losses of the companies.

1 Why the structure appealed to all sides

Each participant had a reason to want the structure to exist. The Italian depositors received interest in a strong currency and a guarantee from a Swiss big bank, while their money remained invisible to the Italian authorities. The Italian companies received credit from a source that did not ask the questions an Italian bank would have asked and that was willing to lend against their own shares. The branch earned commissions and interest margins, attracted new clients and reported results that made it

one of the most profitable units of the bank. The managers of the branch earned recognition and promotion. The lawyers in Ticino and Liechtenstein earned fees for administering an entity that, on paper, belonged to nobody in particular.

The structure also had a structural weakness that none of the participants needed to confront in good years. It transformed short-term deposits, which clients could withdraw, into long-term loans and participations in a small number of Italian companies. It concentrated risk in a single country, a single currency area and a few sectors. When the Italian economy entered recession after the oil crisis of 1973, the borrowers' losses accumulated inside Texon. The branch could cover them only by attracting further deposits and using them to pay interest on the old ones, a pattern that turned a credit problem into a hidden insolvency. Swiss banking law of the time had no instrument to detect such a structure, because the entity that took the deposits was a foreign non-bank and the bank that guaranteed it did not record the guarantee.³

In figures. Texon was founded in April 1961 in Liechtenstein.⁴ The Weisscredit establishment in Schaan, a smaller parallel, had taken in more than CHF 200 million with a capital of CHF 20,000.⁵ The *l'Unità* correspondent reported in June 1979 that Texon had absorbed about CHF 1.3 billion, equal to almost a thousand billion lire, and that nine in ten of the injured parties were Italian.⁶ *Le Temps* puts the deficit at CHF 2.2 billion.⁷

2 Notes

1. *Le Temps*, "Grandes affaires économiques suisses (26)" (above), naming Albarella (tourism), Winefood (wine) and Ampaglas (toys). ↩
2. Pizzigoni, *l'Unità*, 4 June 1979 (above): Texon "ha ingoiato un miliardo e trecento[milioni di] franchi svizzeri", "quasi mille miliardi di lire"; nine in ten of the injured parties Italian. The OCR text of the archive copy is imperfect. ↩
3. Author's analysis of the facts reported in EBK, *Jahresbericht 1977* (above), 23–26, and in the press. ↩
4. *Le Temps*, "Grandes affaires économiques suisses (26)" (above). ↩
5. EBK, *Jahresbericht 1977* (above), 22–23. ↩
6. Pizzigoni, *l'Unità*, 4 June 1979 (above). ↩

7. Le Temps, "Grandes affaires économiques suisses (26)" (above): "2,2 milliards de francs". ↩

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