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**The Entrepreneur Alex Brask Thomsen
and the Danish Authorities 1957-1981**

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Introduction

For the purpose of illustrating the subject *Interaction between Entrepreneurs and Authorities*, a case about the businessman and financier Alex Brask Thomsen and the Danish authorities 1957-1981 is employed.

According to scientific theory, an entrepreneur is, in short, a person who introduces a new product to the market, and Brask² is assumed to be such a person. In principle, the Danish authorities could include the government, ministries, the Nationalbank, the Inspectorate of Banks (now the Financial Supervisory Authority), Central customs and Tax Administration, the institution of Ombudsman, the police and others. In this paper, however, the Danish authorities are limited to the Ministry of Commerce and the Nationalbank. This is first and foremost due to the fact that Brask, being a non-resident, had to have his financial transactions approved by these two institutions. When it concerned direct investments, the so-called FDI's, it was The Ministry of Commerce that had to give its approval, and when it concerned transfers of currency, it was the Nationalbank that had to approve them.

This treatment of the interaction between Brask and the Danish authorities is carried out on the basis of the archives in the Record Office belonging to the Ministry of Commerce and the Nationalbank as well as Brask's private archives in Switzerland; these make up the best possible source material for the illustration of the problem, seeing that both parties' attitude to each other are clearly expressed here. Many direct quotations will be presented here in order to achieve the greatest possible precision and optimum documentation in the description. Besides, the archive material used in this paper is not accessible to the public.

First, the businessman and financier Alex Brask Thomsen is described, and, afterwards, the interaction between him and the authorities is illustrated in relation to the establishment of the Finansbank in 1958 and the bank's share capital increases. Furthermore, the paper will elucidate the interaction relationship in connection to Brask's purchase of the knitwear factory Henriques & Løvengreen in 1964, along with his attempts to establish a line of finance companies (Ultim A/S, Imperia Finans A/S, Fokus Finans A/S, Multa Finans A/ S and H & L Finans A/S). Finally, the paper ends with Brask's selling of the Finansbank to Jyske Bank in 1980/81.

The following four questions are discussed in connection to the cases:

- Why did Brask succeed in establishing the Finansbank in 1958?
- Why did Brask achieve permission to purchase the knitwear factory Henriques & Løvengreen in 1964?
- Why was Brask allowed to establish the finance companies Ultim A/S and H & L Finans A/S in 1957 and 1967, respectively?

² In Denmark, Brask Thomsen was often merely called "Brask", for which reason this name is often used when referring to him.

- Why was Brask refused to establish the finance companies Imperia Finans A/S, Fokus Finans A/S and Multa Finans A/S in 1965?

The last section, *Discussion and Conclusion*, deals first with Brask's perception of himself as an entrepreneur, after which the question is discussed whether Brask's own self perception corresponds to the scientific theory (Casson and Schumpeter). Finally, the main results of the study of the interaction between Brask and the Danish authorities are presented and discussed.

Alex Brask Thomsen and the Authorities

The businessman and financier Brask Thomsen

In Denmark, Alex Brask Thomsen (1919-2005) is first and foremost known for having created the Finansbank A/S in 1958 - a bank which he, in merely 22 years, managed to develop into one of the largest banks in Denmark. At its peak, the Finansbank had 47 branches, and its shares were noted at the exchange.³

Brask took his leaving exam from Efterslægtens Skole in 1936, after which he was apprenticed to his father, who had a colour and wallpaper shop on Nørrebrogade in Copenhagen. After he had served his apprenticeship, Brask worked for a short period in a colour shop in Århus. Afterwards, he studied at Copenhagen Business School where he earned the degree as HA (Bachelor of Commerce) in 1942. After that, he was employed at the colour and lacquer factory Sadolin & Holmblad A/S, where he was made responsible for the purchasing of chemicals. During the years 1945-47, he worked in Paris where he, among others things, bought chemicals for Danish companies. From 1947-1953, he ran a business via his own import and export firm A. Brask Thomsen A/S, purchasing chemicals in West Germany and Czechoslovakia, which he then sold to Denmark and Norway. In 1952, Brask established a sister company in England, A. Brask Thomsen Ltd.

However, Brask had to acknowledge that he could not get the prizes for his commodities that he wanted, and therefore he started taking an interest in the money trade. In 1955, he and an old school friend (Henning Vedsted Jakobsen) bought Københavns Kreditbank, which he sold with great profit the following year to the estate investor Poul Glindemann.⁴

From 1956, Brask and his family lived in Switzerland, and from here he established the finance company Ultim A/S in 1957 and the Finansbank A/S in 1958. The Finansbank was a completely new type of bank (see the paragraph on Brask as an entrepreneur), and relatively quickly, the bank

³ To read more about Brask, see Nørgaard 2008 and 2009 (English translation).

⁴ Københavns Kreditbank's archives are placed in Erhvervsarkivet.

experienced enormous success. In 1972, Brask failed in taking over the Amagerbank. Brask also established banks abroad, namely Finanz- und Investmentbank AG in Zürich in 1970, and the Finansbank (Luxembourg) S.A. in 1977.

In 1964, Brask also entered into the industrial trade, as he took over Henriques & Løvengreens Tricotagefabrikker A/S (Henrique's & Løvengreen's Knitwear Factories). The following year he formed the company H & L Handels- og Holdingselskab (H & L Trade and Holding Company) which especially took care of the company's production and sales of knitwear. In the period from 1963-1965, Brask tried in vain to establish the finance companies Imperia Finans A/S, Fokus Finans A/S and Multa Finans A/S in Denmark. On the other hand, he succeeded in converting H & L Handels- og Holdingselskab into the finance company H & L Finans A/S in 1967.

Brask sold the Finansbank A/S and Finanz- und Investmentbank AG for 147 million kr. to Jyske Bank in 1981, and today his fortune of several billion kr. is administered by Brask Thomsen Stiftung in Vaduz, Liechtenstein.

The contemporary opinions of the businessman Alex Brask Thomsen were conflicting. Several considered him "the black sheep" or "enfant terrible" of the financial trade, while others were of the opinion that he was brilliant, creative and in the possession of a huge talent for trading with money.

As a person, Brask was an eccentric; in 1992, for instance, he offered to donate the city of Copenhagen 250 million kr., if it would rename Nørrebrogade in Copenhagen to "Alex Brask Thomsens Gade", but the city rejected his offer. Brask died on January 8, 2005, and, after a drive through Denmark, his embalmed and frozen body was buried on a cemetery on his father's birthday on July 14 at Bispebjerg Cemetery.⁵

The Establishment of the Finansbank in 1958

And the share capital increases

According to the Danish exchange rules, non-residents, here among Danes who lived abroad, were under an obligation to apply for permission at the Ministry of Commerce if they wanted to make direct investments in Denmark. Therefore, Alex Brask Thomsen, who lived in Montreux in Switzerland, had to seek permission from the Ministry of Commerce in order to carry out his financial disposals. Brask Thomsen had established "Den Frie Bank 1958 A/S" (The Free Bank 1958 A/S) with his school friends Henning Vedsted Jakobsen and Ib Preben Hansen on September 26, 1958. Brask actually wrote surprisingly little about the establishment of the Finansbank in his

⁵ Ole Færgeman, Prof. Dr. Met. and former chairman of the Heart Association, characterizes Brask as kind, very intelligent with a quickness of perception and thinking. He had many interests, was a good listener and reserved (conversation with Færgeman 21.7.2010).

many drafts of "Erindringer"⁶ ("Memories"). He does, however, include a paragraph called "The Decision about the Finansbank" in which he writes the following under the date August 23, 1958: "During the evening, we (Editor's note: Vedsted and Brask) decided to establish a new bank that would give better interests than others. The next months were spent preparing."⁷

However, the Ministry of Commerce did not care for the name "Den Frie Bank 1958 A/S", and demanded he change it. The final name became the Finansbank A/S.⁸

The establishment of the Finansbank in itself, as well as the approval of the regulations, went actually rather painlessly, but Brask's personal subscriptions for shares caused frowns both in the Ministry of Commerce and the Nationalbank. The fact was that the Danish authorities – the Nationalbank in particular – were extremely negative towards foreign investors' investments in Danish banks and financing companies. Brask Thomsen was regarded as a non-resident just like any other foreign investor.

Brask wrote in his "Erindringer" that the Trade Minister, Kjeld Philip, tried to sabotage the establishment of the Finansbank:

"If I was already "one of the most talked-about men in Denmark" in 1958, and had my motives ruthlessly questioned, it would get even worse when we started the Finansbank. Even before it had opened, the plan caused a stir. The Trade Minister, Kjeld Philip, tried to trip me up. He did not think I should be allowed to open a bank. What did he mean by that? Had the press not already accused me of knowing about the illegal transactions of the Glindemann-concern, and even though it was dismissed on the part of the police, something always sticks. Cabinet meetings were held concerning the case. There were thoughts about making a Lex Thomsen on the ground that private citizens should not be allowed to run a banking operation."⁹

And he continued:

"The Trade Minister's attempts to sabotage my plans were followed with great attention from the whole press, and while Kjeld Philip kept insisting that he would stop me, I stated that I was an optimist. I did not believe he could get his bill passed."¹⁰

Finally, Brask concluded: "On December 5, 1958 you could read on the placard of Dagens Nyheder: BRASK THOMSEN-LAW WITHDRAWN LAST NIGHT. Kjeld Philip had finally

⁶ Brask's "Erindringer", which he was working on since the late 1950s, was never finished and never published. Erik Pouplier drew up three versions, but none of these were published either. They are, however, to be found at BPA. Parts of Brask's "Erindringer" are found in Nørgaard (2008).

⁷ Point 250 in a draft for "Erindringer", BPA.

⁸ HMA, RA. The case documents do not reveal why the Ministry of Commerce demanded a change of name, but it is probably self-evident.

⁹ Brask's "Erindringer", BPA.

¹⁰ Brask's "Erindringer" p. 101, BPA.

yielded. He had not been able to get through with his law which forbade private persons to open a bank.”¹¹

Regarding Brask’s establishment of the Finansbank in 1958, it does not appear from the Ministry of Commerce’s case documents that the Ministry had any misgivings about the person Brask. Of course they might have had so anyway, especially when considering the fact that, at the time, trials of Poul Glindemann and Brask were running in connection with the fall of Københavns Kreditbank, and the media coverage was quite intense.

At the end of September 1958, Brask Thomsen personally wanted to purchase shares in the Finansbank for 30,000 kr. The amount was transferred from his finance company ”International Kredit A/S”¹² to his account in the Landmandsbank who asked the Nationalbank permission to pay him the 30,000 kr. for the purchase of the shares. The Nationalbank answered that it would agree to it as it had arranged with the Ministry of Commerce on the condition that Brask Thomsen had not taken or planned to take more shares in that bank so that he would “get considerable influence on it.” And the bank continued: “If Brask Thomsen directly or indirectly wishes to take shares in the new bank to such an extent that the subscription for shares represents a direct investment, an application must be sent to the Ministry of Commerce to obtain permission for the subscription.”¹³ So from the very beginning, the Nationalbank was concerned that Brask Thomsen would personally obtain too great an influence on the Finansbank.

The Ministry of Commerce also took the matter seriously. On the Nationalbank’s answer to the Landmandsbank, an official had made a note with blue chalk: "The matter has been mentioned to the Minister”. At this time – in H.C. Hansen’s second reign – professor and political economist, Kjeld Philip was Trade Minister, and thus, he was informed early about the matter. The day after having obtained the permission, Brask Thomsen wrote to the Landmandsbank that in the memorandum of association concerning the new bank, he had committed himself to take additional shares for the nominal value of 30,000 kr. In other words, he would take shares for a total of 60,000 kr. If, however, the last 30,000 kr. of shares should be considered a problem, he was prepared to try to dispose of these shares.

This time the Landsmandsbank asked the Ministry of Commerce how they should respond. In the Ministry of Commerce’s so-called “Yellow Pages”, where the officials communicated with each other, a slight confusion and nervousness could be traced.¹⁴ Administrator Tage Leth noted: “Do we know how much the subscribers have subscribed to?” The somewhat thin answer was: “We only know that every subscriber has taken shares for at least 500 kr.” A couple of days later the same

¹¹ Brask's "Erindringer", BPA. The original placard of "Dagens Nyheder" can be found in BPA.

¹² Established by Brask 28.4.1956.

¹³ NB to Brask primo October 1958, HMA, RA.

¹⁴ The Ministry of Commerce's "Yellow Pages" is a confidential source where case officers and relevant persons conducted open and extensive discussions. This article has benefitted greatly from this unique source.

Leth wrote: "By "order" of P. Villadsen, the assistant secretary, the question concerning Brask Thomsen's additional subscription for shares in "Den Frie Bank af 1958 A/S" has been discussed by telephone with the head of office F. Hollensen from the Nationalbank. However, as matters now stand, he did not care to speak on behalf of the bank; instead, he recommended that the Ministry seek information as to who the other subscribers were, and afterwards presented the matter to the Nationalbank in writing if they wanted a statement.

The Ministry of Commerce noted that in addition to Brask Thomsen, the subscribers were: Ib Preben Hansen, Henning Vedsted Jakobsen, International Kredit A/S and Ultim A/S, and on December 18, 1958, the Ministry approved that Brask Thomsen subscribed for shares for 60,000 kr. In a letter to the subscribers some days earlier, the Ministry of Commerce had demanded that the articles be changed, including the name "Den Frie Bank af 1958 A/S" which, as mentioned, turned into the Finansbank.¹⁵

Slow case handling

The authorities' approval of the Finansbank, the articles, the name and the share capital took less than three months. Nevertheless, Brask Thomsen felt that the Ministry of Commerce's case handling was slow. Henrik Nørgaard (2008) writes:

"The application for approval of the new bank at the Ministry of Commerce dragged out. During the autumn of 1958, we were basically ready to open in the earlier Kredit Bank-offices on Vester Voldgade under the name "Hovedstadens Finansbank", but we still needed the final approval... The Ministry really capered about... There was one office head in particular, who was especially persistent when it came to throwing all sorts of obstacles our way."¹⁶

Brask Thomsen stated to the press that the Ministry of Commerce's slow treatment of the application had induced him to write to the ombudsman.¹⁷ The documents in Brask Thomsen's private archives reveal that he did actually complain to ombudsman Stephan Hurwitz about the Ministry of Commerce, the Inspectorate of Banks and the Register of Companies on December 6, 1958, but he withdrew his complaint some days later.¹⁸ Presumably, Brask had softened a little towards the Ministry of Commerce after the bill for a new bank act had been withdrawn. It is also remarkable that Brask writes two exceedingly kind and accommodating letters to the Trade Minister Philip concerning the depositors in the failed Københavns Kreditbank.¹⁹

¹⁵ HM approved the name "the Finansbank A/S" 15.12.1958.

¹⁶ Nørgaard (2008) p. 100. Niels Børge Hansen was the head of the office at the time.

¹⁷ Nørgaard (2008) explains the languid process in the following way: "The Trade Minister, Kjeld Philip (from the Radicals), was ready to present the Folketinget with a bill to change the bank act. It would sharpen the demands for the persons who wanted to establish a new bank. The bill was quickly named "Lex Thomsen", since there could be no doubt as to whom it was directed at. The Ministry wanted to neutralize the financier with juridical weapons." (p. 101).

¹⁸ The ombudsman's letter to Brask 18.12.1958, BPA. Brask's letters to the ombudsmand 6. and 16.12.1958 evidently do not exist in BPA.

¹⁹ Brask's letters to Philip 17.12.1959 and 17.2.1960, BPA.

When Brask sent an application to the Ministry of Commerce on December 17, 1958, it was to apply for the permission to personally take shares for no less than 400,000 kr. in the Finansbank A/S, and thereby increase the total share capital from 600,000 to 1,000,000 kr. But here, the Nationalbank seriously dug in their heels. If Brask Thomsen's application was granted, he would personally own shares for 460,000 kr. out of a share capital of a total of 1,000,000 kr., i.e. almost 50%.

Brask Thomsen's application for extension of the share capital was discussed thoroughly in the Nationalbank: first in the foreign exchange license office with the head of the office F. Hollensen, and afterwards at a management meeting on January 15, 1959. The conclusion of this meeting was that the management considered it "a breach of the existing practice" if permission was given. The Nationalbank therefore strongly advised that Brask Thomsen's application was denied. In a highly interesting letter to the Ministry on January 7, 1959, the Nationalbank elaborately stated the reasons for its refusal:

"On November 11, 1958, the Nationalbank stated its misgivings in writing to the Ministry of Commerce concerning director Brask Thomsen. It was feared that he would assume an all dominating influence on the bank as a consequence of his presumed intimate connection with the co-founders of "the Finansbank A/S", namely the finance companies "Ultim A/S" and "International Kredit A/S". In the Nationalbank's judgment, the content of director Brask Thomsen's letter from December 17, 1958 only serves to increase these misgivings. If A. Brask Thomsen, who is a non-resident, is permitted to take or purchase shares in the requested order, the Finansbank will in reality become a finance company dominated by an individual non-resident. The fact that, in the final form of the bank's regulations, rules have been added concerning the limitation of the individual shareholder's voting rights will hardly prevent Brask Thomsen in actually having the pivotal influence on the running of the bank if he should both directly and indirectly own the major part of the share capital.

As the Ministry is already aware, compare the Ministry's case j. nr. 89-21-58, the Nationalbank entertains misgivings on grounds of principle about the establishment of finance companies here in the country with predominantly foreign capital, as such companies being juridical persons who reside in this country, are non-residents, and those non-residents who established the companies will therefore through these persons be able to bypass the restrictions for the investments of the non-residents' means; especially the rules which state that such means must in general not be lent to non-residents without in each case having first obtained a special permission from the Nationalbank."²⁰

The Nationalbank emphasized further that by investing directly it wished to promote new productions, technical progress and the like. It did not wish to create greater latitude for purely financial investments, such as was the case in the matter at hand. As Brask Thomsen's application to the Ministry reveals, he would have used his credit balance in Denmark to make the subscription of shares in the Finansbank, and so new capital would not enter the country. Finally, the Nationalbank stated that it would not accept that Brask Thomsen "increases his share in the bank's total share capital beyond the present 10 %". The governor of the Nationalbank, S. Hartogsohn, had signed the letter.

²⁰ NB to HM 7.1.1959, HMA, RA.

On the face of it one would think that after the Nationalbank's serious request for a denial of Brask Thomsen's application, a rejection was inevitable. This, however, was not the case.

The Nationalbank's reasoning made no special impression on the officials in the Ministry of Commerce. Svend Hartlev noticed in the "Yellow Pages" that "the Nationalbank's arguments do not have much weight". The Ministry did not share the Nationalbank's concerns regarding the matter of giving non-residents permission to place capital in finance companies. The Nationalbank's scruples concerning control apparently did not matter much either, seeing that the Finansbank was a commercial banking, which was under the control of the Inspectorate of Banks. Therefore, Hartlev thought that the Ministry should give Brask Thomsen the permission he had applied for, despite the Nationalbank's dismissing attitude.

The office head of the Ministry of Commerce, Niels Børge Hansen, wrote down these thoughts a couple of days later:

"Based on realities, the only consequence there is to allowing BT to increase the share capital with 400,000 kr. is that the bank's means will be increased with 2/3. The foreign influence will not change, as there can hardly be any doubt that BT already controls the bank completely.

By rejecting his application, we can achieve either:

- 1) that BT abandons his plan, which leaves the Ministry of Commerce responsible for the bank missing a strengthening of the capital and thereby the safety, or
- 2) that BT achieves the capital increase on what is in reality his own expense by a circumvention through Ultim A/S and International Kredit A/S, that is, in the same way as he did at the establishment itself.

Since the transactions of circumvention must be considered to have been practically evident already at the establishment, it appears – based on realities – meaningless to reject the raising of additional capital."²¹

The head of the office also drew attention to the fact that the hesitations the Nationalbank had on grounds of principle were not uttered until in the letter on January 7, 1959, after Brask Thomsen's dominant influence had officially been brought to light. The basis on which the Nationalbank had changed its mind seemed therefore to be "quite formalistic and therefore unsuitable to motivate the Ministry of Commerce to make a negative decision."

Niels Børge Hansen ended his reflections with the following reasoning:

"We recommend that it is explained telephonically to the Nationalbank that, considering the fact that we said A without any objections from the Nationalbank, we feel obliged to say B as well, and give the permission applied for – regardless of the Nationalbank's present objections."

The permanent secretary of the Ministry of Commerce, Otto Müller, made a note of the following in the "Yellow Pages" some days later: "The case has been discussed with the Minister who agrees to

²¹ The Yellow Pages in HM 9.1.1959, HMA, RA.

grant permission to the application."²² So the Nationalbank's views were not supported by the Ministry of Commerce, and the Nationalbank must clearly have felt overruled. It was extremely seldom that the Nationalbank and the Ministry of Commerce differed so much in opinion as in the question of Brask Thomsen's taking shares in the Finansbank A/S.

Brask Thomsen plans to extend the share capital with 8 million kr.

Barely 1½ years later, on May 27, 1960, Brask Thomsen applied again for an augmentation of the share capital in the Finansbank. This time the increase would be with a full 8 million kr. – from 2 million kr. to 10 million kr. The Ministry of Commerce immediately forwarded a copy of the application to the Nationalbank.

On June 8, 1960, the Nationalbank's manager, Svend Nielsen and F. Hollensen - the head of the office - stated in a joint statement that the Finansbank A/S could not be characterized as an ordinary bank, "but rather had to be put on the same footing as a finance company." Nielsen and Hollensen drew attention to the fact that if Brask Thomsen raised the money by means of raising a loan abroad, there would be a considerable risk that he - and thereby the Finansbank A/S - would become "a front man of purely foreign capital interests". Furthermore, they pointed out that it had not been explained what the great increase of share capital was to be used for. Based on the information that was available about the Finansbank and manager Brask Thomsen's business in this country until now, the Nationalbank had to conclude that a great risk was being run of invoking criticism from the public, if the import of capital aimed at being used in a more or less "grey" money market was allowed. In the light of this, the Nationalbank recommended that the Ministry refuse flatly the application of manager Brask Thomsen.

In the end of June 1960, Brask Thomsen explained that the purpose of the share capital increase in the Finansbank was that if the bank had a larger capital, it would be able to handle larger and more assignments, and in this way, the Finansbank would to a larger extent be able to undertake all general banking business. Furthermore, it was his intention to establish a co-operation with other banks within "The Seven".²³

Brask Thomsen's application was discussed at the highest level. On November 9, 1960 it was considered in the Investment Committee which consisted of representatives of the Ministry of Finance, the Ministry of Commerce, the Economic Secretariat and the Nationalbank. It turned out that an English-Swiss banking consortium financed 5 million kr. while Brask Thomsen himself paid 3 million kr. He planned to procure this amount partly by a cash transfer of 1 ½ million kr. from Switzerland and partly by collecting a debt of 1½ million kr. in Ultim A/S. The committee agreed

²² The Yellow Pages in HM 13.1.1959, HMA, RA.

²³ England, Denmark, Norway, Finland, Portugal, Austria and Switzerland created the free trade area EFTA in 1960.

that they could hardly refuse that Brask Thomsen used a credit balance in Denmark for an increase of the share capital in the Finansbank.

In the final stage of the discussion concerning the capital increase, a question was suddenly raised which might prove to be of the highest importance as to how the case was concluded. Svend Hartlev from the Ministry of Commerce, who had participated in the discussions in the Investment Committee, stated that the head of the office, Hollensen, from the Nationalbank had mentioned that he believed the police had also considered the question of Brask Thomsen's status as a non-resident or a resident. "I wonder, has this question been discussed in the case?", Hartlev asked. The head clerk "A.P." answered not very intelligently that he was unable to see that this question could have any significance for the case after which Hartlev effectively ended the discussion:

"It is my opinion that it would not be particularly relevant to examine the matter of whether BT is a resident or a non-resident. In cases of doubt we have always followed the course of treating them as non-residents, as the consequence of this is that the investments require a permission."²⁴

In the ending of December 1960, the head of office, Georg Jensen, wrote down some highly interesting information and assessments. He stated that the Nationalbank "would like to refuse altogether", but that the 1½ million kr. could not be refused with reference to earlier practice. He wrote, moreover, that in the pending case against the Finansbank (a too great engagement with a single client) the public prosecutor had stated that he did not find there had been any breach of the law. Georg Jensen ended his notes with the statement that he did not believe the Finansbank conducted financing activities on a larger scale than other banks, and the head of the office concluded: "The case is not without hesitation, seeing that we have presumably never before given a rejection in such instances or with such arguments as seems directed towards BT."

After Brask Thomsen's application for a share capital increase of 8 million kr. in the Finansbank had been turned upside down in practically every relevant institution and commission, the Ministry made its decision in the form of a so-called "presentation" on January 6, 1961. The Ministry first stated that there had not previously been any applications for non-residents' investments in Danish banks. There had, however, been questions concerning non-residents' investments in finance companies in cases where foreign companies had been permitted to establish finance companies which had a natural connection with the companies' occupational purpose (for instance the Philips-concern), while rejections were given to pure finance companies, compare the case of Lombard Banking Ltd., London, which had been presented to the government's Finance Committee.

The Ministry of Commerce did not find it desirable under the current economical circumstances that foreign capital was invested in Danish banks, and therefore they believed Brask Thomsen should be given a rejection with regards to the 6½ million kr. which came from credit balances abroad, and this should apply even if the capital in question, or some of it, was transferred to the country. On the

²⁴ The Yellow Pages in HM ultimo November 1960, HMA, RA.

other hand, with reference to earlier practice, it was not considered an option to give a rejection to the 1½ million kr. which came from Brask Thomsen's credit balance in the country.

The Ministry of Commerce's presentation was word-for-word:

"The applicant is granted permission to purchase shares in the Finansbank A/S for the amount of approximately 1½ million kr. arising from his credit balances in the country – regardless of the hesitations on the part of Danmarks Nationalbank. The applicant is, however, denied permission to purchase shares in the bank for the amount of approximately 6½ million kr. arising from foreign credit balances."²⁵

On January 11, 1961, the government's Finance Committee concurred in the Ministry's presentation. Brask Thomsen was angry about the rejection from the Ministry of Commerce, and, offended, he wrote to the Ministry that he would not make use of the permission to invest 1½ million kr. in the Finansbank. He did, however, add that he would send another application later on, as he was under the impression that the conditions concerning capital transactions with foreign countries were being loosened more and more.

All in all, the relationship between Brask and the Ministry of Commerce was very tense in the summer of 1960. The Ministry stated in a note on July 7, 1960 that they would let the public prosecutor take a look at the Finansbank's circumstances (the engagement with Dansk Aktieejers Trust).²⁶

Brask reacted violently and very angrily on August 24, 1960. He did not mind an examination, but he was strongly confounded at the Ministry of Commerce's procedure. Thus, in his letter to the Ministry, Brask criticized the Ministry for having notified Ritzaus Bureau about the police investigation of the Finansbank, and having thereby made a press sensation of the case. In Brask's opinion, the Ministry of Commerce and the Inspectorate of Banks wanted to harm the Finansbank, and bring the bank into difficulties.²⁷

Brask had carefully considered the content and form of his letter from August 24, 1960, and no less than four typed drafts exist with many corrections which Brask had written by hand with a green colour. At the top of the draft for "the letter", Brask had written the question: "Couldn't I write so sharp a letter to the Ministry of Commerce that they would bring a lawsuit against me?????"²⁸

On March 16, 1961, however, the Trade Minister, Lars P. Jensen, called off an examination of the Finansbank's circumstances, as he wrote to Brask personally that they "did not intend to proceed further with the matter."²⁹

²⁵ HM's presentation 6.1.1961, HMA, RA.

²⁶ HM to Brask 7.7.1960, BPA.

²⁷ Brask to HM 24.8.1960, BPA.

²⁸ The four drafts for the letter 24.8.1960 are found in BPA.

²⁹ Jensen to Brask 16.3.1961, BPA.

Brask Thomsen increases the share capital with 2 million kr.

Two years later, Brask Thomsen tried to increase the share capital in the Finansbank with 2 million kr. to 4 million kr.³⁰ Ultim A/S took shares for 1,660,000 kr. while Brask Thomsen bought shares for a total of 340,000 kr. He himself bought shares for 91,000 kr. on the basis of his rights of subscription while he had shares transferred for the amount of 249,000 kr. from Ultim A/S through a highly curious arrangement: Ultim A/S paid 15% for the right of subscription for the foreign shareholders in the bank, and for these 15% = 249,000 kr. a similar amount had been subscribed for in shares. These shares were then transferred to Brask Thomsen personally. It is quite strange that the payment for the purchase of the right of subscription was not transferred to the foreign shareholders, but was used to purchase shares for Brask Thomsen.

The Finansbank's application from November 8, 1963 had been sent to the Nationalbank which immediately forwarded it to the Ministry of Commerce while the bank drew attention to the fact that the number of shares of 340,000 kr. represented a direct investment. In the beginning of February 1964, the Ministry of Commerce asked Brask Thomsen in writing to inform them of the names and addresses of the non-residents who had transferred the rights of subscription to Ultim A/S, and, moreover, to inform them whether the amount which Ultim A/S paid for the rights of subscription could be used by Brask Thomsens to take shares in the Finansbank.

Brask Thomsen answered evasively to the Ministry's questions, and he wrote rather ambiguously: "Some of the rights of subscription in question concerning the share capital increase were purchased by me as commissioner and made available by those interested, and I am not entitled to reveal who I have made commission businesses for abroad." Apart from that, he referred to previous letters from Ultim A/S and the Finansbank A/S.

The Ministry of Commerce found it difficult to deal with Brask Thomsen's application. The views of Georg Jensen, the head of the office, which had been written down in the Ministry's confidential papers, undoubtedly summed up the general faltering attitude in the Ministry of Commerce:

"It is, like it often is, some odd woolly nonsense on B.T.'s part. It is not easy to see what his purpose is. He owns Ultim A/S, who subscribes to shares for 1,660,000 kr. (where does that money come?) in the Finansbank by means of the right of subscription purchased from foreign unknown shareholders (who might be B.T.?) for the amount of 249,000 kr. For this money, shares are subscribed to at par, and Ultim wishes to place these shares at B.T.'s disposal. Seeing that the enquiry came from Ultim, perhaps we should have asked this company, but the difference is probably not so great.

We should probably assert that the 249,000 kr. is a direct investment, and presumably we can – as suggested – reject to grant the permission under reference to the lack of information, even though the whole thing seems quite odd."³¹

The assistant secretary, H.O. Christiansen, "agreed" completely with the views of the head of the office.

³⁰ HMA RA.

³¹ The Yellow Pages in HM December 1963, HMA, RA.

The decision of the Ministry of Commerce was made around the middle of May 1964. The Ministry wrote the following in the letter to Brask Thomsen:

"The Finansbank is already considerably under your influence. The Ministry will subsequently have to approve of your subscribing for a holding of 91,000 kr. However, on the present basis, the Ministry of Commerce has not been able to approve that the holding of 249,000 kr. is placed at your disposal."³²

Brask Thomsen reacted promptly and with ill-concealed sarcasm:

"I thank you for granting me approval to take over the shares in the Finansbank for the face value of 91,000 kr.

But I am sorry that the Ministry of Commerce has not, on the present basis, been able to approve that the shares of the face value of 249,000 kr., which was both purchased and paid for by me, are placed at my disposal. I have conferred with my foreign connection, and I am not entitled to inform you with whom I have made commission businesses abroad.

Incidentally, I do not agree with the Ministry of Commerce that the Finansbank is considerably under my influence. My influence limits itself to the influence I have as a member of the board of directors and a small holding.

I would very much like to have the matter of the shares of the face value of 249,000 kr. arranged in a way which is fully satisfactory for the Ministry of Commerce, and in that connection I take the liberty of inquiring most politely if the Ministry of Commerce will be able to accept that I transfer the shares to a buyer in Denmark, presumably Ultim A/S."³³

The Ministry of Commerce noticed that Brask Thomsen did not agree that the Finansbank was considerably under his influence, but it was decided not to react on it, as "an answer could only form the basis for a useless correspondence." Incidentally, the Ministry of Commerce had no problem with Brask Thomsen transferring the shares to Ultim A/S, and so his desired share capital increase was allowed.³⁴ However, a large holding was not registered in his own name but in that of Ultim – the difference was probably the same!

Brask Thomsen's disappointed attempts to increase share capital

About a year later, Brask Thomsen was in the field again with an application for a new capital increase. This time it was the Finansbank A/S that applied for an increase of the share capital with 1 million kr. from 4 million kr. to 5 million kr. Why did the Finansbank need frequent share capital increases? What were they going to do with the money? In a letter from the end of November 1965, the Finansbank stated that the background for the projected increase of share capital was the bank's continuous expansion. It can be added that the Finansbank A/S had several capital-intensive engagements (Dansk Aktieejers Trust (Forening af Ejere af Danske Værdipapirer), property

³² HM to Brask 15.5.1964, HMA, RA.

³³ Brask to HM 18.5.1964, HMA, RA.

³⁴ Approvals for the purchase of shares and transfers of shares to Brask in Switzerland are found in BPA.

investments and general banking business). Because of the expansion, it was completely natural with capital increases, as the Finansbank had to observe the demands for solvency.³⁵

In the Finansbank's application from October 25, 1965, it was stated that "some more than half of the increase is subscribed to by shareholders abroad". When the Ministry of Commerce asked who the foreign shareholders were, the Finansbank answered that Brask Thomsen was not allowed to state the names of foreigners. It was, incidentally, the Finansbank's understanding that the capital increase did not need permission from the Ministry of Commerce, compare the exchange rules § 14.

The Finansbank stated in the end of November 1965, that Brask Thomsen owned 91,100 kr. in shares. Svend Hartlev from the Ministry of Commerce made a remarkable note on the Finansbank's letter: "Spoken to head of office Hollensen who is going to send a copy of letter from which it appears that apart from the 91,000 kr., the rest is owned by B. Thomsen's wife and children." The letter, which Svend Hartlev referred to, is not to be found in the Ministry of Commerce's documents, but according to Hartlev's conversation with Hollensen, Brask Thomsen, his wife and his children owned the whole share capital of the Finansbank A/S jointly.

In the middle of November 1965, the Ministry of Commerce wrote to the Finansbank that before the Ministry was able to make a decision, it needed information on the background of the share capital increases, the names and addresses of the foreign investors, which holdings the persons in question wished to purchase, the prices of the holdings and how the purchase prices were "warranted". Both Georg Jensen, the head of the office, and H.O. Christiansen, the assistant secretary, endorsed that the questions should be answered.

It was not until five months later, on April 23, 1966, that Brask Thomsen reacted. His answer was extremely short – and surprising. He stated that the foreign shareholders did not want to subscribe for shares themselves. "The foreign friends wish to transfer the right of subscription to me in connection to the share capital increase of 1 million kr."³⁶

It is difficult to say if Brask Thomsen really thought his summary answer would satisfy the Ministry of Commerce. In any case, Brask Thomsen was close to exploding some months later, as he wrote impatiently: "I am now taking the liberty of asking you politely to answer me as quickly as possible, as an increase of the bank's share capital should take place immediately. At the moment the bank's own funds are not in conformity with the bank act's regulations – the bank's own funds are below the regulars – and we would like to have this matter sorted out immediately."

However, a couple of days later, the Ministry of Commerce adhered to its demands as stated in the letter from November 1965,³⁷ and the permanent secretary Otto Müller gave his full support to the

³⁵ Conversation with Anker Brask Thomsen 10.6.2010.

³⁶ Brask to HM 23.4.1966, HMA, RA.

³⁷ NB had drawn up "statements" to HM on 23.3.1966 and 8.6.1966, respectively, in which the bank advanced demands concerning the information which had to be procured before a decision

claim that the Ministry's questions should be answered. The Nationalbank had also given the Ministry of Commerce its undivided support as to abiding by its demands to Brask Thomsen. In a statement, the Nationalbank played heavily on the fear of foreign investors: "If manager Brask Thomsen and his wife have raised or plan to raise the money acquired for the new business by lending abroad, this will entail a considerable risk of them becoming front men for the foreign interests in question." The Ministry of Commerce's documents reveal that the Nationalbank's "argument of fear" made a strong impression on the Ministry.

Brask Thomsen capitulated in the end, and gave up the increase of share capital in the Finansbank. In the end of October 1966, he wrote very sarcastically to the Ministry:

"I acknowledge the receipt of the Ministry of Commerce's kind letter from September 8, 1966. The Finansbank's shares, which are placed abroad, have now been sold to A/S "Henriques & Løvengreens Handels-og Holdingselskab". From the letter from the Ministry of Commerce I got the impression that the Ministry of Commerce would like it if these shares are placed in Denmark, and this has now been done."³⁸

The office head Niels Børge Hansen put a definitive stop to the matter, as he made the note on Brask Thomsen's letter: "Vedl." (ad acta, Editor's note). In the Ministry of Commerce's jargon, this meant that the case had been dropped.

Henriques & Løvengreen Tricotagefabrikker A/S 1964

And the increases of share capital

In 1963, Brask Thomsen became shareholder in the industrial firm Henriques & Løvengreen Tricotagefabrikker A/S, and the year after, he decided to take over the whole company. His motives were to save the company, and get the Finansbanken on the stock exchange via Henriques & Løvengreen, which was quoted on the stock exchange.³⁹ It can, however, not be excluded that Brask also wanted to collect value from the company.

On March 12, 1964, he sought permission at the Ministry of Commerce to purchase shares in the company for the face value of 1 million kr.⁴⁰ However, the Ministry wanted to know who the seller of the shares was, and how Brask planned to raise the money.⁴¹ Brask answered that no agreement had yet been made with any seller in particular, as Brask wished to obtain permission from the

could be made.

³⁸ Brask to HM 28.10.1966, HMA, RA.

³⁹ Conversation with Anker Brask Thomsen 10.6.2010.

⁴⁰ Brask to HM 12.3.1964, HMA, RA.

⁴¹ HM to Brask 2.4.1964, HMA, RA.

Ministry before the purchase. Moreover, he informed them that some of the shares would probably be purchased by Ultim A/S.⁴²

The Ministry of Commerce now approached the Register of Companies which informed them that the company's share capital constituted 4,6 million kr., and that Brask was a member of the board of directors. The joint-stock company from 4/2-1963 (which was owned by Ultim A/S, which again was owned by Brask (Editor's note)), had about 1 million shares, and Ultim A/S owned a larger holding (1,5 million kr.). Based on the collected information, the Ministry decided that Brask's purchase of 1 million kr. in the company would have to be considered a "direct investment",⁴³ and so, the Ministry gave Brask the desired permission.⁴⁴ The case concerned foreign capital in a Danish manufacturing company which entailed the production of goods and gave employment, and Brask's application therefore went through the Ministry of Commerce relatively smooth.

Increases of share capital

In the meantime, H & L A/S needed an infusion of capital, and therefore the company decided to increase the share capital with 2,5 million kr. which Brask told the Ministry of Commerce on September 30, 1964.⁴⁵ The total share capital was now 7,1 million kr., and Brask applied for permission to purchase shares for "up to 600,000 kr.",⁴⁶ which the Ministry approved of without more ado.⁴⁷ On October 30, 1965, Brask again applied to the Ministry for permission to purchase shares for the amount of 600,000 kr. in H & L A/S,⁴⁸ which the Ministry granted.⁴⁹ On February 25, 1966, Brask applied to the Ministry for permission to purchase shares for 1,2 million kr. which the Ministry also approved.⁵⁰

February 25, 1966 was, however, the last time the Ministry of Commerce complied with Brask's applications concerning the purchasing of shares in H & L A/S. Brask later applied for the permission to purchase more shares in the company, but the authorities had grown suspicious of the development of H & L A/S, which was, in their opinion, developing from being a regular manufacturing business to a finance undertaking (compare Hollensen's assessment, p. 20).

⁴² Brask to HM 18.4.1964, HMA, RA. Ultim A/S already owned 1,5 million kr. shares in the company.

⁴³ Note 27.4.1964, HMA, RA.

⁴⁴ HM to Brask 1.5.1964, HMA, RA.

⁴⁵ Brask to HM 30.9.1964, HMA, RA.

⁴⁶ Brask to HM 9.7.1965, HMA, RA.

⁴⁷ HM to Brask 6.8.1965, HMA, RA.

⁴⁸ Brask to HM 30.10.1965, HMA, RA.

⁴⁹ HM to Brask 21.12.1965, HMA, RA.

⁵⁰ HM to Brask 7.3.1966. Brask bought shares for several million kr. in the company from 1964 to 1966.

H & L Handels- og Holdingselskab A/S 1964

In 1964, the authorities really grew alert when Brask formed the new company H & L Handels- og Holdingselskab A/S, which he wanted to invest in. The next couple of years Brask and the authorities fought a battle over the holding company which was in reality a finance company.

Brask had formed H & L Handels- og Holdingselskab A/S with a share capital of 3,750,000 kr. in 1964, and on September 30 1964, he applied to the Ministry for permission to purchase shares "for up to 1 million kr." in the new company.⁵¹ However, the Ministry of Commerce wished to know more about the new company,⁵² and Brask informed them that the trade and holding company would take over 2,5 million kr. worth of shares in H & L, and, in general attend to the company's commercial businesses and additional functions like it was done in ØK's Holding-Aktieselskab. Brask enclosed the articles for the new company H & L Handels- og Holdingselskab A/S. The purpose was "to acquire and administer shares for the face value of 2,500,000 kr. in Aktieselskabet H & L A/S, which will be issued by this company in 1964. Moreover, the company can invest money in shares and bonds, or in other public or private negotiable instruments and in real property or in any way according to the board of director's judgment. Finally, the company can carry on trade and industrial activities, including import and export."⁵³

The purpose with the new holding company gave rise to great discussion internally among the officials in the Ministry of Commerce, and the conclusion was clear: the Ministry could not allow the far-reaching aims. "Agreed", the head of the office Georg Jensen consented the following day – and added rather bitterly: "It must be acknowledged that we have taken a somewhat disappointing course with Brask Thomsen."⁵⁴ Brask was informed of the Ministry's decision on November 3, 1964:

"The aims are found too far-reaching, and on this occasion we must inform you that, with reference to existing practices, we do not grant permission to engage in foreign capital involvement in concerns whose aims are as far-reaching as the company in question. The permission applied for will therefore not be granted unless the articles of the Holding-Aktieselskabet are limited to the extent that it cannot invest capital in shares and bonds, or in other public or private negotiable instruments and in real property or in any way according to the board of director's judgment."⁵⁵

In his next letter to the Ministry of Commerce on November 11, 1964, Brask omitted to comment on the Ministry's sharp criticism of the aims of the company, and, instead, he raised the question concerning the amount of his holding in the company. Brask wrote:

⁵¹ Brask to HM 30.9.1964, HMA, RA.

⁵² HM to Brask 14.10.1964, HMA, RA.

⁵³ Brask to HM 21.10.1964, HMA, RA.

⁵⁴ The Yellow Pages in HM 22.10.-23.10.1964, HMA, RA.

⁵⁵ HM to Brask 3.11.1964, HMA, RA.

"Seeing that I have some connection to the new company (Editor's note: here HM has noted directly on the letter with a pencil: "that is safe to say"), I would like to be a shareholder, but it is not crucial if my holding is large or small, and I politely take the liberty of asking how large a number of shares the honoured Ministry will allow me to take over".⁵⁶

It was noted in the "Yellow Pages": "Brask Thomsen has previously been denied to subscribe for shares in finance undertakings. Therefore, we should probably inform him that in this case as well he cannot subscribe for any amount whatsoever in H & L Trade and Holding Company."⁵⁷

When the Ministry of Commerce (for some unknown reason) failed to answer Brask's inquiry concerning the size of the number of shares in H & L Handels- og Holdingselskab, Brask impatiently pressed for an answer on January 11, 1965.⁵⁸ Two days later, the Ministry of Commerce stated that no reason had been found to change the decision made on November 3, 1964, and they repeated that the Ministry "did not grant permission to engage in foreign capital involvements in concerns whose aims are so far-reaching."⁵⁹

Brask Thomsen was dissatisfied with the answer, and followed up on January 21, 1965:

"It seems I have not yet gotten a clear answer to my question for which reason I allow myself to write again. I have not asked the Ministry to change their decision, but I have called the office head Georg Jensen and asked him whether there was any possibility for me to purchase a large or small holding in H&L Handels- og Holdingselskab. According to the exchange rules, I should think that I could be allowed to purchase a block of shares in the company without more ado, but the holding must not be so large as to become a direct investment. I ask that a potential permit – or the briefing I might receive – may also be used by my family."⁶⁰

The same day Brask applied to the Ministry with the request that the permit would also apply for his family in Switzerland. At the same time he informed the Ministry that he had purchased shares for the amount of 1,500 kr. in H & L Handels- og Holdingselskab, and that he would forward a notification to the Nationalbank.⁶¹

There is probably no doubt that Brask deliberately violated the exchange rules by purchasing shares from abroad in a Danish company before it had been applied to and approved by the Nationalbank. Brask wished apparently to put pressure on the Ministry of Commerce via a *fait accompli*.

Brask's letter from January 21, 1965 created a furore both in the Ministry of Commerce and the Nationalbank. As to Brask's question concerning the possibility of letting the permit apply for his family in Switzerland as well, the Ministry recommended that his wish should be denied, as the term "family" was indefinite, and there had not been given any sufficiently clear demarcation of a fixed group of persons. With regards to Brask's purchasing a block of shares in the holding

⁵⁶ Brask to HM 11.11.1964, HMA, RA.

⁵⁷ The Yellow Pages in HM 16.11.-18.11.1964, HMA, RA.

⁵⁸ Brask to HM 11.1.1965, HMA, RA.

⁵⁹ HM to Brask 13.1.1965, HMA, RA.

⁶⁰ Brask to HM 20.1.1965, HMA, RA.

⁶¹ Brask to HM 21.1.1965, HMA, RA.

company, the Ministry considered it "problematic" to set a concrete amount as a limit between "a direct investment" and "a portfolio investment".⁶² Svend Hartlev in the Ministry of Commerce made no bones about his opinion: "I think his right to take shares in the holding company must be close to zero, compare § 14 a and b."⁶³

On April 2, 1965, the Ministry informed Brask that they could not comply with his application that the permit should include his family in Switzerland.⁶⁴

The Nationalbank dealt personally with the question concerning Brask's purchasing of shares in H & L Handels- og Holdingselskab. When the bank had received Brask's notification of the transfer of 1,500 kr. for the purchase of a holding in the holding company on January 25, 1965,⁶⁵ the Nationalbank answered on April 2, 1965:

"The purchasing of the holding of the amount of 1,500 kr. in H & L Handels- og Holdingselskab is considered a direct investment, as the company is essentially under the indirect influence from ABT, and this holding, as well as any other holding ABT might have purchased as a co-founder of the company, must within two months, be transferred to a resident."⁶⁶

So the Nationalbank demanded Brask to sell his share in the holding company to a person in Denmark (a resident). Brask complied with the demands of the bank, and on May 7, 1965, he informed them that the holding had been sold.⁶⁷ The Nationalbank had in this way once and for all put an effective stop to Brask's attempts from Switzerland to personally purchase shares in H & L Handels- og Holdingselskab.

No more capital from Brask Thomsen in H & L A/S

As mentioned, the Ministry of Commerce allowed Brask to purchase shares in H & L A/S in February 1966. But from that time, Brask was no longer allowed to invest additional capital in the manufacturing business because the authorities were afraid Brask was transforming the business into a pure finance company.

The knitwear factory did not succeed: it suffered considerable losses, and Brask farmed out large parts of the production facilities which clearly increased the scepticism of the authorities.

On July 27, 1966, Brask applied for permission to invest 3 million kr. worth of shares in H & L.⁶⁸ After three months, Brask pressed for an answer.⁶⁹ It appears from a note from the Ministry of

⁶² Note 2.3.1965 in HM, HMA, RA.

⁶³ Hartlev's note 8.3.1965, HMA, RA.

⁶⁴ HM to Brask 2.4.1965, HMA, RA.

⁶⁵ NB to HM 2.3.1965, HMA, RA

⁶⁶ NB to Brask 2.4.1965, HMA, RA.

⁶⁷ Brask to HM 7.5.1965, HMA, RA. NB informed HM about Brask's selling of the holding 21.6.1965, HMA, RA.

⁶⁸ Brask to HM 27.7.1966, HMA, RA.

Commerce from November 1, 1966 that the application was treated at several meetings between the Nationalbank and the Ministry of Commerce. The office head F. Hollensen from the Nationalbank wished to have it investigated whether the company had "developed into a finance company".⁷⁰ On account of a newspaper article from October 26, 1966, the Ministry of Commerce requested Brask that he forwarded them the annual accounts of H & L. Brask forwarded these on November 3, 1966, and he declared that he would be satisfied if he was permitted to purchase shares for 1 million kr. in H & L instead of the original wish for 3 million kr.⁷¹

The Nationalbank opposed strongly to Brask's application for the purchasing of a larger holding in H & L, and Hollensen stated directly that "the Nationalbank did not doubt that B.T. is in full swing butchering the manufacturing business and transforming H & L into a finance company."⁷²

On November 17, 1966, the Ministry of Commerce wrote to Brask: "On the basis of the applications from 27/7 and 3/11-1966, the Ministry hereby informs you that, in deference to the latest information about the company, the Ministry will not be able to accommodate your application."⁷³ The case does not end here, but develops in an odd and quite interesting way when Brask writes personally to Svend Hartlev from the Ministry of Commerce on March 3, 1967. Brask begins his formal "application" completely unorthodox: "I'm writing in a kind of private way", and then he drops the bomb: Brask offers to liquidate Ultim A/S on condition that he is permitted to purchase an additional holding in H& L. His proposal was word for word: "I would like to get permission to purchase this block or perhaps shares for the amount of 500,000 kr., and then you will not hear any more from me in this matter."⁷⁴

The Ministry of Commerce's reaction to Brask's unorthodox proposal was: "Supposedly, what he is saying in the letter is that, provided he gets the permit applied for, he will bind himself to liquidate Ultim A/S. Safe to say, that sort of horse-trading is not for the Ministry of Commerce to engage in, and therefore it is recommended that manager Brask Thomsen is given a rejection to the present application." The head of the office Niels Børge Hansen noted: "Agreed".⁷⁵ The Ministry of Commerce put a stop to the case on April 3, 1967, as the Ministry informed Brask that "they cannot continue to grant the application."⁷⁶

⁶⁹ Brask to HM 28.10.1966, HMA, RA.

⁷⁰ Note 1.11.1966 in HM, HMA, RA.

⁷¹ Brask to HM 3.11.1966, HMA, RA.

⁷² Note 10.11.1966 in HM, HMA, RA.

⁷³ HM to Brask 17.11.1967, HMA, RA.

⁷⁴ Brask to HM 16.3.1967, HMA, RA.

⁷⁵ The Yellow Pages in HM 28.3.1967, HMA, RA.

⁷⁶ HM to Brask 3.4.1967, HMA, RA

The Finance Companies 1957-1967

Ultim A/S 1957

The property and finance company Ultim A/S, which had a share capital of 10,000 kr., had been founded on August 17, 1957, and the company dealt with purchasing, selling and lending of premium bonds and mortgage deeds.⁷⁷

It is notable that Brask Thomsen was not himself listed as a subscriber of Ultim A/S. Nevertheless, it was him who sent in an application for a permit for a share capital increase in Ultim A/S with 40,000 kr. in the ending of April in 1959.⁷⁸ It was odd that it was Brask Thomsen who applied to the Ministry of Commerce for a permit for the share capital increase, seeing that he was neither the director nor a member of the board of directors.⁷⁹ After the Ministry of Commerce had received Brask Thomsen's application for the share capital increase, the Ministry immediately contacted the Nationalbank. The head of the office, F. Hollensen, who was usually consulted in cases like these, had, however, left for a meeting in Paris. So instead, secretary Hedemann Olsen, who was the Ministry of Commerce's case officer, discussed the application with the confidential clerk Porsdal in the Nationalbank. Porsdal stated directly "that he did not see that it would make any difference whether the permit was given or not", and the Ministry of Commerce therefore decided to grant Brask Thomsen the wished permit for share capital increase.⁸⁰

When Ultim A/S applied to sell shares for the amount of 8,000 kr. in Ultim A/S for the non-resident Brask Thomsen in May 1963, disagreement broke out between the Nationalbank and the Ministry of Commerce. The assistant secretary of the Ministry of Commerce, H.O. Christiansen, declared: "On which motive shall we refuse the request of Ultim A/S?" The office head Hollensen from the Nationalbank wanted to refuse the application in reference to "the existing practices". His colleague in the Nationalbank, confidential clerk Porsdal, had, however, no objections. Porsdal's positive attitude towards Ultim A/S and Brask Thomsen is remarkable.⁸¹ The Nationalbank had all along been opposed to Brask Thomsen making capital contribution in Ultim A/S. So in the end of December 1959, the bank wrote to Brask Thomsen, that it did not allow that he paid proceeds of 300,000 kr. by selling a mortgage deed to Ultim A/S, seeing that, for principal reasons, the Nationalbank did not allow that capital which belonged to non-residents was contributed in Denmark.⁸²

⁷⁷ Ultim's area of activity is printed on the letterhead of the company's notepaper. Ultim A/S would later play the crucial part in the construction of Brask's finance group.

⁷⁸ HMA, RA.

⁷⁹ Brask became a member of Ultim's board of directors 10.8.1959, ASRT 1959.

⁸⁰ HM's permit 12.5.1959, HMA, RA.

⁸¹ It appears from BPA that Brask had several meetings and telephone conversations with Porsdal in NB, and therefore he must have known this official well.

⁸² HMA, RA.

In the middle of May 1963, Ultim A/S applied to the Ministry of Commerce for permission to sell its entire holding of 100,000 kr. in the finance company "A/S af 4. februar 1963" to Brask Thomsen. Gradually, the Ministry of Commerce had become on their guard against Brask Thomsen's many transactions. One of the most experienced officials Svend Hartlev, wrote down a line of questions:

" - We must speak to Ultim!

- Where does Brask's money for the purchase come from?

- Who are the sellers of the shares, and who are the receivers of the price?

- You (case officer H. Olsen, Editor's note) should also speak to Danmarks Nationalbank!"⁸³

Ultim A/S' application from May 1963 caused some nervousness in both the Ministry of Commerce and the Nationalbank. The Ministry of Commerce wrote, clearly worried, to the Nationalbank in June 1963: "A/S af 4. februar 1963" serves the purpose of carrying out investments, and the company has invested in shares quoted on the stock exchange." The case officer Hedemann Olsen had noticed in the Ministry of Commerce's "Yellow Pages" that they would not take part in that "under the current financial circumstances", and Hartlev's comment was that "investing in shares might lead to unwanted investments." The Nationalbank sent word back to the Ministry of Commerce that the bank was continually strongly opposed to a non-resident investing capital in a finance company in Denmark. In reference to this and to Brask Thomsen's wish to place the means as own funds in the Finansbank A/S, the Nationalbank recommended that Ultim's application to sell its share capital in "A/S af 4. februar 1963" to Brask Thomsen was rejected. The Nationalbank's recommendation was signed by the head of the office F. Mørck and confidential clerk Porsdal.

Four months later, the Ministry of Commerce sent its answer to Ultim A/S. The Ministry would not allow the company to sell its shares in "A/S af 4. februar 1963" to Brask Thomsen. The Ministry stated the reasons for the refusal in the following way: firstly, the purpose of the company was to invest in shares which had been quoted on the stock exchange, and this was unacceptable. Secondly, the 100,000 kroner constituted the entire share capital in "A/S af 4. februar 1963". It was implied that Brask Thomsen would then own the share capital on his own which was not allowed according to the Companies Act. And thirdly, the Ministry of Commerce and the Nationalbank agreed that the applied for was not in conformity with the existing practices.

Imperia Finans A/S, Fokus Finans A/S and Multa Finans A/S 1963

Shortly after the Ministry of Commerce's refusal of the application from September 27, 1963, Brask Thomsen applied to the Ministry of Commerce for the permission to subscribe for shares in three new finance companies: Imperia Finans A/S, Fokus Finans A/S and Multa Finans A/S, which had

⁸³ The Yellow Pages in HM ultimo May 1963, HMA, RA. Svend Hartlev became head of the office in 1967.

all been founded on the same day, namely June 12, 1963.⁸⁴ Brask Thomsen begun his case really poorly, seeing that he subsequently applied to the Ministry of Commerce for approval which was a breach of the law. Brask Thomsen had established the companies together with manager Henning Vedsted Jakobsen and Jørgen Mørk.⁸⁵

Brask Thomsen wished to subscribe for shares himself for the amount of 2,000 kr. in each of the companies. The three companies each had a share capital of a total of 10,000 kr. It appears from Brask Thomsen's application from September 27, 1963, that he had discussed his application with confidential clerk Valeur in the Nationalbank. Valeur was of the opinion that, seeing that Brask Thomsen's contribution was for 20% of the share capital, it had to be considered a "direct investment". Brask Thomsen, on the other hand, did not consider his investment a "direct investment". As far as he had understood the Exchange declaration from June 20, 1961, a "direct investment" meant a contribution by which a company would get to be considerably under the investor's influence, and therefore he did not think that an investment of merely 2,000 kr. out of a share capital of 10,000 kr. could be considered a "direct investment". Therefore, in his opinion, investments ought not to depend on the approval of the Ministry of Commerce.

The question concerning the definition of a foreign direct investment gave rise to several comments in the Ministry of Commerce. Case officer Hedemann Olsen noted that perhaps it could be argued how large a part of the share capital had to be owned before an investment could be considered direct according to § 12 in the Exchange declaration. Even though the Nationalbank had made it clear to Brask Thomsen that a purchase of "more than 10% of the share capital in a company was regarded as a direct investment", Hedemann Olsen was in doubt as to whether such a fixed percentage would be accepted by the court of justice. Hedemann Olsen elaborated his arguments regarding direct investments: "In § 1 of the Exchange declaration there is mention of the establishment of a business in Denmark by means of which this business becomes the subsidiary company of the investor or in another way becomes under considerable influence of the investor. When Brask Thomsen was the owner of all shares in Ultim A/S, there did not seem to be any doubt that Brask Thomsen had, in another way, gotten considerable influence on the three companies, thus there is talk of a direct investment."

The comments of Svend Hartlev show how complex the term FDI really was:

"It is clear that it is left to the monetary authorities to decide in each case when there is talk of a direct investment. For instance, in cases where the contribution consists of "knowhow", or in cases where there is merely talk of using a name, a direct investment might be taking place even if the percentage of the own funds might be very close to 0."

⁸⁴ No new material concerning the three finance companies has been found in BPA.

⁸⁵ Vedsted Jakobsen joined Ultim's A/S' board of directors 3.5.1960, ASRT 1960. See Nørgaard (2008) for information regarding the three finance companies (pp. 125-126).

Brask Thomsen wrote sarcastically and quite impertinently in his application that if the Ministry of Commerce found his investments "too large" (Editor's note: 6,000 kr. in all), he would not mind selling some of the shares.

Brask's application for the founding of three whole new finance companies gave rise to very extensive considerations and discussions in the Ministry of Commerce – and the Ministry took several months to answer. Therefore, Brask Thomsen also pressed for an answer in three letters. He had gradually become very angry, and now he expressed himself in a less diplomatic manner. However, Brask Thomsen did, on his own initiative, offer a regular apology for a sharp remark he had made in a letter from January 30, 1964. The Ministry of Commerce worked intensively on a reply. Secretaries, head clerks, office heads and assistant secretaries were all involved.

Several drafts were made for an answer to Brask Thomsen. Among the first drafts there was one which had been made by case officer Hedemann Olsen, and which was surprisingly harsh in both content and tone:

"Unless all three companies - Fokus, Imperia and Multa – are liquidated, the Ministry of Commerce will request the prosecution to charge you with violating § 12 in the Ministry of Commerce's regulation number 199 of June 20, 1961 concerning exchange measures with claims of punishment and obligation to liquidate the companies and confiscation of any potential profit."⁸⁶

Indeed, it was only a draft for an answer, but it is apparently the only time in the Ministry of Commerce's archives for FDI-cases that the Ministry seriously considered threatening with death and destruction! The example also shows that the Ministry of Commerce had other possibilities of sanction than different types of indictments, and these could be mild, serious and very serious. The example shows that it was seriously considered to use punitive measures.⁸⁷

Hedemann Olsen's draft for an answer to Brask Thomsen's application from September 27, 1963 called forth several very interesting and intriguing comments in the Ministry of Commerce: in his draft for an answer, Hedemann Olsen wrote that the three companies could be dissolved through a criminal case against Brask Thomsen. In the margin of Hedemann Olsen's draft, an (unnamed) official had noticed: "Does the office really think it (Editor's note: the criminal case) is valid?" Another official had noticed: "We should avoid it (Editor's note: the criminal case) if possible, and therefore we should write to Brask Thomsen and make him go into liquidation." Svend Hartlev believed that most of the problems could be solved if a personal meeting with Brask Thomsen was arranged. Hartlev had stated earlier on that he did not think a meeting with Brask Thomsen "would amount to much." But, as is well known, you have a conviction until you change it... By now, the case had become a hot potato, and the daily press threw itself into it. There was, for instance, a long article in Ekstra-Bladet on August 10, 1963 with the headline: "Brask Thomsen starts three new

⁸⁶ The Yellow Pages in HM October 1963, HMA, RA.

⁸⁷ Hedemann Olsen, who was a young official in the Ministry of Commerce, was later an experienced and respected office head (Jens Hal, NB, 8.12.2005).

joint-stock companies: all three with the same subscribers, the same board of directors and the same purpose.” And the article continued:

“The names are: Imperia Finans A/S – Fokus Finans A/S – Multa Finans A/S. Ultim and the Finansbank are directed by Brask Thomsen. With this new addition to his line of joint-stock companies, whose board of directors and capital structure are weaved together, Brask Thomsen has expanded his opportunities for financial and fiscal investments in Denmark – all of which is directed and supervised from his large establishment in Montreux.”

The head of the office, Georg Jensen, now involved himself actively in the case for the first time. He was completely destitute, and in the beginning of November 1963 he noted: ”I request that the file where we gave Ultim a permit is procured.” It is surprising that the head of the office thought the Ministry of Commerce had allowed the founding of Ultim A/S. The fact was that the Ministry of Commerce had not allowed the founding of Ultim A/S. As it turned out, case officer Hedemann Olsen was not able to fulfil his manager’s wish to ”procure the permit”, but noted, evasively, that the Ministry of Commerce had given Brask Thomsen permission to increase the share capital in Ultim A/S with 40,000 kr. in May 1959.

It was not so strange that Hedemann Olsen could not find the case, either in the files of the Ministry of Commerce or the Nationalbank. Ultim A/S had never applied to the monetary authorities for permission for the founding in August 1957, as the joint-stock company was a purely Danish company without any foreign capital.⁸⁸ The head of the office, Georg Jensen, was now really in a scrape, and he made no attempt to hide it in the Ministry’s ”Yellow Pages”: “It seems to be a bit difficult to get to the bottom of BT’s many companies and their connections, and it seems to me it is a bit difficult to find out which position to take in consideration of the treatment he has been given so far.” And he stated: ”If we are to have a meeting with him, we should decide on our own position first. It seems expedient to give a short outline of his companies”:

”Ultim A/S

International Kredit A/S – now A/S af 28. april 1956

A/S af 8. juni 1962

A/S af 4. februar 1963

Imperia Finans A/S, Fokus Finans A/S and Multa Finans A/S

Henriques & Løvengreen A/S

The impression is that especially the Nationalbank is opposed to BT getting the possibility to engage in finance businesses as a non-resident, and to the fact that BT has succeeded, partly with permission from the authorities, to

⁸⁸ ASRT 1957.

establish a system of finance joint-stock companies by which he has made the transactions he wants, as, for instance Henriques & Løvengreen.⁸⁹

It will be difficult, but we must take a position – and first of all, arrange a meeting with the Nationalbank. It is possible that the new bill concerning tax provisions for exodus of taxpayers can be used against him."

Office head Georg Jensen was really in trouble, and the word "difficult" was used no less than three times in his comparatively short notice.

The head clerk, Svend Hartveg, noted that the Nationalbank had still not commented on Brask Thomsen's application from September 27, 1963. Even though office head Georg Jensen had just voiced a wish for a meeting with the Nationalbank, he opposed his colleague Hartlev: "What is the purpose of arranging a meeting with Danmarks Nationalbank, which has already uttered its opinion of BT's responsibility?" The office head was in doubt as to whether the views of case officer Hedemann Olsen were valid. He noted in the Ministry of Commerce's "Yellow Pages":

"First and foremost, I wonder if we can demand that the three newly established companies are dissolved. I am not enthusiastic about the attitude towards "A/S af 4. februar 1963" which seems to be positive, if the articles are changed,⁹⁰ but I suppose it is logical considering our directions.

I would like to discuss the case with the rapporteur." (Hedemann Olsen, Editor's note).

The course is sharpened

By now, a critical attitude had been directed sharply at Brask Thomsen and his investments. Thus, the Nationalbank had worked out a confidential report of eight pages about the Finansbank's currency transactions. After having read this report, the director of the Supervision of Banks and Saving Banks wrote to the assistant secretary, Knud Agbo, of the Ministry of Commerce that Brask Thomsen's bank had now grown so considerable that Brask Thomsen had everything to lose and nothing to gain by refusing to "follow the rules of the game". Knud Agbo, however, did not share the director's optimism. Svend Hartlev recommended Hedemann Olsen speak to Knud Agbo: "Talk to Agbo about the case!" Hedemann Olsen answered that he had already done so. "Agbo considers Ultim A/S to be a Danish company, and therefore its investments cannot have any effect on the question concerning foreign investments."

The many considerations in the Ministry of Commerce resulted in the Ministry rejecting Brask Thomsen's application from February 7, 1964.⁹¹ At the same time, the Ministry demanded that the three companies be dissolved on January 1, 1965 the latest. Both the assistant secretary, H.O. Christiansen, and Georg Jensen, the head of the office, supported the decision. M. Bjerregård Jensen, the principal administrator, established three weeks later that Brask Thomsen had not sent in a notice of liquidation. Therefore, Hedemann Olsen recommended that the demand for liquidation

⁸⁹ It turned out that Brask had not invested kr. 1 million in Henriques & Løvengreen.

⁹⁰ Brask had declared that he was ready to change the articles of the company

⁹¹ HM's rejection 7.2.1964 is both found in BPA and HMA.

of the companies was repeated. At the same time they should "threaten him with the police". Regarding the punishment, Hedemann Olsen noted:

"As regards the punitive measures, it is incidentally noticed that BT has not – nor could he have – carried through the investments in question on his own. It should therefore also be possible to charge Vedsted Jakobsen and Jørgen Mørk, who are subscribers together with BT and Ultim A/S (and who, together with BT, constitute the board of directors in the three companies as well as in Ultim A/S) of the three companies with assisting (penal code § 2, compare § 23) in violating the rules concerning direct investments, seeing that the participation of the persons in question can hardly be exempt from punishment according to the rules of "concursum necessarium" as the § 12 of the Exchange declaration and the penalty clause of the Exchange Control Act is composed. It is therefore stated that the persons in question will be informed that the prosecution will be asked to charge them as well for assistance unless the company goes into liquidation."⁹²

Hedemann Olsen's assessment was eagerly discussed – also after the Ministry of Commerce's rejection had been dispatched on February 7, 1964! Thus, Svend Hartlev noted a whole month later:

"In my opinion, the following has to be elucidated:

1. If the three companies have been founded illegally.
2. If any "bad faith" exists on BT's part.
3. If any "bad faith" exists on the co-founders' part.

As far as the office is concerned, we must – as is only natural – take up the position that a business which has been established illegally in relation to the Exchange Control Act, and which we subsequently cannot approve, must be demanded liquidated."⁹³

Hartlev was most in favour of charging the two co-founders as well. Office head Georg Jensen wrote down the following comments the same day:

"Even though BT is the principal, it is very right to hold the entire management responsible. As it is, the case could be sent to the police immediately, seeing that BT cannot be bothered to answer our letters, but I do not mind sending another warning which also entails the two others. Besides, I still think we should be able to get the two companies liquidated, and that we should in any case claim that we can."⁹⁴

The office head's superior, the assistant secretary H.O. Christiansen, noted in the beginning of March 1964: "I miss a comment for the views presented orally by Agbo concerning the demand for liquidation." Indeed, one could say that the assistant secretary's comment came rather late, as the Ministry's demand for liquidation of the companies had been dispatched on February 7, 1964.

Case officer Hedemann Olsen took stock of Brask Thomsen's three companies in the ending of March 1964:

⁹² The Yellow Pages in HM ultimo February 1964, HMA, RA.

⁹³ The Yellow Pages in HM primo March 1964, HMA, RA.

⁹⁴ The Yellow Pages in HM primo March 1964, HMA, RA.

"1. Multa Finans A/S

After BT's amendment of the Articles of Association for Multa, where investing and financing have been cancelled, the company is legal (§ 12), as the purpose and the size of capital have been included by the exceptions.

Regardless of this amendment, the exchange rules have been violated to the extent that it will still be possible to charge BT, Vedsted and Mørk, but what has now passed will probably entail a considerate mitigation of sentence, so much that it will hardly be expedient to pursue the case.

2. Fokus Finans A/S and Imperia Finans A/S

BT has sold his shares in the companies to the Danish company Ultim A/S, where BT is the owner of all shares.

According to the definition of a direct investment in § 1 of the Exchange declaration, it is demanded that non-residents have own funds in a business and that the company becomes essentially under his influence.

Regardless of the fact that BT continues to control the two companies through Ultim A/S, there are no longer any direct investment from his part after he has sold all the shares he owned personally, so the companies are now legal according to § 12 of the Exchange declaration."⁹⁵

Svend Hartlev commented: "Unfortunately, it looks like we must acquiesce in the investments decided on, even though it is unfortunate that Ultim are registered as owners."

Georg Jensen had these comments to Hedemann Olsen's attitude:

"Re 1. I agree that there is no reason to proceed further in the matter without observing the keeping of the regulations.

Re 2. It is unsatisfactory that BT can achieve what he wants through these formal arrangements which actually change nothing, but I agree that nothing can be done.

The damage was done when A/S Ultim was established."⁹⁶

The assistant secretary H.O. Christiansen agreed with the office head's assessments.

In the end of June 1964, Hedemann Olsen could ascertain with satisfaction that the Ministry of Commerce's "reprimand" had caused Brask Thomsen to liquidate the three companies. As late as September 27, 1965, the clerk Poul Erik Hansen noted in the Ministry of Commerce's "Yellow Pages" that the Register of Companies had not yet received a notification of the liquidation of the companies, but the following day, he could establish that the companies was now annulled at the Register of Companies.

With that, the case had been disposed of."⁹⁷

⁹⁵ The Yellow Pages in HM ultimo March 1964, HMA, RA.

⁹⁶ The Yellow Pages in HM ultimo March 1964, HMA, RA.

⁹⁷ The companies were, however, established after 1975, when liberalism also came to apply for the whole finance sector.

H & L Finans A/S 1967

H & L Handels- og Holdingselskab was, as mentioned, established in 1965, partly with the purpose of dealing with trade in connection with Henriques & Løvengreen Tricotagefabrikker A/S, and partly to offer financing. Gradually, the “trade”-aspect came to an end, and in 1967, Brask transformed the company to a pure finance company with the firm name H & L Finans A/S. Even though the authorities were in general strongly opposed to finance companies, it does not appear from the authorities’ archives that any resistance existed towards H & L Finans A/S. This might seem surprising, but it could have something to do with the fact that the authorities had originally allowed Brask to take over Henriques & Løvengreen Tricotagefabrikker (1964) and to found the company H & L Handels- og Holdingselskab (1965), and so the authorities tacitly accepted the gradual establishment of the finance company.

On the other hand, Brask must have rejoiced in the fact that, this time, he did not have any problems with the authorities in connection to the establishment of a finance company.

The Liquidation of the Finansbank 1980/81

In 1980, Alex Brask Thomsen initiated negotiations with Jyske Bank about selling the Finansbank. He had to give up his wish of making a generational handover in the end of the 1970's, as none of his children wished to take over the managing of the bank after him.⁹⁸ Instead, he chose to look for a bank that would take over the Finansbank. Jyske Bank turned out to be interested. But a merger of the two banks - with Jyske Bank taking over the Finansbank - demanded an exemption from the Inspectorate of Banks. In that connection, the authorities had to deal with Alex Brask Thomsen again, and as the course of events showed, he was continually a person who caused discussions in the highest circles.⁹⁹

Attempts to change the atmosphere in the Ministry

The negotiations between Jyske Bank and the Finansbank really started in the end of May 1980, and after an intense progress, it led to a decision in the beginning of July to make a merger where Jyske Bank would, in the course of a short number of years, take over all activities, branches and employees of the Finansbank. The whole negotiation process was kept very secret: they did not

⁹⁸ A generational handover was discussed thoroughly by Brask and the children Anker and Birte, who were both educated at the Finansbank. For instance, the son, Anker, was supposed to manage the branch bank in Luxembourg after a study trip to USA, but the bank never got started (conversation with Anker Brask Thomsen 10.6.2010).

⁹⁹ The course is described by Lange (1992), which is based on the board directors' records from Jyske Bank.

wish for other banks or the public to learn about the case, as it would entail a risk that the merger would be derailed. The plan was to make the merger plans public on August 9, 1980.

A takeover demanded, as mentioned, an exemption from the Inspectorate of Banks of §24 of the bank act which concerned how large a share a bank is permitted to own of another bank. According to the law, this must constitute no more than 30% of the share capital. However, the Inspectorate of Banks stated that it was unable to settle the case, and therefore it was sent to the Ministry of Business and Industry where Erling Jensen (S) was Minister. It caused some nervousness for the two negotiation partners, and it became the start of an interesting lobbying effort with the Ministry, so the merger could be carried through as planned.

In the days previous to the planned announcement to the media of the merger, Jyske Bank's management pressed for an answer from the Ministry. Thus, the manager of Jyske Bank, Poul Norup, was at a meeting in the Ministry on August 6 with, among others, the head of the department, Eigil Mølgaard to clear up the potential question there might be concerning the exemption.

Ole Lange writes about the course:

"The exemption was not given. The following day, Mølgaard called Norup, and told him informally that "the stage was set" for a no. In a somewhat desperate attempt to turn the atmosphere around, or to forestall a no, Norup had a meeting arranged with the Minister of Industry, Erling Jensen, already the following morning at 11.30. a.m. It was Friday August 8 – the day on which the merger plans were to be made public."¹⁰⁰

At the meeting on August 8, the Minister of Industry, Erling Jensen, made it clear that there would be no exemption from the crucial paragraph in the bank act. With that, the whole foundation for a merger between Jyske Bank and the Finansbank had been put in danger. During the following weeks, Jyske Bank's management tried, partly through the political system, to influence the Minister of Industry's attitude to the exemption-question, and, they tried, partly through meetings with the Ministry's top officials, to clarify what it would take to reach a solution with the Ministry.

All of this was first and foremost a matter of the legislative aspect. But parallel to this, there was a person-related aspect of the case which is quite interesting in this connection. During the meeting in the Ministry of Business and Industry on August 8, some remarkable statements were presented about one of the key figures in the merger, namely Alex Brask Thomsen, the chairman of the Finansbank.

Can Brask Thomsen be merged out of the Danish banking system?

According to Ole Lange's representation, it is exclusively the management of Jyske Bank that takes an active part in the lobbying work with the Minister and the top officials of the Ministry of Business and Industry. A reason for this might be that Jyske Bank had been charged with the task of

¹⁰⁰ Lange (1992) p. 133.

managing the contact with the Ministry, or that the bank's management had better connections in the Ministry. But it might also be due to the particular fact that Alex Brask Thomsen was still in 1980 a figure in the Danish banking community who was regarded with great scepticism by the authorities.

At the mentioned meeting in the Ministry between Jyske Bank's top officials and the Minister of Industry Erling Jensen and his office heads on August 8, the greater part of the meeting was about the conditions for the merger itself. But Jyske Bank also presented other perspectives to influence the Minister:

As a public representative (he had been nominated by the Minister, Editor's note), Oluf Ingvarsen stated that Jyske Bank's purchase of Ultim A/S and the Finansbank also had to be considered "from a social point of view". It could "not be unwelcome for the Ministry if Brask Thomsen in this way left the Danish banking system", he said.¹⁰¹

Ole Lange's interpretation of this argument is that Oluf Ingvarsen, who was the director of the Municipal National Association, was playing on one of the sore points in the Danish banking system. All in all, Lange thinks that the Minister of Industry wanted "to be exempted from taking a political stand on an application which included such a controversial public figure as Alex Brask Thomsen."¹⁰²

On a later occasion, Oluf Ingvarsen had a long meeting with the Ministry's permanent secretary Otto Müller. The meeting was reported as being "absolutely confidential and of a partially private character". According to Lange, the permanent secretary "intimated that, for the Ministry, it was an unusual thing that solutions were being sought after in order to help Jyske Bank. But the Ministry could not partake in a solution which might be criticized because Brask Thomsen allowed himself advantages at the expense of the other Finansbank-shareholders. It was still feared that he would "run away with too much"¹⁰³.

All in all, the Ministry of Business and Industry's special helpfulness to Jyske Bank in connection to the merger process leaves the impression that the authorities were in this case willing to go to a great length in order to reach a solution which would remove Alex Brask Thomsen from the Danish banking system.

Brask Thomsen satisfied with indirect part

According to Lange, it was entirely Jyske Bank's management that handled the negotiations concerning the merger and the lobbying work with the Ministry of Business and Industry. He does, however, mention that Brask at one point requested himself to speak with permanent secretary

¹⁰¹ Lange (1992) p. 133.

¹⁰² Lange (1992) pp. 135-136.

¹⁰³ Lange (1992) pp. 137-138.

Müller, because he was worried about a rejection of the merger, even though the two banks' respective annual general meetings had adopted the plan. Norup advised Brask against doing this, and instead proposed to send Ingvartsen again.¹⁰⁴

In general, Brask was not dissatisfied with the fact that it was Jyske Bank that negotiated with the authorities on the behalf of both parties. It appears from his private archives where he had written in a note that it was good it was Norup, who handled the negotiations with the Ministry.¹⁰⁵ It also appears that Brask kept himself completely out of the lobbying work which might seem strange, considering how active Brask usually was in cases that occupied him. It appears that Brask did not attend any meetings in the Ministry, nor did he have any telephone conversations with officials in the Ministry concerning the selling of the Finansbank.¹⁰⁶ He deliberately left that to Norup.

Brask's deliberate and wise tactic to exclusively focus on influencing the authorities in the selling of the Finansbank through Norup paid off in the end, and he achieved what he wanted financially, namely a selling of the Finansbank and its branches for barely 150 million kr.¹⁰⁷

Discussion and Conclusion

Alex Brask Thomsen regarded himself as an entrepreneur: this phenomenon preoccupied him greatly, and he was extremely conscious about it. In his private archives in Switzerland, several notes, comments and considerations about the entrepreneur-idea exist from the ending of the 1950's and onwards. On July 18, 1978, Brask composed a long note: "The Entrepreneur",¹⁰⁸ in which he wrote, among other things:

"What characterizes the initiator or the entrepreneur: hard work and luck are definitely necessary. To this must be added creativity. The initiator must live for, think of and dream about his good idea and his work day and night – there is

¹⁰⁴ Lange (1992) pp. 140-141.

¹⁰⁵ In note 370 "Salget af Finansbanken" (The selling of the Finansbank) (5 typed pages) Brask writes among other things: "Norup probably felt that he had forbidden me to talk to the authorities. I did not really think of it as a prohibition. To me, it did not really make any difference if it was the one or the other who lead negotiations. If the plan with Jyske Bank had not succeeded, I would have found another buyer for the bank or carried it on myself." And Brask ends: "But everything went as it should. The merger fell into place. Even without my votes. I abstained from using my votes. It was my opinion that the decision rested with the other share holders. Practically everyone was happy."

¹⁰⁶ Meetings in the Ministry are not mentioned in Brask's appointment book for the years 1980 and 1981, which Brask usually always did. Telephone conversations with officials of the Ministry are not mentioned either, neither in the appointment books concerned nor in his material concerning the selling of the Finansbank in BPA.

¹⁰⁷ Later on, Brask acknowledged that the deal he had made with Jyske Bank might not be so optimum after all, and that he had not been paid enough for the mortgage deed: the rate of exchange later rose tremendously.

¹⁰⁸ Brask's note "Entreprenøren" 18.7.1978, BPA.

never any holiday away from his home. He must possess a certain degree of courage, clout or dynamics. And other people's cautious hindsight, built on traditional "wisdom" is to him first and foremost hindrances which he must remove as quickly as possible."

Brask also participated in a workshop on entrepreneurship at Aarhus School of Business,¹⁰⁹ and he regarded Simon Spies and Ejlf Krogager as entrepreneurs, and complimented Knud Tholstrup, the chairman of the Single-Tax Party, when he used the term "pioneers" about entrepreneurs in a feature article in *Berlingske Tidende*.¹¹⁰ When Brask let himself be interviewed for Danish newspapers, he would always get on to the subject of the entrepreneur.¹¹¹ Overall, Brask believed that when it came to entrepreneurship, it was a thing one could "not learn, it was an incentive you had or did not have."¹¹²

However, the question is if Brask Thomsen's conception of himself as an entrepreneur also corresponds to the scientific theory on the area. The well-known and prominent British scholar Mark Casson has dealt with the phenomenon "Entrepreneur" in *The New Palgrave Dictionary of Economics* from 1991. Casson builds on the Austrian theorist Joseph A. Schumpeter, and writes:

"According to Schumpeter (1934), the entrepreneur is the prime mover in economic development, and his function is to innovate. Five types of innovation are distinguished: The introduction of a new good, the introduction of a new method of production, the opening of a new market - in particular an export market - the conquest of a new source of supply of raw materials or half-produced goods, and the creation of a new type of industrial organisation."¹¹³

So, according to Schumpeter, to be an "entrepreneur" you have to fulfil one of the following five criteria, or, rather, dimensions, types or "manners": (1) new products, (2) new methods of production, (3) new markets, (4) new focus areas or (5) new organisation of industries or line of businesses.¹¹⁴

This means that, according to Schumpeter, an "entrepreneur" does not have to fulfil all five criteria at the same time, but in reality merely one of them. If we turn to Brask, the *Finansbank* fulfils Schumpeter's dimensions/manners:

1. New products

The *Finansbank* introduced three striking new products in Danish banking where there were at the time about 250 banks.

¹⁰⁹ In Brask's book collection there are several books about great entrepreneurs, for instance the book about the pioneer Otto Mønsted (1998).

¹¹⁰ Brask to Tholstrup 2.8.1978, BPA.

¹¹¹ See especially the interview in *Måneds Børsen*, No. 3/1980, pp. 59-66, which also exists in BPA.

¹¹² Brask's note "Entreprenøren" 18.7.1978, BPA.

¹¹³ Casson (1991) pp. 151-153. "Entrepreneurship" is recently treated by Casson (2010).

¹¹⁴ Landström (1999), who builds on Schumpeter's work from 1939, also refers to Schumpeter's five "criteria", but he terms the fourth criterion "indsatsvaror" (p. 42).

A. Deposits at the highest interest rate in Denmark

Brask introduced the highest interest rate in Denmark, and he could do so since he was not in on the banks' interest rate agreement. Of course, for the old banks, this was perceived as a provocation – and a serious threat. Naturally, it is debatable whether it was more a matter of a new price than it was an actual new product.

B. Mortgage deeds for private homes (detached houses and owner-occupied flats)

In the beginning of the 1960's, there was a strong tendency among the Danes to purchase own homes; either in the shape of detached houses or owner-occupied flats. Brask had his ear to the ground and offered the private mortgage deeds. Obviously, mortgage deeds already existed, but it was a new thing that such a great focus was placed on the detached houses of private people.

C. Short loans at high interest rates

Unlike other banks, the Finansbank also introduced short loans at high interest rates. These loans were a new product variant: they were relatively easy to get, and they were very popular.

2. *New methods of production*

A. New business model

At that time, check accounts and documentary credit were a common and natural element in the Danish banking system, but Brask abolished them in the Finansbank to save the running costs. Instead, he started working together with the Privatbank that took care of the check accounts and documentary credit for the Finansbank.¹¹⁵

3. *New markets*

A. Banks abroad

At that time it was not normal for Danish banks to have subsidiary or affiliated companies abroad: not until after 1975, when the liberalization within the banking sector really became generally accepted. However, already in 1970, Brask established the affiliated bank Finanz- und Investmentbank AG in Zürich and the Finansbank (Overseas) Ltd. in 1976, the Finansbank (International) Ltd. and the Finansbank (Luxembourg) S.A in 1977 as subsidiary companies of the Finansbank.

B. The detached houses market

¹¹⁵ Conversations with Karen Matthiesen and Anker Brask Thomsen. The Privatbank cancelled the co-operation concerning the check accounts and documentary credit after the Bagmandsrapporten (the public prosecutor's report) in 1973, which Brask was very dissatisfied with.

Brask immediately saw the potential in the Danish detached houses market, which had its boom in the 1960's, and he offered private house buyers mortgage deeds for the financing of their houses.

C. Foreign clients and share holders

As a completely new thing, the Finansbank now approached foreign clients and share holders via grandiose advertising campaigns. Brask aimed especially at West Germany and England, and, eventually, the foreign clients and share holders constituted more than 50% in the Finansbank!¹¹⁶

D. Focus on private persons

Brask focussed more on private clients than on the economic life, while the large banks aimed more at the economic life.

4. *New focus areas*

A. Advertising campaign

The Finansbank started, as the first bank in Denmark, a massive and aggressive marketing of its new bank products. The bank employed large advertisements in newspapers, folders and slogans like, for instance, *De flittige penges bank* (The bank of the diligent money).

5. *New organization of industries or line of businesses*

A. Brask as owner and working chairman

Even though the Finansbank was a joint-stock company, Brask (and his family) were in reality the exclusive owners of the bank. Brask was the chairman of the board of directors, but he also worked as manager. The director of the Inspectorate of Banks, Erling Sveinbjørnsson, believed that the Finansbank took up a "special position" among banks. The Finansbank was, according to Sveinbjørnsson, a "one-man-show", where Brask in reality held all the key positions.¹¹⁷

B. Decentralization of the decisions to the branches

Brask left an amount of competence to the branches compared to the mother bank. For instances, the branches could decide for themselves if and when a mortgage deed was to be redeemed. This way of organizing was new within Danish banking where the large banks were top-down.¹¹⁸

¹¹⁶ The Finansbank's accounts for 1972, BPA.

¹¹⁷ Sveinbjørnsson to Brask 26.10.1965, BPA.

¹¹⁸ Note in BPA. Nørgaard (2008) mentions, however, that the Finansbank was very centralized (p. 176). Anker Brask Thomsen states that the branches were top-down when it came to the drawing up of mortgage deeds seeing that standard forms were to be filled out and sent to the head office.

So Brask created many new things within Danish banking, but we must not forget that he was also an entrepreneur within the field of trade where he was, after World War II, very skilful to recognize the opportunities for arranging trades with chemicals across the war's dividing lines between former enemies' alliances. Furthermore, he utilized the situation with the limited amount of certain raw materials to gain greater profit by selling his stocks at the optimum time.¹¹⁹

Brask does not only merely fulfil one of Schumpeter's five "criteria": he fulfils practically all of them, and therefore there can be no doubt that Brask Thomsen was an entrepreneur according to the leading theorist in the field,¹²⁰ and the common opinion at the time was also that Brask revolutionized banking in Denmark, which greatly provoked and frightened the large Danish banks, like for instance, the Handelsbank, the Privatbank and the Landmandsbank. On the other hand, we have to conclude that Brask's own definition of an entrepreneur is not as accurate as, for instance, Schumpeter's. Brask's definition does, however, greatly resemble that of the pioneer Otto Mønsted. Mønsted characterized the roads he had followed himself: "One does not get ahead by following in the old and familiar footprints of others."¹²¹ Brask used a similar phrase in a slogan for the Finansbank: "He who walks in the footprints of others will never get ahead ... Get ahead with the Finansbank."¹²² Even though Brask was not as precise and distinct in his written reflections concerning the entrepreneur phenomenon as the scholar Schumpeter, it must be emphasized that Brask was fully aware of his new initiatives in the banking business. This is very evident in his many speeches where he always pointed out all the new things he had created in the Finansbank.¹²³

Brask's establishment of the Finansbank A/S in 1958 and the many share capital increases in the bank the following years (1958-67) must be characterized as an absolute success and a sign of a reasonable interaction between him and the authorities, while the rejection of his finance companies (Multa Finans A/S, Fokus Finans A/S and Imperia Finans A/S in 1964), on the other hand, must be characterized as a failure.

There are several explanations for the success and the failure. When Brask succeeded in establishing the Finansbank and increasing the share capital several times, it was, first of all, because of Brask's energetic and stubborn efforts. As it appears from the course, Brask was persistent, and he argued convincingly for his views. Brask's usual polite and kind attitude in his correspondence with the authorities definitely did not harm his case either. "I really want to be on good terms with the authorities", he confided to the director of the Inspectorate of Banks.¹²⁴ On the

¹¹⁹ See Nørgaard (2008) p. 73. Kurt Pedersen (Aarhus School of Business, University of Aarhus) states that at a lecture at the Efterslægtens Skole, Brask told about the many lorries that came from Germany carrying chemicals to Danish colour and paint factories (conversation 28.5.2010).

¹²⁰ Lange also considers Brask as a true entrepreneur (conversation with Lange 31.5.2010).

¹²¹ Mønsted (1998) p. 391.

¹²² Nørgaard (2008).

¹²³ See Brask's manuscripts for his many speeches in BPA.

¹²⁴ Brask to Sveinbjørnsson 1.9.1969, BPA.

other hand, Brask never concealed his opinion about officials. In an undated note, he wrote point-blank: "Officials do not understand the conditions of economic life."¹²⁵

The officials in the Nationalbank and the Ministry of Commerce were in principle sceptical at first of the Finansbank, which they really regarded as a finance company and not a bank. Nevertheless, they took Brask seriously and engaged in an objective and thorough discussion with him. The Trade Minister, Kjeld Philip, was against the Finansbank at first, but later he changed his mind in favour of the bank. This was particularly evident at a large share capital increase where the Trade Minister directly intervened on behalf of Brask in opposition to both the Ministry of Commerce and the Nationalbank. The establishment of the Finansbank and its activity is in this way an interesting example of a fair interaction between an entrepreneur and the authorities in Denmark. The Finansbank became one of the largest banks in Denmark, and was a recognized and respected bank. In 1980/81 it was sold to Jyske Bank for 147 million kr. In that connection, Brask wisely played an indirect role and left the initiative to Jyske Bank.

Brask's purchase of Henriques & Løvengreen Tricotagefabrikker in 1964 and the subsequent share capital increases were a success both for Brask and the authorities. Brask had his wishes fulfilled, and the authorities supported a Danish manufacturing company that produced articles for sale and gave employment to Danish workers. Later, the company changed character and became more of a finance company which both the Ministry of Commerce and the Nationalbank were strongly opposed to. "One could also claim", as Nørgaard (2008) writes, "that Brask deliberately made an asset stripping and a transformation of the finance company under the pretence of wanting to save Danish production and thereby jobs."¹²⁶

Brask's establishment of the finance company Ultim A/S in 1957 was a stroke of luck for Brask, as the Ministry of Commerce by mistake failed to treat the case. On the other hand, the failure of the finance companies (1963-65) is an example of poor interaction between an entrepreneur and the authorities. As opposed to the Finansbank, a real dialogue was never established here between Brask and the authorities. From the beginning, the authorities were fundamentally strongly opposed to foreign finance companies in Denmark, and therefore Brask was never really given a chance. Brask's attempts to establish finance companies were doomed to fail in advance.

In Denmark, there are several examples of the authorities making it so difficult for entrepreneurs to operate in Denmark that they were forced to travel abroad. A classical example here is the margarine pioneer Otto Mønsted, who had to establish margarine factories abroad because the Danish authorities prohibited the colouring of margarine in 1888. In Brask's case though, it was probably more a question of avoiding Danish taxation.

¹²⁵ Brask's note exists in BPA.

¹²⁶ Nørgaard (2008) p. 133.

However, this case shows that by a reasonable co-operation between the Danish authorities and Brask, it was possible to establish the Finansbank A/S in 1958, which became a successful, respected and recognized bank even though Brask, as mentioned, also met with scepticism among some people in the banking sector and the authorities. When the Finansbank succeeded, it was, as demonstrated, partly due to both the person Brask and his clever handling of the case and the pragmatic Danish authorities. It is notable that at a later stage of the Finansbank's activity, the Trade Minister even intervened in favour of Brask.

Brask's skills are especially evident when considering that he managed to get several of his initiatives through in a period when the authorities were in general very restrictive towards foreign financial activity in Denmark. This was partly due to the fact that he was technically very informed of the matters at hand, which was again connected to his highly competent consultants, such as his close collaborator, stockbroker Vedsted Jakobsen, but also the business lawyer Palle Dige and the earlier director of the Inspectorate of Banks Erling Sveinbjörnsson, barrister of the Supreme Court Paul G. Robeck and Prins Peter.¹²⁷ As mentioned, his energy and stubbornness were also important, and he never hesitated to write directly to the Danish Ministers responsible.¹²⁸

The establishments of Brask Thomsen's finance companies ended, however, as a striking failure because the Danish authorities, the Ministry of Commerce and the Nationalbank were in principle strongly opposed to foreign finance companies in Denmark, and they would not compromise.

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¹²⁷ Conversation with Karen Matthiesen and Anker Brask Thomsen. Brask wrote to Dige 19.11.1998: "The Finansbank had never gotten to be a success without you. Yes, perhaps the authorities would have closed the Finansbank if I had not had you to consult me." Dige was barrister at the meeting with the right to appear before the Supreme Court from 1958. Sveinbjörnsson and Prins Peter were both members of the Finansbank's board of directors.

¹²⁸ Brask's private archives contain several letters from Brask to trade ministers, finance ministers, justice ministers and housing ministers, but also prime ministers (among others J.O. Krag, Anker Jørgensen and Poul Schlüter).

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