

II. STATEMENT OF THE FACTS, 14.0.3 THE EVENT,

The raid, seizure and arrest — A Summary.

(1) The object with the raid was to close Scandinavian Capital Exchange (SCE) and its associated companies and to stop and discourage Danish investors from investing in precious metals, commodities and other tangible items, due foremost to the export of capital.

(2) It was further the aim for the Revenue and the authorities to get hold of SCE's records and client files, in addition to create an avalanche of mistrust about the companies solvency and normal business procedures. The Revenue had already planned this action, in a memorandum by Mr Christen Amby, dated the 31st of October, 1979. Furthermore the Special Prosecution wanted maximum exposure of the event, by creating press coverage and informing the state-run television, all with the sole purpose of getting SCE's customers to panic.

(3) The warrant was specifically created/arranged by the Special Prosecution, who themselves instigated the "case" together with the Revenue and National Bank. This fact has been confirmed by (Special Prosecution) Chief Finn Meilby, by statements to the press on the 1st of February 1980.

(4) The warrant was issued on the grounds of alleged tax evasion by Mogens Hauschildt (MH) personally, in connection with the Swiss companies, M. Hauschildt & Cie, Zurich (MH&C) and Capital Associates AG., Chur. Despite this it was the companies' offices which were raided and closed. Neither MH or his accountants and auditors were aware of such investigations by the Revenue, especially that such alleged tax evasion should have taken place 3 years before the action by the Danish authorities.

(5) The Special Prosecution seized all company records, files and ledgers etc., in addition to cash, cheques, bonds, precious metals, gold coins, antiques and paintings. Further all bank accounts and bank boxes were impounded by injunctions. Customers who had payment in the post or paid by cheques were informed by the Special Prosecution of the event.

(6) All members of the staff of the companies were directly told to stop work and go home. The Special Prosecution prevented the staff from working in the company's offices, despite the fact that there was no official allegation against the companies.

(7) The state-run television was present when SCE's banking offices were raided and the event was seen the same night on the News as well as being covered every hour on the state-run radio news programs.

(8) Senior officers of the Special Prosecution, including its chief Finn Meilby and Mogens Kanding made many direct statements to the press. On the day the raid took place and at the same time Mogens Hauschildt was being held in solitary confinement, thus unable to answer the false accusations and allegations being made.

(9) It had not been possible for the prosecution or others to find any clients of the companies, who considered that any wrong doings had taken place. This can be confirmed by the internal memorandum from the Danish National Bank dated 1st May 1979. In other words it had not been possible prior to this event to find anyone who would be prepared to complain of any wrong-doing within the companies. This event was required to make out to the public that something abnormal and disorderly, even criminal, took place. When this step had been taken, it was just impossible to stop for the authorities.

A Summary of the chronology of pre- and post-events:

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| May 1974 | SCE ApS were established in Copenhagen |
| April 1976 | The Company opens its head office opposite the Danish Parliament, Højbro Plads, from the banking premises the sale of bullion, and gold, silver and platinum were taking place. |
| May 1976 | The company developed a negative relationship with the Danish National Bank, as to the import of capital. |
| Oct. 1976 | The Danish Customs and Excise conduct a detailed audit of SCE's activities, the purchase taxation etc. |
| June 1977 | The Company increase the paid—up capital to D.kr. 1.5 mill. - The Customs and Excise conduct another detailed audit. - The National Bank asks the Director of Public Prosecution for the help to investigate SCE, as to the exchange control. |
| Nov. 1977 | The Ministry of Trade refuse the company to increase the capital by the import of money from its parent company. |

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| May 1978 | The Danish Revenue request information's as to various customers' dealings with the companies - this is refused by SCE. |
| May 1979 | The National Bank conclude that it is not possible to get any of SCE's customers to complain as to the companies. |
| Sept. 1979 | SCE make considerable losses on its trading |
| Nov. 1979 | A new company S.C.E. A/S is formed, but the old company still continue and receive income from the new Company. |
| Nov. 1979 | The Revenue plans an operation against SCE and its owners. A central plan was created with the National Bank, Customs and Excise and the Revenue, with the assistance of the Special Prosecution. |
| Jan 1980 | On the 30th of January, a warrant is issued for a raid on various premises. - On the 31st of January, the raid takes place and arrest of MH. |
| Feb. 1980 | MH is incarcerated in solitary confinement |
| August 1980 | MH is moved to the prison hospital during a 55 days hunger strike. |
| Sept. 1980 | The High Court decides against releasing MH from confinement. |
| Dec. 1980 | The High Court decide against the release of MH |
| Jan. 1981 | MH's defence attorney leaves the defence due to illness |
| Feb. 1981 | The Special Prosecution charge MH and publish the indictment. |
| April 1981 | The High Court decide in favour of the defence, after the Law Society had intervened - two lawyers were appointed - The trial commence at the Copenhagen City Court |
| JULY 1981 | MH is again incarcerated in solitary Confinement Isolation. |
| Nov. 1982 | The Lower Court in Copenhagen gives MH a sentence of 7 years |

Jan. 1983

The Danish Supreme Court decide to keep MH incarcerated during the appeal proceedings at the High Court, which could last for 2-4 years and commence in the autumn of 1983.