



Crossing the Line

MARK MOBIUS LOOKS AT AGE-OLD BEAUTY – AND MODERN LEGAL SKIRMISHES – ALONG THE SWISS-ITALIAN BORDER

OUR TRIP STARTED IN LUGANO, Switzerland, where we met clients at the Grand Hotel Villa Castagnola overlooking Lake Lugano. Once the mansion of a noble Russian family, this beautiful belle époque building retains the splendour of a bygone era. The mild Mediterranean climate that allows sub-tropical plants to grow all year, the pristine air and the spectacular mountains plunging into the lake make this part of Switzerland feel like paradise.

Moreover, Lugano combines Swiss order and discipline with Italian romance and creativity. I well understand why the rich and famous flock here to relax and keep their money safe. Via Nassa, the main shopping street, with its Versace, Bulgari and Bucherer shops, reflects this wealth.

Lugano is small, with a population of about 55,000 in the city proper. Yet it is Switzerland's third-largest banking centre after Zurich and Geneva. The flow of capital from Italy into its banks has resulted in some scandals. One pundit says that tax evasion vies with football as Italy's greatest obsession, but the Swiss engage in the sport too.

In fact, Lugano recently came under the scrutiny of the Italian authorities in their hunt for tax dodgers. With many millionaires in Italy's industrial north right next door, it's easy to zip across the nearby border with a suitcase

of money to Lugano's Italian-speaking bankers, instead of struggling with German in Zurich, or French in Geneva.

Italian Finance Minister Giulio Tremonti vowed to dry out Lugano as a haven for tax evaders. He estimated that about 50 per cent of the US\$390 billion in the city's banks is held by Italians, most of it undeclared. Surveillance cameras were installed to register the licence plate numbers of Italian vehicles crossing the border, and their owners were subjected to tax audits.

The Swiss were angered by Italian police raids on branches of Swiss banks in Italian cities, and some in Lugano, as they sought evidence of tax evasion. Tax negotiations between the two governments were frozen, with one Lugano politician saying Tremonti's behaviour was unacceptable, and that he was leading a vendetta.

Adopting a carrot and stick approach, Tremonti also announced a tax amnesty that allowed Italians to repatriate assets from foreign bank accounts, without fear of criminal prosecution and only a 5 per cent penalty. The yield was enormous, with tens of billions of dollars declared.

But even if Lugano's banking sector has been under stress, the rest of Canton Ticino is doing fine. Northern Italians do a lot of business in the area. Gucci and Versace avoid unreliable Italian airports by shipping their products worldwide through the efficient Swiss ones. There is also

BAY WATCH
FROM TOP The border town of Lugano; Mark Mobius at Villa Aminta





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a big computer software industry in Ticino, and every day an estimated 45,000 Italians cross the border to work there.

From Lake Lugano, we headed across the border to Stresa, an Italian town on the shores of Lake Maggiore. Its status as a centuries-old retreat for aristocrats is evident from the beautiful villas and hotels. We checked into the lakeside Villa Aminta hotel. Named after his wife, Aminta, the former holiday home of an admiral in the Italian navy was transformed into a hotel by the Zanetta family in 2000. Its lavish accoutrements include elevators covered in gold leaf, exquisite chandeliers dripping with semi-precious gems, antique furniture, stuccos, precious wallpapers, arabesques and oriental arches in homage to the Venetian Republic as the Doorway to the Orient. No detail has been overlooked to make its guests feel they are in a very special place.

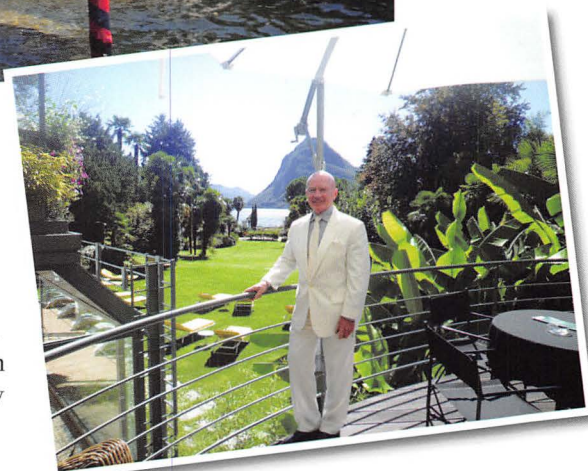
I could see the Borromean Islands from the window of my room. One of them, Isola Bella, is the home of the impressive Palazzo Borromeo and its eight-hectare terraced Italianate garden. The next day, we boarded a ferry to take a closer look. As we approached, Isola Bella looked like a giant ship. One end of the island is dominated by the baroque palazzo's imposing facade and entrance. The four-storey palazzo rises perpendicular to

its entrance and towards the centre of the island in the form of a T.

The first floor is reached via an impressive staircase that brought us to the General Berthier Painting Gallery, with its gilt-framed masterpieces by northern Italian artists. Next, we proceeded to a gigantic three-storey domed hall, the Salone delle Feste (Banquet Hall), which was used to receive and entertain honoured guests. Beyond this is the neo-classical ballroom, the music room with its collection of priceless instruments, and the Sala delle Medaglie or the Medallions Room, where 10 gilded wooden medallions on the ceiling depict significant events in the life of St Charles Borromeo.

The remarkable palace and gardens were the work of generations of the Borromeo family. It began in 1501, when Lancillotto Borromeo started cultivating citrus fruit on the island. Count Carlo III Borromeo launched the construction of the palazzo and gardens in 1632, naming the island Isola Bella after his wife, Isabella D'Adda. The Borromeo family tree is full of cardinals and archbishops as well as Pope Paul V, a saint, scientists, topologists, psychoanalysts and theologians.

Over the years, the palazzo became a gathering place for European nobility. During the 1700s and early 1800s, its guests included Edward Gibbon, Napoleon and his wife Joséphine de Beauharnais and Caroline of Brunswick, Princess of Wales. Prince Charles and Diana, Princess of Wales were struck by its beauty when they visited in 1984. After my visit, I can well understand why. ■



SHORE THING

FROM TOP
Isola Bella;
Mark Mobius at
the Grand Hotel
Villa Castagnola