

Johan Thyberg

The Bactiguard Fairy Tale

The Bactiguard Fairy Tale

A Doubtful Swedish-American
Venture in the Medical Field

Johan Thyberg

© Johan Thyberg 2013
ISBN
Stockholm 2013

Contents

1	Introduction	7
2	Start of the fairy tale and its leading characters	20
2.1	Thomas Lundeborg - physician, researcher, and inventor	24
2.2	Billy Södervall - technician and inventor	27
2.3	Gunnar Walstam - economist and entrepreneur	28
2.4	Astrid Deeth - the anonymous	30
3	Lundeborg and Södervall start to cooperate	31
4	Hans Liedberg enters the stage	37
5	The consultant Gunnar Walstam turns up	40
6	Business started via Walstam & Partners	42
7	Meco Trust	44
7.1	A business concept is worked out	46
7.2	A trust agreement signed by four beneficiaries	48
7.3	Patents applied for by the Jersey company	54
7.4	Patent licenses sold to the USA	60
7.5	Large incomes without a corresponding effort	63
8	Time to retire	70
8.1	New owners enter what becomes Bactiguard AB	72
8.2	The patents are sold to Bactiguard	80
8.3	Remaining ownership parts in Bactiguard are sold	83
9	Bactiguard expands	84
9.1	Kinch and von Koch take the control	84
9.2	The ownership is moved out of Sweden	89
9.3	Subsidiaries and a parent company are set up	90
10	Government and state support Bactiguard	91
11	Authorities unable to act	98
12	Green light for careless business methods	101
12.1	Is the silver coating of catheters effective?	101
12.2	Misleading marketing and uncritical customers	106
13	The role of Karolinska Institutet	116

14	Uninterested authorities	119
14.1	The economic crime authority does not care	119
14.2	The tax authority examines the patent sale	124
15	Tax havens and economic crime	130
15.1	Definitions of tax havens and economic crime	130
15.2	The tax “planning” of Bactiguard	136
16	What is done politically against tax havens?	143
17	Lack of critical examination in the media	152
18	Summary	154
19	Sources	163
20	Abbreviations	164
21	References and notes	165
22	Index	187

1 Introduction

On December 17, 2008 Christian Kinch received the Swecare Export Award from the hands of Göran Hägglund, the Swedish Minister for Health and Social Affairs. Kinch did so in his position as chief executive officer (CEO) of Bactiguard AB. According to the press release published jointly next day by Swecare and Bactiguard the Minister congratulated to the prize and pointed out that the company "based on an excellent business idea had managed to take advantage of the possibilities given by new markets in a superior manner". He further said: "Bactiguard can function as a model for many Swedish entrepreneurs that want to assist in the creation of a better health care for people all around the world". Truly no bad mark. The motivation of the jury was that "Bactiguard during the last year has developed its export possibilities on many new markets with great success, new thinking, and creativity". In the communiqué the company was presented in the following way: "Bactiguard offers world-leading solutions for the prevention of hospital infections – the fourth largest cause of death in the western world. The use of Bactiguard's technology can reduce the costs of health and hospital care, decrease the use of antibiotics, and save lives. The product of Bactiguard is an extremely thin coating of precious metals with antimicrobial and biocompatible properties, possible to apply on all types of technical products used in medicine". Did those involved have any scientific basis for these far-reaching statements or was it all just a publicity stunt? The following was said in the declaration about the prize-giving foundation: "Swecare's mission is to promote growth, increased international competitiveness, development, and export for the life science line of business as well as health and hospital care in Sweden and abroad. Swecare has today a network of three hundred companies and cooperates with the Ministry of Health and Social Af-

fairs, the Ministry for Foreign Affairs, the Municipality and County Councils in Sweden, and the Swedish Trade Council”.

Notably, this was not the only distinction the young medical technology company Bactiguard received at this time. Shortly earlier, on October 23, MedTech Magazine had appointed Bactiguard as the MedTech Company of 2008. The prize was handed over in a solemn ceremony at Royal Viking Hotel in Stockholm in connection with the annual CEO meeting of the trade organization Sweden MedTech. At this occasion, representatives of about 90 member companies were collected together with invited network partners. Bactiguard’s CEO and joint owner Christian Kinch received the award from the hands of the chief editor Ulrika Berglund as well as the sponsors Hans Weinberg from the Institute for Executive Education at the Stockholm School of Economics and Sverker Littorin from the company Ray Clinic. All this was reported in messages on the homepage of Bactiguard and the MedTech Blog.

The Ministry of Health and Social Affairs and its management certainly seem to have their eyes on Bactiguard as well as its CEO and joint owner, Christian Kinch. Shortly before he handed over the Swecare Export Award to Christian Kinch, Göran Hägglund visited the small development and production facility of Bactiguard in Markaryd, where he was shown around by Kinch. Bactiguard and Kinch have also been given the possibility to take part in official delegations during visits of Göran Hägglund as well as Maria Larsson, the Minister for Children and the Elderly, in countries like China, Japan, India, the Middle East, USA, Brazil, and Iraq. This did not only give good PR but also valuable help for signing of business agreements. A few days before the official trip of Maria Larsson to Japan in the end of March 2009, the Ministry for Health and Social Affairs together with Swecare even arranged a press luncheon in the premises of Bactiguard in Stockholm. This all sounds like a success story of unusual proportions and a magnificent Swedish contribution to health

work around the world. Of course one has to become curious about the company and the persons that in a short time has accomplished all this.

If one starts to dig in the history, it is found that the “Bactiguard Fairy Tale” goes back to the late 1970s. At Karolinska Institutet (KI) in Stockholm, a young man named Thomas Lundeberg worked at this time as physician and researcher. His studies dealt with the effects of various physical treatment methods on chronic pain of different types. His interest focused on vibrations, laser, ultrasound, and electric stimulation. In connection with a meeting in the home of a businessman active in the field, Lars Hode, Lundeberg met an older colleague, Billy Södervall. The latter was employed by Nibe (a Swedish company marketing domestic heating products) and had earlier worked with Axel Bergström, a former assistant of the Swedish physicist Gustaf Dalén, who in 1912 received the Nobel Prize in physics "for his invention of automatic regulators for use in conjunction with gas accumulators for illuminating lighthouses and buoys". To obtain reflectors (mirrors) that would improve the brightness in the lighthouses, Dalén and Bergström had developed methods for depositing a thin layer of metal on glass surfaces. Via his contacts with the much older Bergström, Södervall had acquired specific knowledge of these techniques. He had also tried to apply them in different connections. During the aforementioned meeting with Lundeberg, discussions about possible medical applications were started. One of the questions taken up was the risk of urinary tract infections in connection with the use of urinary catheters, a growing problem among others in geriatrics. The idea brought up was to cover the catheters with a thin layer of metal in order to prevent adhesion and growth of bacteria.

To test this concept they made a first trial in which a thin coat of copper was deposited on the catheters. Lundeberg tested them on himself but the result was unsatisfactory, among others due to a

marked discoloration of the urethra. At this point, they adopted a more systematic strategy and learned how to culture bacteria in Petri dishes. Small pieces of catheter plastic covered with different metals were placed in the dishes. The division of labor was such that Södervall at Nibe in Markaryd carried out the metal treatment of the test objects while Lundeberg in his laboratory in Stockholm made the biological and medical tests. The culturing experiments revealed that silver or a mixture of gold, palladium and silver was/were the metal(s) that inhibited bacterial growth most effectively. This was manifested as a clear zone with few or no bacteria around the silver-coated test materials. In the next phase of the work, urinary catheters were acquired from different companies and covered with silver. Initially, Lundeberg again tested these on himself. Among others, it was established that the silver layer had to be quite thin in order to be biocompatible (not toxic to the tissues). It was also recognized that catheters from the large American company CR Bard Inc functioned well in the process.

A few years have now passed and we are in the beginning of the 1980s. To push the project on, more comprehensive toxicity tests and preliminary clinical studies were required. In this situation, Lundeberg contacted Terry Sutton, the head of CR Bard's European subsidiary in England, who took an interest in the plans. One reason may have been that he here saw a possibility to strengthen the position of his branch within the corporate group. In the continued work Bard catheters were sent to Södervall in Markaryd where they were covered with a thin layer of silver and forwarded to Lundeberg at KI for testing, before finally being sent back to England. Laboratory tests were then made to show that the silver-coated catheters were not toxic to living tissues. Thereafter Sutton contacted a few local English clinics that were engaged to make a pilot study over the frequency of urinary tract infections in patients treated with catheters with or without a silver coat. The results were put together by Lundeberg and

published as a short note in the prestigious medical journal *Lancet* [Lundeberg, 1986]. This prospective, randomized investigation revealed that the occurrence of bacteriuria was significantly reduced when silver-coated catheters were used. This was one of the first studies of its kind and one now had indications that the risk for nosocomial infections could be reduced if urinary catheters are covered with a thin layer of silver. However, to be able to introduce this technology as a clinical routine, additional documentation was required, including testing on a larger number of patients. In this situation Lundeberg contacted an earlier classmate from his medical studies at KI, Hans Liedberg. The latter was at this time an urologist at the Karolinska University Hospital (KS) in Solna and was interested in starting to do research. Accordingly, a doctoral project was planned for him with his clinical head, Peter Ekman, as primary supervisor and Lundeberg as secondary supervisor.

During the second half of the 1980s this team carried out a series of experimental and clinical studies over the effects of silver coating of urinary catheters on the problems catheter treatment can cause. Practically, the work was arranged so that Billy Södervall in Markaryd sent catalyst solutions to Thomas Lundeberg in Stockholm, where catheters received from Terry Sutton at Bard in England were coated with silver. Gradually some modifications in the procedure were made at KI to improve the adhesion of the silver and to obtain an exceedingly thin and biocompatible layer of this metal on the catheters. One thing that was done was to optimize the composition of the catalyst solution. Different types of pre-treatments were also tested to strengthen the sticking of silver to the catheters. Another important part in the development of the technique was to find an appropriate method to protect and stabilize the thin metal layer. The silver-coated catheters were returned to Bard for sterilization and packaging before they were finally sent back to Thomas Lundeberg and Hans Liedberg at KI/KS where the real studies were performed. The investigations

went on for several years and were published in 1989-1990 as five scientific articles in international medical journals [Liedberg & Lundeborg, 1989a, b, 1990; Liedberg *et al*, 1990a, b]. These publications made up the basis of the doctoral thesis Liedberg defended in 1989 [Liedberg, 1989]. Summing up, the results show that the silver coat inhibits: (1) the adhesion and growth of bacteria on the catheters; (2) the irritating (inflammatory) effect of the catheters; and (3) the incidence of bacteriuria during shorter catheterizations (less than 7 days). A more comprehensive foundation was now available to motivate clinical use of silver-coated catheters. Thus, the technique had become commercially attractive and a large American corporation, CR Bard Inc, with interest and resources to introduce the product on the market was already involved.

During the time the aforementioned scientific studies went on, other stakeholders had appeared. In the mid 1980s, the large business and consultant firm Bain & Company, with headquarters in Boston and subsidiaries among others in London, contacted Thomas Lundeborg. Since a few years they had worked with American universities concerning commercialization of medical discoveries and now wanted to inform KI about these possibilities via their London office. For this purpose a symposium was arranged in the Department of Environmental Physiology, today a part of the Department for Physiology and Pharmacology. During the meeting a few KI researchers were given opportunity to present findings with commercial potential. One of them was Thomas Lundeborg himself, who talked about the project with deposition of a thin layer of silver on urinary catheters to decrease the risk for urinary infections. Gunnar Walstam, a Swedish businessman and consultant, was one of those who represented Bain & Company during the conference. A few months later he contacted Lundeborg again and expressed interest in the technique developed by him and Södervall. Since these two had no marketing and business experience, they here saw a possibility to get help. However, Walstam

did not offer his services via the well-established corporation Bain & Company but via his own company Walstam & Partners.

This firm was registered in the Swedish Patent and Registration Office (PRV) in 1987. Gunnar Walstam was the founder but no partners (joint owners) existed initially. According to the protocol from the constituent shareholder's meeting Walstam himself possessed all 5,000 stocks (to a value of 10 SEK each). In addition to the owner (chairman), there were two more members in the first board of directors. However, these two resigned a year later (September 1988) and were replaced by Thomas Lundeborg and Billy Södervall. A splitting of the shares had now also been made so that Walstam and Lundeborg owned 2,000 shares each and Södervall 1,000 shares. The two latter signed as creditors for a loan of 500,000 SEK from the Development Fund (later on Almi Business Partner) to finance equipment for the setting-up of a laboratory for silver deposition and testing of catheters in Stockholm. According to an Annual General Meeting protocol from October 1989, Lundeborg and Södervall had at this time become sole owners of the company with 2,500 shares each (later on Lundeborg took over Södervall's interest). Nevertheless, Walstam continued as chairman of the board, while the two others remained as board members. By now, another person had entered the scene, Astrid Deeth from San Francisco. She was a business acquaintance of Walstam and had earlier worked within the large American management and consultant firm McKinsey & Company. The ownership changes in Walstam & Partners AB were part of the larger plan that Walstam and Deeth worked out for the future commercial operations regarding the silver deposition technology. The conglomerate of companies this brought forth cannot have had any other purpose than to avoid tax. The business concept itself was simple and did not require any complex organization. What needed to be done was to document the clinical usefulness of the silver-coated catheters, patent the technique, and

sell licenses for its usage to CR Bard Inc (and later perhaps also other companies).

The business arrangement designed by Gunnar Walstam and Astrid Deeth was concretized on June 1989 in a deal signed by these two as well as Thomas Lundeborg and Billy Södervall. The treaty had the title "Agreement governing the business relationships and activities of the beneficiaries of the Meco Trust" and included a description of how the operations should be split up on different firms, the part-owner's respective duties, and how the incomes should be divided. The center in the "Meco Trust" or the "Meco Group", as it was also called (Meco = metal coating), was the company Adhesive Technology Holdings Ltd on the island Jersey in the English Channel (Ad Tech Holdings Ltd). Its role was to own the patents, trademarks, copyrights *et cetera* generated by the activities of the trust. In the Netherlands they had another firm, Adhesive Technology (Int) Licensing BV, with the task to license the patented technology to other corporations, primarily CR Bard Inc in the USA. That was however not made directly but via a third company, Metacot UK Ltd in England. Walstam and Deeth owned this company jointly. The same applied to the affiliate set up in San Francisco, Metacot US Inc, run by Deeth, who was responsible for a large part of the direct contacts with Bard in the USA. The idea was further that Lundeborg and Södervall should establish a research and development firm for the working-out of basic data for patent applications. This had been prepared by transferring the shares in Walstam & Partners to them (see above). Later on, the name of the company was changed to Metacot Production AB. The trust agreement further reveals that the activities of the "Meco Group" should be administered by the Guardian Trust & Securities Company Ltd on the British Virgin Islands in the West Indies, like Jersey a so-called tax haven.

In spite of the cautiously elaborated organization plan, tensions started to appear in a short time. Lundeborg and Södervall had al-

ready invested several years to collect the documentation required to apply for patents and to negotiate with CR Bard Inc. Once the Meco agreement was signed, they expected to receive verifications of their joint ownership among others in Ad Tech Holdings Ltd. In spite of several reminders, this never happened. Lundeborg also became troubled when Bard presented what he perceived as questionable claims for how the applications to the licensing American authority, the Food and Drug Administration (FDA), should be formulated. He considered some of the proposals for rewriting of the results obtained in the clinical studies in Stockholm as dishonest and refused to participate in this work. In this situation Walstam and Deeth took on this task themselves, although they did not have access to the complete protocols and for certain were not medical experts. In return for generous compensation they then managed to get Hans Liedberg, the urologist who together with Lundeborg had carried out the catheter tests, to sign the documents submitted to FDA.

Lundeborg's indignation resulted in him contacting Bard and later also FDA to inform them about the defects he meant were associated with the documents sent to the USA. Among others, this concerned incompleteness in the description of the silver coating technique and the omission of falling off patients (those that could not complete the testing). However, what met him, especially from the side of Bard, were only unfriendly signals about not butting in. In spite of these disturbances, the work regarding the silver deposition method continued (a preliminary application was sent to the European Patent Organization in 1989 - EPO400349). The series of patents applied for from this time and during a large part of the 1990s all had the title "Deposition of silver layer on nonconducting substrate". Billy Södervall and Thomas Lundeborg were inventors on all of them and Ad Tech Holdings on Jersey the applicant. The first American patent applications were submitted in the beginning of the 1990s and for this Astrid Deeth had contacted an American agent. These patents were

the ones that via license fees from CR Bard Inc during a number of years came to generate very large incomes controlled by Walstam and Deeth.

As far as known, the inventors Billy Södervall and Thomas Lundeborg have never had any direct influence in the companies that owned and sold rights to the patents, *i.e.* Ad Tech Holdings Ltd, Ad Tech (Int) Licensing BV and Metacot UK Ltd. The 500,000 SEK borrowed from Almi Business Partner for which they were creditors (see above), Gunnar Walstam transferred to England. Hence, Lundeborg by himself was compelled to finance the studies of Hans Liedberg and the research made at KI. The same applied for the equipment bought to the laboratory used for silver coating of catheters from Bard in line with GLP rules (good laboratory practice). According to his own statement, he has never been compensated for these expenses. When these controversies arose in the “Meco Group”, Walstam demanded the right to buy back for nominal value (50,000 SEK) the stocks in Walstam & Partners, or Metacot Production AB as it had been renamed by now. Otherwise, he threatened to set the company in bankruptcy, which would have forced Lundeborg to pay back the loan to Almi on his own. According to a protocol from an Annual General Meeting from November 1991, the former owners then resigned from the board of directors. The board was thereafter made up of Gunnar Walstam himself as the sole member, with his future wife Lena Larsson as alternate member (as judged by comparison with other documents, some of the signatures on this protocol are falsified). This composition of the board remained all the time until the firm was sold. As a result of this change, the two inventors of the patents that in the future would generate multimillion incomes came to lack ownership shares and direct influence in the “Meco Group”. In the future, Billy Södervall was paid on a commission basis for mixing the stock the solution with metal salts that was sent to CR Bard Inc in the USA for production of silver-coated catheters (Barded® IC Infection Control

Foley Catheters). According to information received, this was done by transferring money into an account in Barclays Bank in London. Due to his criticism of irregularities in the contacts between Bard and FDA, Thomas Lundeborg walked into disfavor with Walstam and Deeth. As he says himself, he has never received any part whatsoever of the huge revenues generated by the patents for which he and Södervall were the inventors.

As soon as CR Bard Inc in the early 1990s started a more regular and large-scale production and selling of silver-coated catheters, license fees began to turn up in bigger and bigger amounts. According to the Meco agreement and the patent database Espacenet, Ad Tech Holdings Ltd on Jersey owned the patents. The sale of licenses and rights was supposed to be run by Ad Tech (Int) Licensing BV in the Netherlands (a “mailbox company”), which in turn engaged Metacot UK Ltd for this purpose. Walstam and Deeth controlled all these firms, in part via different consulting firms in tax havens. As judged by operating statements in annual reports, Metacot Production AB in Stockholm and Metacot US Inc in San Francisco were also involved in the affairs. As said by the Meco contract, Guardian Trust & Securities Company Ltd on the British Virgin Islands was to be responsible for the administration of the “Meco Group”. Exactly how the flow of money between those involved took place is however difficult or impossible to unravel. As the reader certainly understands, the business arrangement was like tailor-made to obstruct the ability of the tax authorities to gain insight into the incomes of the involved companies and persons. Moreover, during most of the 1990s, the public exposure of the activities was very low. According to information received, 1 US dollar (USD) was paid per catheter as a license fee and 0.25 USD per catheter for the catalyst solution of metal salts delivered to Bard. The sale of silver-coated catheters increased steadily from year to year and so also the incomes. In an interview given to the journal *Currents* published by the Swedish-American Chamber of Commerce in 2008, Billy

Södervall told that Bard at this time had sold more than 80 million silver-coated catheters [Sandberg, 2008]. Based on the fees mentioned above and the dollar rate of today (January 2013), this corresponds to a profit of about 650 million SEK (100 million USD). To who were these money paid and to what extent has any tax ever been paid?

As mentioned earlier, the business with silver-coated catheters has attracted more and more attention in recent years. This started when Christian Kinch and Thomas von Koch in June 2005 acquired a majority holding (51%) in Metacot Production AB. At the same time, the company adopted the name Bactiguard, a trademark registered in 1996 by Ad Tech Holdings Ltd on Jersey. In addition to Kinch and von Koch, the board of directors of the new firm included Gunnar Walstam and still another member. A rapid development then started and a homepage with information about the company was set up. Already the first year (2005), and actually on the same day when Bactiguard AB began to operate (June 13), they bought the silver coating patents from Ad Tech Holdings Ltd for about 440 million SEK (about 70 million USD). As a result, the basis for the activities of the “Meco Group” had come to an end. The second year of Bactiguard’s existence, Gunnar Walstam left the board of directors (as mentioned above, he alone had earlier made up the board of Metacot Production AB). Nevertheless, together with Astrid Deeth he still had a sizeable proprietary interest in Bactiguard (49%) via a “mailbox company” in the Netherlands and an investment company on the British Virgin Islands. This ownership share was sold the next year (2007) for about 420 million SEK (65 million USD), a transaction covered in the Swedish newspaper *Dagens Industri* [Saldert, 2007]. The large American hedge fund Noonday (44%) and Kaupthing Bank Sweden (5%) were the buyers. According to the journal article “the sellers, a Swede and an American who made a multimillion bargain on the business deal, wanted to be anonymous”. In any case, Christian Kinch and Thomas von Koch remained as majority owners (25.5% each). Even though the owners in

reality stayed the same, the ownership structure was described in a different way in the annual report for 2007. There one could read that 25.01% of the company was owned by TomCo BV, 25.01% by Blackfields BV, 45.35% by Biozif Holdings Ltd, and 4.63% by Kaupthing Bank Sweden AB. The two first firms in this enumeration are “mail-box companies” in the Netherlands. The third, Biozif Holdings Ltd, is a subsidiary of Noonday, registered in Nicosia on Cyprus. As indicated by protocols from Annual General Meetings in Bactiguard, one of the founders of Noonday represented Biozif on these occasions. It certainly appears as if the new owners of Bactiguard have tried to make themselves invisible for tax authorities and others?

After this review, one must ask oneself if Bactiguard AB and Christian Kinch (CEO and one of two majority owners) really are the good examples described in the publications referred to initially? Although the product, *i.e.* the technique for deposition of a thin layer of silver on plastic and other nonconductive materials, may be worth some appreciation, the same does not pass for the business methods used for the commercial exploitation. Therefore, it is both stunning and alarming that the Swedish establishment in the shape of the Government, the Swedish Trade Council, leading business journals, and others stand up and enthusiastically praise Bactiguard AB and its management. In this book, the “Bactiguard Fairy Tale” is studied in some detail from the start in the late 1970s all the way up to 2013. The picture that emerges when one turn the stones upside-down is not beautiful and it is surprising that the business has been able to continue so long without intervention from tax authorities and the legal system. The factual material has mainly been collected from public archives and different sources on the Internet. Unfortunately, these types of sources are seldom very detailed as far as corporations, funds and trusts in tax havens around the world are concerned. Interviews have been made with Thomas Lundeberg, whereas the other central figures have not

responded to communication attempts. Lundeberg has also provided some documents regarding the business activities described.

2 Start of the fairy tale and its leading characters

Like many stories of success, the “Bactiguard Fairy Tale” had an unpretentious start. In the late 1970s Thomas Lundeberg and Billy Södervall met in the home of a common acquaintance, the entrepreneur Lars Hode. At this time Lundeberg was a Bachelor of Medicine and a graduate student in the Department of Physiology at Karolinska Institutet (KI) in Stockholm. Södervall on his part worked as a technician in the energy technology corporation Nibe in Markaryd in the province of Småland. The research activity of Lundeberg was concentrated on the effects of different physical treatment methods on chronic pain and inflammation. His studies mainly concerned stimulation with vibrations, laser, electricity, and ultrasound. In this connection he had come in contact with the businessman Lars Hode, later on founder of the Swedish Laser-Medical Society (SLMS). Among others, he contributed with parts of the equipment used in the investigations. Billy Södervall was employed in Nibe in Markaryd, a corporation in the energy industry with products for private houses and other types of real estates (furnaces, water heaters, *et cetera*). He had there met the inventor Axel Bergström, who after being pensioned had returned to Småland. Bergström had earlier worked as an assistant to the Swedish physicist and Nobel laureate Gustaf Dalén. One of his tasks there had been to refine the method for deposition of silver on the reflectors that were used in the AGA lighthouses based on the gas and sun valves constructed by Dalén. Via Bergström Södervall received insider knowledge about this method and it was at the meeting in Hode’s home the dialogue with Lundeberg about its possible medical applications started.

Essentially, it was at this moment the “Bactiguard Fairy Tale” was initiated. Following further discussions, Lundeberg and Södervall started to make experiments in order to test their ideas. Eventually, the work was focused on covering the inside and outside of urinary catheters with a thin layer of silver. The reason for choosing this direction was at least twofold, catheter-induced urinary infections made up a large problem in the health care and it was since earlier known that silver had antibacterial properties. After some time Lundeberg contacted the Swedish company Astra Meditech in the hope of starting a co-operation. They showed no interest, however. He then got in touch with the European offices for two other corporations with urinary catheters on their product list, CR Bard Inc and Baxter International Inc. Terry Button in Bard’s English affiliate was the first to respond. From there catheters were received as well as help with initial toxicity and patient studies. Later on, catheter samples were obtained also from other companies.

When it became time for more extensive clinical investigations, Lundeberg contacted Hans Liedberg and Peter Ekman in the Urological Clinic at the Karolinska Hospital (KS). Later on, at a time when this collaboration was already well advanced, the businessman and entrepreneur Gunnar Walstam turned up. This happened at a meeting at KI between a number of researchers and representatives of the consultant firm Bain & Company. Walstam was one of their agents at the meeting that aimed at informing KI researchers about the possibilities to commercialize medical discoveries. This activity had become of considerable interest in the USA after the introduction of a new law in 1980, the Bayh-Dole Act. This law enabled universities and other institutions to patent and license scientific findings made with federal support. The men behind this act were the senators Birch Bay and Bob Dole. Consultant firms like Bain & Company had here found a new and gainful niche by assisting universities with the commercial development of the results generated in their laboratories. In Sweden a

similar law was in function since earlier, the so called “teacher exception” (law 1949:345), according to which researchers at universities and colleges own the rights to their own inventions.

Thomas Lundeberg happened to be the person at KI who was contacted by Bain & Company in order to bring the aforementioned conference into existence. He was also one of the researchers who presented a project at the meeting, in this case the silver coating of urinary catheters. Other KI researchers who participated include Dag Linnarsson and Jan Lundberg, the latter a pharmacology professor to-be and later Vice President with responsibility for research and development first at Astra Zeneca and since 2010 at Eli Lilly and Company. Some time later, Lundeberg was approached by Walstam, but not as a representative of Bain & Company. He expressed interest in the catheter project and a contact between Walstam, Lundeberg and Södervall was established. This was in the mid 1980s and most of the development work regarding the silver coating technique was already made. The same applied for the clinical studies in collaboration with Liedberg and Ekman at KS. One can therefore say that Walstam had everything laid on the table. What he added and what motivated that he many years later in various connections and with admiration was called the “founder of Bactiguard” is one of the questions that will be treated ahead. His contribution was for certain not the selling product, *i.e.* the method for silver coating of catheters in order to reduce the infection risk. His input was also not to provide risk capital. Lundeberg and Södervall themselves had to stand for most of the development costs that remained. Lundeberg largely paid for the experiments in Stockholm from his own pocket and Södervall prepared the stock solutions for silver deposition in his workplace at Nibe.

Walstam’s contribution was instead to draw up the business plan with a series of firms in different countries, including tax havens like Jersey and the British Virgin Islands. This was done together with Astrid Deeth, the American partner he after some time engaged in the

project. These companies came to possess and sell rights to the patents that were gained from the end of the 1980a and later on. This construction, as well as the idea with a "Meco Trust" between four persons, was worked out by Walstam and Deeth without any real negotiations with the two inventors, Lundeborg and Södervall. The two latter were thus presented with an ultimatum when the business ideas were introduced to them. At the same time, it was claimed to be a hurry to put together a group that could function as contact partner to CR Bard Inc, the intended buyer of license rights to the technique for silver deposition. As history shows, the end result was that the two who had worked out and documented the method as well as its clinical application were deceived. Thus, Lundeborg and Södervall have received nothing or only little of the multimillion incomes generated by the patents they were inventors for. It is instead Walstam and Deeth who via their control of the companies that owned and sold the rights to the patents have laid their hands on the cake. Lundeborg, who early became distrustful about the business methods, has according to his own statement, not even been compensated for the personal expenses he had in the early development of the technique. Södervall has received some payment for the reaction solutions he prepared for delivery to CR Bard Inc, but the sums were certainly low in relation to the whole. As a consolation, he was given the post as scientific head at the time when Walstam and Deeth draw back and sold the enterprise to the new owners of Bactiguard AB with Christian Kinch and Thomas von Koch at the front.

As background to the upcoming story, a short description will be given of each of the four leading characters in the contract that was signed in 1989 under the name "Agreement governing the business relationships and activities of the beneficiaries of the Meco Trust", *i.e.* Thomas Lundeborg, Billy Södervall, Gunnar Walstam, and Astrid Deeth. The two persons who in 2005 took over the operations with

Bactiguard AB, Christian Kinch and Thomas von Koch, will be presented in a later chapter.

2.1 Thomas Lundeberg - physician, researcher, inventor

Thomas Lundeberg was born 1953 in Stockholm. Following high school degree he started to study medicine at Karolinska Institutet (KI). After a few years he was engaged with the Department of Physiology as an amanuensis and graduate student. Professor David Ottoson (1918-2001) was his supervisor, a well-established sensory physiologist. Lundeberg's doctoral studies dealt with vibration treatment against chronic pain and he defended his dissertation in 1983 [Lundeberg, 1983]. He then continued his clinical studies and in 1987 became MD. In parallel he continued his research and in 1988 became associate professor in physiology at KI. In the mid 1990s he spent a period as guest researcher at *Istituto di Neurobiologia e Medicina Molecolare* in Rome, an institute lead by Rita Levi-Montalcini (Nobel laureate in physiology or medicine in 1986). As late as in April 2009 he made a return visit there in connection with her 100th birthday (at this occasion the Italian Government contributed 6.5 million Euro to support a research program to her honor and in her name). After coming home from Rome, Lundeberg worked in parallel as researcher in the Department of Physiology and Pharmacology at KI and as physician in the Rehabilitation Clinic at the Karolinska Hospital (KS). He became a specialist in rehabilitation in 1997 and in pain relief in 1999. In the year between he received a position as lecturer in the physiology department. For 14 years, Lundeberg was responsible for the education of future physiotherapists in physiology. For several years he also taught future physicians in this subject. He has supervised a large number of doctoral students and he has published more than 300 scientific articles in international journals. He is also an inventor of about

30 patents and has taken part in the founding of several companies in the fields of biotechnology and biomedicine. Lundeberg was commissioned by the Swedish Government and the National Board of Health and Welfare as a special adviser concerning alternative methods of medical treatment, education of chiropractors, and legitimating of naprapaths. In August 2001 he was appointed professor in physiology at KI. In parallel he worked as chief physician in rehabilitation medicine, first at KS and later at Danderyd's Hospital (DS), to where the clinic was moved in 2004.

In a seemingly coordinated action, written claims of suspected dishonesty in research by Thomas Lundeberg were submitted to KI three days after each other in June 2002. The informers were four colleagues and antagonists of the one pointed out. This was the starting point of one of the most remarkable investigations on scientific fraud that has ever been carried out in Sweden. The Presidents Hans Wigzell and Harriet Wallberg-Henriksson as well as the Dean of Research Jan Carlstedt-Duke were the ones at KI who were responsible for the examination. Help was also taken from the Ethical Committee in the Swedish Research Council and its Expert Group on Ethics. Both KI and the Research Council judged Lundeberg guilty of dishonesty in research (among others for "plagiarism" of his own unpublished manuscripts). The investigation was, however, strongly criticized from several sides and not least for the lack of legal security [Ulfendahl & Rydqvist, 2006; Stenqvist 2006, 2009]. Even judicial experts agreed with the critique. Among others, the former parliamentary ombudsman and justice of the supreme administrative court, Bertil Wennergren, wrote several judicial certificates in which the process was rejected. I have myself gone through the documents from the examination available at KI and in the Research Council. I have also analyzed the scientific articles and manuscripts to which one refers as evidence for Lundeberg's guilt. My observations have been summarized in a book entitled "Scientific Fraud or Legal Scandal" [Thyberg,

2011]. To sum up, it is concluded that this was a process characterized by conflicts of interest, inferior lines of argument, and basic infringements of Swedish law. For example, the accused and his attorney were withheld large parts of the documentation referred to in the decision. Moreover, central parts of these documents are not available in the archives of KI or the Research Council.

The person who essentially stood behind the complaints and the requests for investigation of suspected fraud was Kerstin Uvnäs Moberg, a colleague, collaborator and business partner of Thomas Lundeborg. A struggle for commercial interests was a central part in her actions. Thus, several patent applications with the two of them as inventors and their joint firm (EntreTech Medical AB) as applicant were in focus of her accusations against Lundeborg. It is difficult to understand for what reason KI and the Research Council interfered in this company dispute. Subsequent to the decision of these authorities, Uvnäs Moberg and her representative Kurt Björkholm have indefatigably continued to demand further examinations of Lundeborg all the way up to the government level. As will be mentioned later, a link may exist between this process and the affairs described in this book.

During the summer and autumn of 2003 Lundeborg was in a very pressed situation. Uvnäs Moberg and Björkholm continuously requested from KI that he should hand out research protocols *et cetera* (with reference to the principle of public access to official records). On an incorrect basis, the Dean of Research, Jan Carlstedt-Duke, also accused him officially as responsible for painful animal experiments made without ethical permission by a doctoral student of another professor. As a result, he and his family were chased by journalists and exposed to actions from animal liberationists. In this situation Lundeborg chose to hand in his resignation from the professorship at KI. It was accepted without delay. Since then he has worked as chief physician in rehabilitation medicine first at KS and later at Danderyd's Hospital (DS), to where the activities were moved in 2004. With refer-

ence to the sentence of KI and the Research Council, the Head of Activity decided in July 2006 to ban him from doing research. This was appealed but well over a year later the CEO of DS, Carola Lemne, affirmed the decision. Lundeberg then gave in his notice, but the Head of Activity, Karin Rudling, persuaded him to remain at his post. This situation is still the same (March 2013).

2.2 Billy Södervall - technician and inventor

Billy Södervall was born 1943 and grew up in Markaryd in Småland, a neighborhood he has later kept faith with. In the 1970s and 1980s he worked as teacher in mathematics at the folk high school in Markaryd. There he also served as fitness trainer in the soccer course for girls. Previously he had worked on the Hune School in Markaryd. For more than 30 years he was affiliated to the energy technology corporation Nibe in Markaryd, during later years as environmental officer. During his time with this firm he came in contact with Axel Bergström, an earlier assistant to the Swedish physicist and Nobel laureate Gustaf Dalén. From Bergström Södervall learnt the bases of the silver deposition technique he later advanced together with Thomas Lundeberg in order to produce a thin, antibacterial coat on urinary catheters and other medical devices. After the establishment of Bactiguard AB in 2005 and its takeover of the patents for this method, Billy Södervall was employed as scientific head in the company. However, he was not willing to move to Stockholm and a smaller research and development facility was therefore built in Markaryd. The Royal Governor in the County of Kronoberg and the President of the Swedish Football Association, Lars-Åke Lagrell, inaugurated this plant on May 5, 2006. He was by the way an old acquaintance of Södervall, both from the folk high school and the soccer activities in Markaryd. Just over two years later, on October 1, 2008, the Minister for Health and Social

Affairs and the Chairman of the Swedish Christian Democrats, Göran Hägglund, made an official visit at Bactiguard's unit in Markaryd. As mentioned earlier, Billy Södervall has been faithful to Markaryd throughout his life. Apparently, he is also a popular person in the neighbourhood. As an evidence of this he was in January 2008 appointed as an ambassador for the city of Markaryd by the municipal council for a two-year period.

2.3 Gunnar Walstam – economist and entrepreneur

Gunnar Walstam was born in 1955. He was trained to a Bachelor of Economics at the Stockholm School of Economics and has later been active in a number of different companies. The information mentioned below derives from the Internet homepages of some of these and in particular from the presentations of the board members. The following is some of the engagements found. During the period 1979-1982 Walstam worked for the American business and consultant firm Bain & Company. In the years 1982-1985 he was on the staff of the telecommunication corporation Ericsson. In 1985 he took part in the establishment of the management company Proceed Ltd as a founding partner. Two years later, in 1987, he started Walstam & Partners AB (later renamed first to Metacot Production AB and then to Bactiguard AB) as an early part in the commercial development of the silver coating method. This was planned to become a research enterprise led by Lundeberg and Södervall, but this lasted only for a short time. Rather, Walstam retained the power over the company and together with the companion Astrid Deeth seized control over the patenting and licensing of the silver technology. This was made with help of a series of firms that came to constitute the core in what was called the "Meco Trust" or the "Meco Group". Even though it was never really more than a one- or two-man enterprise, Metacot Production AB became a

member of *Teknikhöjden AB*. This was a consultant firm started with the task to support creation and development of start-up companies in the biotechnology field.

The idea came from Stockholm BioScience, a foundation launched in 1999 on initiative from the Center for Medical Innovations (CMI) at KI under guidance of its President Hans Wigzell. KI, the Royal Institute of Technology (KTH), Stockholm University, the City of Stockholm, and the Stockholm County Council were the principal owners of Stockholm BioScience. In February 2006, this organization was incorporated in the Stockholm Science City Foundation. Its purpose is to lead the creation and development of a research and business park in conjunction with the new urban district to be built in the north train station area on the border between Stockholm and Solna. Hans Wigzell was for many years chairman of the board in Stockholm BioScience and Gunnar Walstam was for several years a member of the board in *Teknikhöjden AB*. Wigzell and Walstam had however got into contact earlier, among others as advisers to the venture capital company HealthCap. Their roads crossed again when they in November 2008 came to make up the scientific advisory board of CytaCoat AB, a company working with a product competing with the one Bactiguard provides. Later on Walstam seems to have resigned from this post (at least he is no more mentioned on CytaCoat's homepage on the Internet). In 2007 he was further recruited by the large company Sandvik AB as a member of their Board for New Medical Technology.

At the time of writing (March 2013), Gunnar Walstam appears to have left most of his assignments in Sweden. Information on the Internet indicates that he still has business engagements among others in Switzerland, England and the USA. According to the Swedish enforcement authority, Walstam has a tax debt of about 139 million SEK (21 million USD), the seventh largest tax debt in Sweden at the present time. Most or all of this seems to refer to the year of 2005, *i.e.* the year when the stock majority in Metacot Production AB was sold to Chris-

tian Kinch and Thomas von Koch. Later on he has declared small or no incomes in Sweden and has been registered abroad. In spite of this apparent unwillingness to pay tax, Walstam has donated large sums of money to the Stockholm School of Economics (where he was educated), among others as part of a fund-raising campaign for a professorship in financial economy with particular focus on the risk capital field (press release 110118). What type of signal does it give to students, researchers in the field and, last but not least, the general public that a Swedish college/university finances a professor chair with the help of one of the largest tax evaders in the country.

2.4 Astrid Deeth – the anonymous

Astrid Elizabeth Deeth (born in 1958) is a person for which information is difficult to find. Parts of her early school days seem to have been exercised on Antigua-Barbuda in the Caribbean Sea, where her father Peter J Deeth had a hotel business combined with financial consulting. Later on she studied sociology at Radcliffe College and Harvard University where she obtained her degree in 1981. She lives in San Francisco and has a Swedish husband, Bo Stehlin. More recently they also appear to have acquired a house in Ross Town, a small idyllic, largely residential community in Marin County in California. The few facts that otherwise can be found about her on the Internet concern modest contributions to things like the San Francisco Park Trust, a private school just outside San Francisco (where she has also been active in a working committee), and an organization that supports low-income students. In Californian Websites one can find that she is still in 2011 President of Metacot US Inc. In the same manner as with Gunnar Walstam, it is otherwise difficult to find any information about her engagements in business activities. Like him she has since

earlier experiences from work in a large American management and consultant firm, in her case McKinsey & Company.

3 Lundeberg and Södervall start to cooperate

In his early scientific work at the Department of Physiology at KI, Lundeberg devoted himself to the effects of different physical treatments on chronic pain. Vibration therapy was the focus of his doctoral thesis [Lundeberg, 1983] but he also took interest in techniques like laser, ultrasound, and electrical stimulation. The physicist Lars Hode was one of the persons Lundeberg got in contact with during this time. He had worked with lasers in the military but later got more and more engaged in their medical applications. As a result, he founded the company Irradia AB that produces and sells laser devices for medical use. Hode rapidly got attracted by Lundeberg's project and here saw a possibility to get his devices tested. Thus, he became one of those who provided Lundeberg with equipment used in the investigations on chronic pain. He was also responsible for maintenance and functional testing of the lasers. However, this did not always work out fully satisfactory and in some cases it was detected in retrospect that the apparatus had not functioned properly. Parts of the results therefore got impossible to evaluate, leading to labor being wasted. Tensions also arose due to disagreements between Lundeberg and Hode about how some of the observations should be interpreted. In that connection it must be noted that Hode had large commercial interests in getting positive effects to report. Such circumstances are however not allowed to influence the assessment of medical treatments under test. Later on, in 1989, Hode participated in the creation of the Swedish Laser-Medical Society (SLMS). Together with the dentist Jan Tunér he has also written several books about medical laser treatment. At the same time, the operation of Irradia AB has continued. In that way

Hode landed up in a conflict of interest between the request for objectivity in the evaluation of medical laser treatment and his commercial engagement in the laser business.

Thomas Lundeberg and Billy Södervall were presented to each other at a meeting in the home of Hode in the end of the 1970s. At this time, Södervall worked in the energy technology corporation Nibe in Markaryd. There he had met Axel Bergström, a retired former assistant of the Swedish Nobel laureate Gustaf Dalén, whose work had laid the foundation of the worldwide company AGA (*Aktiebolaget Gas-Akkumulator*). From Bergström Södervall had learnt the technique to deposit a thin layer of silver or other metals on surfaces. This method was originally developed to be used in the production of light reflectors in the lighthouses and light buoys that AGA were assembling. These were equipped with the revolutionary gas and sun valves invented by Dalén and for which he had received the Nobel Prize in physics in 1912. Södervall had also started to explore the feasibility to apply the technique in his work at Nibe. It was then mainly the metal copper that had been used. During the aforementioned gathering, Lundeberg and Södervall began to discuss possible medical applications of the technology for deposition of a thin metal layer on surfaces. This was in essence the starting point of the efforts that eventually led up to the patents that came to make up the basis of the business activities first of the “Meco Group” and Metacot and later on Bactiguard. The two inventors have during these more than 30-year long and extremely lucrative operations more and more become relegated to the background. Rather, it is first Gunnar Walstam and Astrid Deeth (via the “Meco Group” and its companies) and later on Christian Kinch and Thomas von Koch (via Bactiguard AB) who have taken control of the patents and the license fees they have generated.

Although several different ideas initially came up in the dialogue between Lundeberg and Södervall, their interest was in a short time focused on urinary catheters. The reason was that the use of catheters

since long was associated with an increased frequency of urinary infections. Infections caused within the health care are also called nosocomial infections and among them urinary infections make up a large part. Accordingly, they constitute a serious medical problem and cause considerable suffering for those affected as well as large costs for society. At the same time, it has for long been known that metals like copper and silver have a protective effect against bacteria and other microorganisms. However, in their capacity as toxic heavy metals they also make up a danger for the environment and for human health. The idea of Lundeberg and Södervall was to cover the inside and outside of the catheters with a film of metal in order to provide a protective effect against infections. By making the coat extremely thin, they hoped to minimize the toxic effects. The first experiments were concentrated on copper. Urinary catheters were ordered from several different medical techniques corporations, including Arrow International Inc, Baxter International Inc and CR Bard Inc. They were sent to Södervall in Markaryd who covered them with a thin copper layer before they were forwarded to Lundeberg in Stockholm, who tested them on himself. The results of these first tests were disappointing. Among others, a marked discoloration of the urethra was obtained.

In this situation they decided to systematically test different parameters in order to find the best possible procedure. In his laboratory, Lundeberg set up a method for culturing of bacteria of a type frequently causing urinary infections. Södervall provided him with catheters from different sources that had been coated with various metals. Small pieces of these catheters were put down into the bacterial cultures and insofar as an antibacterial effect existed this could after some time be registered as a clear zone around the test pieces. These tests demonstrated that silver was the metal with the best bactericidal power. Experiments were further made on rats to evaluate possible toxic and inflammatory actions in the urethra of different catheter materials (with and without a silver coat). It was then de-

tected that a thin layer of silver in some cases even could show a tissue-protective effect. CR Bard Inc was the company that most actively expressed an interest in the work at this early stage. For that reason, the co-operation with this large American corporation successively became stronger and stronger. Later on it was also they who via a license agreement came to exploit the technology on a larger commercial scale. The initial contacts chiefly occurred via the English subsidiary of Bard and its manager Terry Sutton. However, the American headquarters had intimated that the English branch was about to be shut down and replaced by a pure sales office. In that situation Sutton saw the project with silver-coated catheters as an opportunity to maintain the status of the English affiliate. He was therefore anxious to support and push the project.

The next step was to extend the investigations of possible cytotoxic effects (cell and tissue damage) of the silver-coated catheters. Terry Sutton helped with that by hiring Huntingdon Research Centre Ltd. During the period 1985-1989 a number of tests were made there according to official procedures (British Standard, BS 5736, Evaluation of Medical Devices for Biological Hazards). For these experiments, extracts prepared by incubating pieces of silver-coated catheters in different types of media for 24-72 hours at 37°C (with shaking) were used. In the first test (August 1985) rabbits were used. They were given skin injections of catheter extracts in ten places on one side of the back and injections of control medium in five places on the other side. The animals were examined directly after the injections as well as 24, 48 and 72 hours later in order to detect signs of irritation at the sites of inoculation (flushing and swelling graded according to a 0-4 scale). The results revealed that the catheter extracts caused no or only insignificant reactions in the skin. In the next test series (April 1986), the acute toxicity of the extracts was tested by injecting a certain volume either intravenously or into the abdominal cavity of mice (0.5 ml per 10 grams of body weight). The animals were checked for signs of

an influence on their general condition directly after the injections and at different times thereafter (up to 72 hours). They were then killed and dissected. The mice showed no outer signs of toxic effects during the observation time and no pathological findings were made during autopsy. It was concluded that the catheter extracts did not cause any general toxic reactions in the animals.

In order to further look for tissue damaging effects of the catheters, small pieces were implanted in the musculature on the back of rabbits (five pieces from silver-coated catheters and three pieces from control catheters per rabbit). The animals were killed after seven days, the back muscles dissected, and sections made through the implants to check for macroscopic signs of pathological reactions. Parts of the transplants with surrounding muscles were then removed and prepared for microscopic analysis. Also in these tests (July 1986) signs of a tissue damaging effect of the silver-coated catheters were lacking. No clear reaction was seen macroscopically and microscopically one could only note some scar tissue formation immediately around the implants and some cell death in the area where the muscles had been cut open to insert the implants. Three years later Huntingdon Research Centre carried out still another investigation in which the cytotoxic effect of catheter extracts were tested on kidney cells cultured in Petri dishes for 48 hours to obtain an essentially confluent cell layer. The nutrient medium was then removed and replaced by a test medium containing a low concentration of neutral red (a stain that is taken up into and stored in the cells) plus varying amounts of extracts prepared as described above. Following exposure to the test media for 24 hours, the cells were fixed and stained. They were then examined in a microscope and the cytotoxic effect of the extract was determined by observing the lowest concentration at which the cells started to round up and detach from the substrate or to leak neutral red (signs of injury or death of the cells). The conclusion was that the silver-coated catheters did not show any detectable toxic effect.

Summing up, the results obtained up to the summer 1986 revealed that the silver-coated catheters: (1) had an antibacterial effect; (2) did not have any direct toxic effects on tissues they had been in contact with; and (3) did not release material with toxic effects on surrounding cells. After the unsuccessful trials with copper-coated catheters, it was now time to try silver-coated catheters on humans. Thomas Lundberg again volunteered as a test subject (test period of two to three days). Also now there appeared some problems with discoloration of the urethra (black deposits). This was mainly due to the silver layer being too thick. The coating methodology therefore had to be modified step by step to learn how to prepare ultrathin silver films. These contained only a few micrograms of silver per square cm, corresponding to a silver layer only a few nanometers (nm) thick (1 nm equals 1 millionth of a mm). Once this was achieved the problems with discoloration and other side effects disappeared. The time had now come to test the catheters on a smaller number of patients.

Lundberg made up plans for such a study and contacted Terry Sutton at Bard in England to obtain economic support. He was positive but short of money and wanted to speed up the project to rapidly obtain results to show up for the headquarters in the USA. Even though Lundberg felt hesitant, it ended up so that Sutton contracted three smaller English clinics to carry out an investigation according to the protocol designed by Lundberg. He had also coated the catheters with silver and sent them over to England for sterilization, packaging and distribution to the hospitals in question. Otherwise he was not directly involved in the work, a so-called prospective, randomized study on 102 patients. Half of these were treated with a standard catheter for nine days and the other half with a silver-coated catheter. After three, six and nine days, urine samples were taken and analyzed for the presence of bacteria. More than 100 bacteria per ml were regarded as a sign of bacteriuria (a very low limit, increased in subsequent Swedish studies). The evaluation of the tests demonstrated that

the silver coat gave a statistically significant protection against catheter-induced growth of bacteria in the urine. After nine days, bacteriuria was found in 34% of the patients carrying a standard catheter but only in 12% of those carrying a silver-coated catheter. Moreover, no serious side effects of the silver coat were observed. Sutton forwarded the results to Lundeberg who put together a short note (Letter to the Editor) that was published in the well-renowned medical journal *The Lancet* [Lundeberg, 1986]. This was a rapid but from a scientific point of view not quite optimal way of making the results public (too restricted space). The procedure was primarily explained by Sutton's hurry to bring forth findings to show for his business managers at the US headquarters of CR Bard Inc.

4 Hans Liedberg enters the stage

We have now come up to the mid 1980s and the project with silver coating of urinary catheters has acquired a stable basis to stand on. The clinical tests made so far and presented in *Lancet* are however not of sufficient extent to make it possible to apply for regular clinical use, for example from the Food and Drug Administration (FDA) in the USA. For Bard (until now the English subsidiary) this is the primary aim. Additional preclinical studies are also required to be able to patent the technique. Both for the inventors and for Bard it is crucial that patent protection is obtained before a commercial production of silver-coated catheters starts.

For the expanded clinical investigations Lundeberg contacted a former academy classmate from the medical training, Hans Liedberg. He worked at this time in the urological clinic at the Karolinska Hospital (KS) where Peter Ekman was his head (later on professor in urology at KI). They were both interested and it was decided to organize the work as a doctoral project for Liedberg. Ekman was assigned as

his supervisor and Lundeberg as his vice supervisor. In effect it was a shared responsibility with Lundeberg as liable for the compiling of catheters and for the preclinical studies while Ekman managed the clinical investigations. In a few years time five partial projects had been carried out. These came to make up the doctoral dissertation Liedberg defended in 1989 [Liedberg, 1989]. In two of them it was examined how a thin layer of silver affected the ability of the bacterium *Pseudomonas aeruginosa* (a frequent cause of urinary infection) to adhere to and colonize the catheters [Liedberg & Lundeberg, 1989a; Liedberg *et al*, 1990a]. The experiments made use of catheters through which artificial urine (a solution prepared in the laboratory) was slowly pumped (50 ml per hour). After ten hours samples were taken from the catheters and prepared for analysis in a scanning electron microscope. The very high magnifications that can be obtained in such an instrument made it possible to examine in detail to what extent bacteria had attached to the catheter surface. The results revealed that a thick, slime-like film of bacteria was formed on the surface of untreated catheters. However, the spread of the bacterial layer varied depending on from what material the catheters were produced. The most prominent coats appeared on rubber catheters and gradually less on latex, teflon and silicone catheters. Silver-coated catheters of all these types in essence lacked bacterial layers.

In another investigation it was studied to what extent the silver coating of the catheters had any cytotoxic effect. This was an extension of the toxicity studies that Terry Sutton at Bard in England earlier had initiated. Latex, teflon and silicone catheters were again used. Some of them were left untreated whereas others were coated with a thin layer of metallic silver (generated by reduction of silver ions), silver nitrate or silver sulfate. Catheter pieces (10 cm²) were incubated in cell culture medium (5 ml) for 48 hours at 37°C (with shaking) to extract possible poisonous material. The extract was diluted with medium to concentrations of 10-100%. Cultivated mouse fibroblasts (L929 cells)

were used to assess the noxious effect. The cells were seeded in test plates and allowed to grow to a subconfluent state. The nutrient medium was then removed and replaced with medium containing varying amounts of catheter extract. The plates were incubated at 37°C for 48 hours with addition of radioactive thymidine during the last hour. This nucleoside forms a part of the genetic material of cells (DNA) and is incorporated therein when it is duplicated before cell division. At the end of the incubation, the DNA of the cells was precipitated with perchloric acid and the amount of incorporated radioactivity was measured by so-called scintillation counting. As far as the catheters themselves were concerned, the results demonstrated that silicone lacked toxic effect whereas teflon and, even more so, latex inhibited the replication of the cells. The coating with metallic silver reduced the injurious effect of teflon and latex catheters but not fully. Silver nitrate and silver sulfate gave a partial but less efficient protection. With silicone catheters no toxicity was observed after coating with metallic silver whereas a weak negative effect was noted with silver nitrate and silver sulfate [Liedberg & Lundeberg, 1989b]. The conclusion was that deposition of a thin layer of metallic silver protects against a damaging effect of the catheters. Silver in the form of nitrate or sulfate ions is less effective and may in some cases even enhance the toxicity.

The two additional investigations in Hans Liedberg's doctoral thesis dealt with the effect of silver coating on the frequency of catheter-induced urinary infections. The purpose was to expand the number of patients from the first study made in England [Lundeberg, 1986] in order to obtain a safer basis to judge the protective effect of the silver coat against infections. In the first of these investigations, 60 patients received a silver-coated catheter while another 60 were given an untreated catheter. The patients were followed by bacterial cultures of the urine and the results revealed that 6 in the first group and 22 in the second group were hit by bacteriuria (more than 100,000 bacteria per

ml urine). The second study included 90 patients that were divided into three groups (30 patients per group). The first group was treated with catheters coated with silver plus a water-containing hydrogel (SHC), the second group with hydrogel-coated catheters (HC), and the third group with standard catheters (SC). Within the observation time of 5 days, 3 patients (10%) in the first group, 10 patients (33%) in the second group, and 15 patients (50%) in the third group were affected by bacteriuria (more than 100,000 bacteria per ml urine). Statistical evaluation of the results revealed a significant difference in the infection frequency between silver-coated (SHC) and standard catheters (SC). Otherwise, the differences between the groups were not statistically proven (SHC versus HC and HC versus SC). As a whole, the findings confirmed the notion that silver coating of urinary catheters reduces the risk of urinary infections.

5 The consultant Gunnar Walstam turns up

In the second half of the 1980s, a few years after the start of the collaboration with Hans Liedberg and Peter Ekman, Thomas Lundeberg was contacted by a representative of the business and consultant firm Bain & Company. They had a few years earlier started to co-operate with American universities in order to commercially develop scientific discoveries and inventions of potential market value. Now they were interested to spread these operations also to Europe, Sweden and KI. The reason why this type of activities since some time had prospered in the USA was a new law introduced by the Congress in 1980. It was named the Bayh-Dole Act (after the name of the two Senators who had initiated it) or the University and Small Business Patent Procedures Act and made it possible for universities and other institutions to patent and license discoveries made with federal support. As a result, the number of patents American universities applied for and

were granted multiplied several fold within a few years. Considering KI's strong international name and its association with the Nobel Prize in physiology or medicine it was perhaps not surprising that Bain & Company wanted to sell the concept there. Via the so-called teacher's exception (*lärarundantaget* - law 1949:345) researchers employed in the public sector had per se owned the right to their discoveries ever since the beginning of the 1950s. However, this had only to a limited extent led to any patenting and commercialization wave at Swedish universities.

It may appear surprising that Bain & Company got in touch with Lundeberg, a young and relatively inexperienced KI researcher. One reason may have been that he via contacts with companies and authorities already had managed to make himself known as an innovator. In any case, Lundeberg took on the assignment and put together a program for a conference between representatives for Bain & Company on one side and a smaller number of research groups from KI on the other side. The meeting was held in the Department of Environmental Physiology, today a part of the Department for Physiology and Pharmacology. Among the attendants one could find Jan Lundeberg, a future pharmacology professor at KI and later on Vice President and head of research and development first at Astra Zeneca and since 2010 at Eli Lilly and Company. Thomas Lundeberg was himself one of the researchers who gave a presentation during the symposium. He talked about the project with silver coating of urinary catheters that he and Billy Södervall were pursuing since several years. From the side of the company, Gunnar Walstam was one of the participants. Exactly what the meeting resulted in has been difficult to find out in retrospect. Walstam did not take up any closer discussion with Lundeberg at this occasion but got back after a few months and expressed interest in the catheter program.

At this time, Lundeberg and Södervall were in the position that they after several years of work had arrived at the point where a mar-

ket introduction of silver-coated catheters was approaching. However, they did not themselves have any business experience and essentially had two ways to follow. One was to let CR Bard Inc, the company with which they had already collaborated for a few years, take over the further development as well as the subsequent production and selling of the catheters. This would then be realized via a contract that ensured the inventors a reasonable royalty related to the number of sold catheters. The other possibility was to create a company, either alone or together with one or more partners with business knowledge, finalize the development of the catheters, patent the method for silver coating, and then look for corporations interested to produce and sell silver-coated catheters in return for license fees. As history shows, they chose the latter alternative. One of the reasons may have been that the English affiliate of Bard was challenged and soon about to be closed down. Terry Sutton, the person with whom Lundeberg and Södervall had collaborated, was therefore pinioned. Although discussions were taken up with him about a long-term agreement, nothing substantial happened, perhaps because he did not dispose the resources and the mandate to take such initiatives. Due to the tense relationship with the US headquarters, it is further possible that he had not fully informed them about the progress of the project. Lundeberg had been in touch also with other firms, among them Astra Meditech AB in Sweden, but without any positive response. In this situation, it may have been the emergence of Gunnar Walstam that determined the choice of future direction.

6 Business started via Walstam & Partners

To what extent Gunnar Walstam already from the start fully realized the commercial potential of the catheter project and the silver coating technique is difficult to know. It is likewise impossible to know how

far the future business plan was devised already at the time of the first contacts. In any case, he was eager to have a company established within the scope of which the activities were to be carried out. Lundeborg was not foreign to this idea whereas Södervall worried about how this could affect his employment at Nibe. In May 1987 Gunnar Walstam took the matter into his own hands and registered a firm named Walstam & Partners in the Swedish Patent and Registration Office (PRV). However, neither Lundeborg nor Södervall were members of the board in the newly formed company. In addition to Walstam himself the benchers were instead Peter Kanekrans (economist and business consultant) and Tommy Marklund (technician and enterpriser). The constitutive board meeting was held on August 13, 1987. The protocol reveals that the joint stock was 50,000 SEK and that Gunnar Walstam held all 5,000 stocks at 10 SEK each. In spite of its name, no "partners" existed initially in the company. Already at an early stage Walstam involved the American citizen Astrid Deeth in the work, even though her role does not seem to have been formalized as judged from the information available in PRV. She was an old acquaintance of Walstam and had a past in the management and consultant firm McKinsey & Company. Her father Peter J Deeth was active in the same line of business and had a combined hotel and consultant company on the island Antigua in the West Indies. One of Astrid Deeth's first initiatives in Walstam & Partners was to contact CR Bard Inc in the USA concerning the catheter project. This made Terry Sutton at the English subsidiary highly upset in his capacity as the one who had earlier supported the work.

Just over a year after the establishment of Walstam & Partners, a notification for change was submitted to PRV. It said that Peter Kanekrans and Tommy Marklund had resigned as board members and had been replaced by Thomas Lundeborg and Billy Södervall. This had been decided on an Annual General Meeting the same day (September 28, 1988). The protocol from this meeting further reveals that

Lundeberg and Södervall had become joint owners in the company. Walstam and Lundeberg now held 2,000 stocks each and Södervall 1,000 stocks. The two former together as well as the board as a whole were authorized signatories of the firm. The troika of what later came to be Bactiguard AB had thereby been formed (Figure 1). Another year later Lundeberg and Södervall were the sole owners of the company with 2,500 stocks each (according to the protocol of the shareholders' meeting on October 2, 1989). However, Walstam remained as chairman of the board. The board as a whole as well as Walstam, Lundeberg or Södervall separately were authorized to sign the firm. Later on, Lundeberg took over Södervall's block of shares (the latter was frightened that his engagement in the company could trouble his employer, Nibe). At the same time, the name of the company was changed to Metacot Production AB (Metacot is a shortening of metal coating). These changes were part of a larger business and organization plan developed by Gunnar Walstam and Astrid Deeth earlier in 1989. This had been done with assistance of consultants recommended by Deeth's father (a financial adviser working in the West Indies). The plan passed under the name the Meco Trust or the Meco Group and is described in more detail in the following chapter (Meco, another shortening for metal coating).

7 Meco Trust

Shortly after the establishment of Walstam & Partners AB, Gunnar Walstam and Astrid Deeth started to frame plans for an organization of the future activities with silver-coated urinary catheters. First one wanted to patent the method for depositing a thin silver layer on surfaces and then sell licenses to the large American medical technology corporation CR Bard Inc. Via its English subsidiary, Bard was already engaged in the project, but as mentioned above Deeth rapidly turned



Figure 1. The founders of Metacot Production AB – later on Bacti-guard AB – Thomas Lundeborg (to the left), Billy Södervall (in the middle) and Gunnar Walstam (to the right).

the American head office into the prime conversation partner. This made Terry Sutton and the Englishmen to feel steamrollered. Due to provisions in the American law concerning ownership in foreign companies, Deeth wanted to back a trust fund construction. This would also open “possibilities” with regard to taxes. Walstam’s and Deeth’s plan matured step-by-step with assistance from business consultants but no detailed information was initially given to the two inventors, Lundeborg and Södervall. The idea was to create a trust (an agreement) between four persons: Deeth, Lundeborg, Södervall, and Walstam. This group would possess a network of companies, partly registered in different tax havens. The center in the affairs would be a company in which the patents were placed. The other parts would be responsible for licensing of the patents, primarily to CR Bard Inc. In the end, the incomes were to be divided equally between the four members of the trust. The particulars of this business complex are described below.

7.1 A business concept is worked out

On January 18, 1989 a company named Tigrillo Ltd (company number 43007) was registered in the Commercial Relations Department on St Helier, Jersey. The papers had been submitted by Worthy Secretaries Limited (Union House, Union Street, St Helier, Jersey, Channel Islands). According to the corporation charter filed at the same time, it was this latter firm that together with Worthy Nominees Ltd and JF Nominees Ltd had founded Tigrillo Ltd as a so-called limited liability company. The three companies behind Tigrillo were all Jersey-based and worked as consultants within the finance and business sector. Two persons had signed the articles of association on behalf of all these three enterprises. This document was 33 pages long, but like other official papers obtained from the company index on Jersey lacked distinct and specified information. The description of the activities of the business gave the impression of being an all-embracing standard account that could be used for almost any type of company. To give the reader an idea of the width of the activities the business was intended for, just the first paragraph in the submitted charter is cited here:

"The objects for which the company is established are:

To carry on the business of an Holding Company in all its branches and to acquire by purchase, lease, concession, grant, license or otherwise such businesses, options, rights, privileges, lands, buildings, leases, underleases, stocks, shares, debentures, debenture stock, bonds, obligations, securities, reversionary interests, annuities, policies of assurance and other property and rights and interests in property as the Company shall deem fit and generally to hold, manage, develop, lease, sell or dispose of the same; to vary any of the investments of the company; to act as consultants for the Company in all of its interests; to act as trustees of any deeds constituting or securing any debentures, debenture stock or other securities or obligations; to

enter into, assist, or participate in financial, commercial, mercantile, industrial and other transactions, undertakings and businesses of every description, and to establish, carry on, develop and extend the same or sell, dispose of or otherwise turn the same to account; to co-ordinate the policy and administration of any companies of which the Company is a member or which are in any manner controlled by, or connected with the Company; to carry on all or any of the businesses of capitalists, trustees, financiers, financial agents, Company promoters, bill discounters, insurance brokers and agents, mortgage brokers, rent and debt collectors, stock and share brokers, dealers agents, commission agents, general agents, merchants and traders; and to manufacture, buy, sell, maintain, repair, import, export and deal generally in plant, machinery, tools, apparatus, articles, commodities, materials and things of all kinds used or capable of being dealt with in connection with all or any of the aforementioned businesses or likely to be required by customers of or persons having dealings with the Company."

This was almost ten months before Thomas Lundeberg and Billy Södervall fully took over the ownership of Metacot Production AB from Gunnar Walstam (one of the moves planned for the formation of the "Meco Group"). Just over a year after the establishment of Tigrillo Ltd, the company had changed name to Adhesive Technology Holdings Ltd (will be shortened as Ad Tech Holdings Ltd). This is evident from a change of address sent on April 30 1990 by Sefta Financial Services Ltd, the consultant firm that from this time seems to have administered Tigrillo/Ad Tech Holdings. Again, no information was given about whom the owners of the latter company were. Later on it will however become evident that Ad Tech Holdings Ltd was the hub of the "Meco Group". Since Lundeberg and Södervall in January 1989 were unaware of the precise plans Walstam and Deeth were working with, it must have been the two latter who stood behind the registra-

tion of Tigrillo Ltd. The fee for this was certainly not burdensome, one English pound (one GBP, about ten SEK)

7.2 A trust agreement signed by four beneficiaries

The agreement signed on June 9, 1989 between Astrid Deeth, Thomas Lundeborg, Billy Södervall, and Gunnar Walstam was supposed to form the basis for the continued activities with the silver coating technique and the urinary catheters. It passed under the name "Agreement governing the business relationships and activities of the beneficiaries of the Meco Trust" and was a contract that commanded a far-reaching subordination of the individual on behalf of the collective (or rather those who were not inventors, *i.e.* Deeth and Walstam). As an example, it can be mentioned that all had to promise to conform to the following paragraph:

"Any and all inventions, improvements, discoveries and their related patents, trade secrets, and copyrights discovered, made, developed, acquired, registered or otherwise recorded by him/her at any time in coating technology and, after June 9, 1989 in any other field, will be the property of the Meco Group."

Another article in the agreement stipulated that:

"Any business ventures (excluding passive personal investments) that are offered to NN for his/her participation will be offered to the Meco Group for its joint participation".

According to the agreement, Astrid Deeth should in addition pay 10,000 GBP and work full time without salary until a sizeable business contract was secured. Thomas Lundeborg should contribute 2,500 GBP in cash and spend the time required for the "Meco Group" to obtain an approval from the FDA for market introduction of silver-

coated catheters. He should act as a consultant for the companies of the "Meco Group" until it was possible to employ him full time within the group. Billy Södervall was in a special position as the one with the most detailed knowledge of the silver coating method. During the period April to December 1989 he should be paid 450 GBP per month for fully documenting his know-how of the technique for depositing a thin metal layer on surfaces of nonconducting material. Within one month after the signing of the agreement he should also prepare a description in writing of the method for covering nonconducting substrates with a thin layer of silver or nickel. This working scheme should be such that anyone with a basic chemical knowledge should be able to apply the method. The scheme was to be owned by Ad Tech Holdings Ltd and to be stored in a bank safety deposit box. Gunnar Walstam should pay 2,500 GBP in cash and had earlier paid 2,000 GBP in connection with the establishment of the firms mentioned in the next section of the contract. Like Deeth, Walstam undertook to work full time without salary until a substantial business deal had been reached.

According to section five in the agreement, the "Meco Group" should own and control two firms: Adhesive Technology Holdings Ltd (Ad Tech Holdings Ltd) registered on Jersey and Adhesive Technology (Int) Licensing BV, a Dutch company of "mailbox" character (initially called Ad Mech Tech BV). The administration of these companies was to be handled by Guardian Trust & Securities Company Ltd, a finance and consultant firm on the British Virgin Islands in the West Indies. The "Meco Group" also included a third company, Metacot UK Ltd. At the time the contract was signed, Astrid Deeth and Gunnar Walstam each owned 50% of this firm, but Thomas Lundberg and Billy Södervall were given an option to buy 25% each (never realized). In addition, Metacot UK Ltd had a wholly owned subsidiary in San Francisco ran by Deeth, Metacot US Inc. The above-mentioned firm Metacot Production AB in Stockholm was likewise planned to be

a part of the “Meco Group”. The intention was that it should function as a research and development unit owned in equal parts by Lundeborg and Södervall with an option for Deeth and Walstam to buy 25% each.

The sixth section of the agreement describes the planned operations. It says that the goal of the “Meco Group” is to commercialize the metal deposition technique developed by Billy Södervall and Thomas Lundeborg. This will be done by signing license arrangements with companies working in the fields of medical technology, packaging industry, *et cetera*. It is further ruled that Ad Tech Holdings Ltd on Jersey will possess all patents, trade secrets, copyrights and trademarks applied for by any of the beneficiaries in the “Meco Group” or of any employee with a link to the group. Adhesive Technology (Int) Licensing BV in the Netherlands (later on called Ad Tech Licensing BV) will handle the licensing of commercial rights to use the patents. For this they will pay royalties to Ad Tech Holdings Ltd. However, the former company will not itself take care of the marketing and sales activities but instead subcontract these tasks to Metacot UK Ltd (with its American subsidiary). This is the firm owned by Deeth and Walstam and in which they are supposed to be full-time employees. Ad Tech Licensing BV will further delegate to the research and development company, Metacot Production AB, to produce some “critical” solutions (catalyst mixtures). The idea is to retain the control over the process for metal deposition and not transfer the complete technology to the license buyers. According to the “Meco Trust” agreement, Lundeborg and Södervall should have full right to inspect the accounts of Metacot UK Ltd. In the event of capital accumulation in this company leading to disbursements to Deeth and Walstam, corresponding payments should be made to Lundeborg and Södervall from Metacot Production AB.

According to section seven in the agreement, the “Meco Group” is the legal owner of all stocks in Ad Tech Holdings Ltd and Ad Tech

Licensing BV. It can there also be read that the profit of the group shall be divided equally (25% each) between the beneficiaries. Section eight states that all of these should be employed full time in any of the companies of the group. Exceptions could however be made for Lundeborg's work at Karolinska Institutet and Södervall's work at Nibe. Here is also specified what applies after three and five years, respectively, if a beneficiary wants to be on leave for other activities. In section nine it is decided that all beneficiaries as well as all employees within the "Meco Group" are forbidden to reveal knowledge that can damage the group for outsiders. In particular, this refers to facts about patents, trade secrets, and details of the metal coating technique. Violations against this paragraph without permission from all beneficiaries will lead to forfeiture of all rights in the group as well as responsibility vis-à-vis Ad Tech Holdings Ltd and Ad Tech Licensing BV. This can primarily be seen as an insurance for Deeth and Walstam that the two inventors, Lundeborg and Södervall, should not act outwards on their own. According to section ten in the contract, beneficiaries and employees in the "Meco Group" promise to refrain from competing with the group within its scope of practice. Deviations from this clause will also lead to loss of all rights within the group and liability in relation to the two firms just mentioned. Section eleven and twelve regulate what happens if a beneficiary at his or her own request or by force (breaches of the agreement) leaves the "Meco Group" and how he or she in that case is remunerated for his or her ownership share.

In a long series of sub-paragraphs, section thirteen determines how the beneficiaries in the "Meco Group" will exercise their control over the companies included and the assets belonging to them. Here, the importance of reaching consensus between the beneficiaries is first stressed. Each of them is also given a veto power in certain issues, for example such things as an increase in the number of beneficiaries or the number of existing shareholders in the companies of the group.

The veto power further includes the formation or dissolution of firms, subsidiaries, patents, *et cetera*. It also incorporates:

- basic deals between Metacot, Ad Tech Holdings Ltd, Ad Tech Licensing BV, or other Meco firms
- divestment of the “Meco Group” as a whole or parts thereof during the first five years
- changes in the contract between the beneficiaries in the “Meco Group”
- disbursement of bonuses to more than 25% of the incomes before tax
- salary growth exceeding 20% over inflation
- possible salary cuts

Regarding salaries and other compensations, section thirteen further specifies that all beneficiaries will receive 18,000 SEK per month plus 50% in benefits (in excess of the wage) from the “Meco Group” as soon as a substantial business contract has been secured. Without closer specification, it is mentioned that the salary will then be increased first to 45,000 SEK per month plus 50% in benefits and later to 100,000 USD per year plus 50% in benefits. Each of the beneficiaries will in addition be entitled to medical insurances, pension funds, *et cetera* (without specification). Section thirteen in the agreement also points out the decisions for which a three-fourths majority is required. Among them one can note things like these:

- to determine the size of the allowances Metacot will receive for its services and settle the details in the contract between Metacot/Ad Tech Licensing BV on one side and Lundeberg/Södervall on the other side (or their research and development firm)
- to decide about salaries and compensations in line with the frames agreed on and revise the size of the compensations once every half year

- to commission any of the companies in the “Meco Group” to contribute capital
- to assign any of the companies in the “Meco Group” to enter into joint ventures or partnerships with third parties
- to commit any of the companies in the “Meco Group” to license the technology to third parties
- to commit any of the companies in the “Meco Group” to sign research and development contracts with third parties
- to employ, dismiss and decide the payment for others than beneficiaries in the trust and key persons in its companies
- to approve expense guidelines for all companies in the group and revise these once every half-year
- to elect and suspend board members in all Meco firms
- to exclude a beneficiary due to deception, work for other companies, disclosure of secret information to outsiders, actions that go against the interests of the group, criminal activities, and – after a third warning – deficient work for the trust
- to decide about expenditures exceeding 15,000 USD
- to agree on by-laws and operational guidelines for all companies in the “Meco Group” and revise these once a year
- to sell out the “Meco Group” in total or in part after five years
- to approve any dividend payments

The very last section (number 18) of the Meco contract settles that any disputes concerning the agreement will be resolved by arbitration according to UK law.

As an outsider, one is struck by the richness of details in the agreement between the four beneficiaries in the “Meco Group” or “Trust”. At the same time, some paragraphs are distinguished by an obvious lack of specifications. One example is the institution of insurances and pensions for the beneficiaries. Another striking feature of the contract is the need for the individual to subserve to the corporate interests. As far as one can judge more than twenty years afterwards,

the agreement was never followed. The two businessmen behind the construction of the agreement, Astrid Deeth and Gunnar Walstam, never shared the ownership to the patents and the companies of the “Meco Group” with the two inventors of the silver coating technique, Thomas Lundeborg and Billy Södervall. In the same way, they did not share the very large incomes generated by the patents as specified in the agreement. Further details about this will be presented later on.

7.3 Patents applied for by the Jersey company

Once the Meco agreement was signed, the efforts to patent the silver coating technique were seriously started. The development of the technique was in principle ready through the work Lundeborg and Södervall had made together. The same applied for the clinical investigations needed for CR Bard Inc to apply for permission from the FDA for manufacturing and sale of silver-coated urinary catheters. These studies had been carried out under the guidance of Lundeborg and were presented in a series of articles in peer-reviewed scientific journals as well as in the doctoral thesis defended by the urologist Hans Liedberg in 1989 (see chapter 4). The one who came to take care of much of the direct contacts with patent lawyers and patent authorities in the USA was Astrid Deeth. She made this in her capacity as CEO in Metacot US Inc. In the patent discussions she had close contacts with CR Bard Inc in order to ensure that the patents would be satisfactory from their point of view and make a license agreement possible.

A preliminary application was submitted to the United States Patent and Trademark Office (USPTO) in May 1989, *i.e.* already before the signing of the “Meco Trust” agreement. This application was named US-347016 and implied that a priority date was obtained. It was later withdrawn and replaced by a new and remodeled application. During

1989 Deeth engaged a lawyer named William Walker for a closer examination of the patentability of the method for silver deposition worked out by Södervall and Lundeberg. In a letter from October 1989, Walker declared that he had not found any “patents presenting a substantial issue of infringement”, *i.e.* no existent patents with which the method in question interfered. Nevertheless, the technique was in his opinion in several respects anticipated by earlier patents (“prior art”). His preliminary evaluation was therefore that it was not patentable. Together with Södervall and Lundeberg, a Californian attorney named Gregory Garmong went through the patents sent over by Walker. For the most part they felt assured of the originality of their technique vis-à-vis these patents. However, they saw reasons to add further claims to the application in order to strengthen its novelty value. This was done in a petition Garmong sent to USPTO in January 1990. A few months later, in May 1990, a similar application was submitted to the European Patent Office (EPO), where it was labeled EPO-0400349.

In excess of the aforementioned amendments, one also planned to compile further information in order to be able to make additional claims in a new application, a so-called CIP (continuation-in-part). This was done in June 1992 in an application with the title “Deposition of silver layer on nonconducting substrate”. Billy Södervall and Thomas Lundeberg were inventors and Ad Tech Holdings Ltd on Jersey applicant. The patent was approved on March 7, 1995 and received the number US-5395651. It was later completed in several steps, leading up to a patent family with the following numbers:

- US-5320908 - submitted February 12, 1993, approved June 14, 1994
- US-5747178 - submitted March 6, 1995, approved May 5, 1998
- US-5965204 – submitted May 4, 1998, approved October 12, 1999
- US-6224983 – submitted August 13, 1999, approved May 2001

These patents all have the title mentioned above. Inventors on all of them are Billy Södervall and Thomas Lundeborg and applicant (owner of the patent rights) Ad Tech Holdings Ltd. To write a patent application is a science in itself and calls for highly qualified specialists. In a similar manner, it is not easy to read and understand such an application and especially the claims presented there. The actual description of the invention is usually easier to comprehend and I will here try to outline the technique developed by Södervall and Lundeborg. After all, that is what forms the basis of this tale.

Deposition of a thin layer of silver on a nonconducting substrate

The description given here is based on patent US-5395651. In the introduction it is said that thin metal films can have a very large number of applications. Here, the focus is however on the possibility to reduce the infection risk when external material is inserted into the body. Earlier patents have already described how thin films of silver or silver-containing compounds decrease the infection risk when objects such as implants or instruments of different types are introduced into the body for a shorter or longer time. The mechanism of action is believed to be that small amounts of silver ions are released from the metal layer. These then inhibit the energy metabolism of the bacteria and so prevent their proliferation. However, the technique for depositing a thin layer of silver on nonconducting materials (frequently used in health care) in a practical and effective manner was poorly developed at this time (the end of the 1980s). Since silver can be toxic and is expensive, it is desirable to be able to prepare very thin films, in the order 1-200 nm (1 nm = 1 millionth of a mm). The coating also has to be firmly attached to prevent that silver is released from the inserted devices and spread within the body with risk for toxic effects. If this happens, the infection risk may also increase again. Preferably,

the method for coating products with a thin silver layer should also be easy to adapt for a large-scale, industrial application.

In summary, the patent text says that the method described gives a thin, homogeneous and well-attached silver layer on a number of nonconducting materials. The process can be carried out at room temperature, it does not require any extraordinary equipment, and is said to be highly reproducible. Basically, it consists of three steps:

- the surface of the material to be coated is activated by exposure to a water solution containing tin ions
- silver is deposited on the surface from a solution containing a silver salt, a reducing agent in sufficient concentration to precipitate silver in metallic form on the surface, and an agent that prevents the silver from instead precipitating in the solution (this entire step should take place in dark)
- stabilization of the silver layer

According to the patent text, the surface to be coated may for example be made up of latex, polystyrene, polyvinyl chloride (PVC), polyurethane, or ABC polymers. Ceramic materials like aluminum oxide, polyamide, polyimide, polycarbonate, and synthetic rubber may also be used. An important prerequisite is that the surface is clean and will be evenly moistened by the activation, deposition and stabilization solutions. Contamination with fat, oil, organic material, *et cetera* may disturb the process and has to be removed in advance. Polystyrene and similar materials can be washed in a 5-10% sodium hydroxide solution at 30-40°C for 5-20 minutes. Ceramic materials can similarly be cleaned in a 25% sulfuric acid solution at 60°C for 20 minutes, if possible in combination with ultrasound treatment. After the cleaning, the surface should be rinsed carefully with water and must not dry before the real process is started.

The continuing description of the silver coating technique in the patent text is remarkably vague concerning exactly what can be used

in the different steps, suitable concentrations of the substances used, the time for the different treatments, *et cetera*. In the examples given later on, the information is somewhat more specific but a lasting impression is anyhow that those who would like to set up the technique based on the instructions given probably have to do quite an extensive testing work to find the proper conditions. Below, the three main steps in the process are shortly described.

Activation of the surface of the substrate

This step is carried out with a solution containing at least 0.001 or preferably 0.01-0.2 gram per liter of a salt containing bivalent tin ions. Tin chloride (SnCl_2) and tin fluoride (SnF_2) are the salts recommended at first hand. The salt is dissolved in deionized water that by addition of hydrochloric acid has been adjusted to a pH value of 1.5-3.5 or preferably around 2.5. If possible, the solution should be prepared shortly before use, but if so required it may be stored up to 24 hours. The treatment of the surface is carried out at room temperature for 5-30 minutes.

Deposition of a thin layer of metallic silver

After activation and rinsing in deionized water, the material is transferred to the coating solution. This should preferably be made directly but can if necessary wait a few days. The silver salt solution should be prepared not more than four hours before use. Preferentially, silver nitrate (AgNO_3) is the salt used and in a concentration of at most 0.1 and preferably about 0.015 gram per liter (the solution should be discarded after 2-3 usages). A reducing agent is added to the deposition solution in order to convert the silver ions into metallic silver that precipitates on the surface immersed in the solution. Formaldehyde, hydrazine sulfate, hydrazine hydroxide and hypophosphoric acid are substances that may be used for this purpose. A concentration of 0.001

ml per liter solution is recommended. If the concentration is too high, there is a risk that silver precipitates in the solution and on the walls of the vessel used. To prevent this from happening, a so-called control agent is added. This may be invert sugar, succinic acid, sodium citrate, sodium acetate, sodium hydroxide, potassium hydroxide, or ammonia (about 0.05 gram per liter). The three ingredients of the deposition solution (silver salt, reducing agent and control agent) are first dissolved separately in deionized water and then mixed together. The substrate to be coated is usually dipped into the final solution and this is done in the dark. Alternatively the solution may be sprayed or painted onto the surface. At a silver nitrate concentration of 0.015 gram per liter an approximately 0.5 nm thick layer of metallic silver is formed on the exposed surface each second. To obtain a 5 nm thick layer one should thus dip the substrate into the solution for 10 seconds. When the reaction is ready, the surface is rinsed with deionized water but not allowed to dry.

Stabilization of the silver layer

To prevent that the silver coat will be modified chemically or physically during later use, it is finally exposed to a stabilization solution. To prepare this at least 0.001 or preferably 0.02-0.05 gram per liter of a salt with ions belonging to metals in the platinum group (platinum, palladium, rhodium, iridium, ruthenium, or osmium) or gold is dissolved in diluted hydrochloric acid. The solution should have a pH of 3.0-4.8 and should be used within eight hours of preparation. The silver-coated substrate is immersed in the stabilization solution for at least 5 seconds or preferably 1-20 minutes at room temperature. It is then rinsed with deionized water and finally allowed to dry.

Patents applied for and obtained later

The later patents mentioned on page 55 are all derived from the method described in US-5395651. Only smaller differences exist in the claims made in the different patents. Essentially, it is therefore one and the same method that is covered by all patents.

7.4 Patent licenses sold to the USA

As mentioned above, the first patent application for the silver coating technique was submitted to USPTO in May 1989. The contract regarding the “Meco Trust” (or Group) was signed the next month by Astrid Deeth, Thomas Lundeborg, Billy Södervall, and Gunnar Walstam. A preliminary deal (letter of intention) had already earlier been reached with CR Bard Inc. The efforts to realize a license agreement concerning silver coating of urinary catheters could now start. Bard also had to apply for permission from FDA to introduce these catheters on the market. Metacot UK Ltd (via Astrid Deeth and the American subsidiary) handled this work on behalf of Ad Tech Holdings Ltd (owner of the patent rights) and Ad Tech Licensing BV (see chapter 7.1). However, the collaboration within the “Meco Group” had already started to squeak and this complicated the negotiations. Astrid Deeth and Gunnar Walstam were the ones who had founded and owned the control not only over Metacot UK Ltd but also over Ad Tech Holdings Ltd and Ad Tech Licensing BV. In spite of several reminders, Thomas Lundeborg and Billy Södervall never received any proof of their joint ownership in the two latter companies, in spite of being the inventors behind the patents on which the affairs were to be based (and in spite of the writings in the Meco agreement). Lundeborg was also against the manner in which results from the clinical studies in Sweden were transferred to the protocols about to be used by Bard (incomplete and with some adjustments). Therefore, Deeth and Walstam themselves

assisted Bard in this work with help of the incomplete documents they had access to. The breach with Lundeberg gradually became worse and worse, but in that situation they managed to get Hans Liedberg to sign the protocols for FDA.

Both the license agreement with CR Bard Inc and the permission from FDA were finally secured. However, all details of how to manage optimally with the silver coating were never spoken out neither in the patent text nor in the contract with Bard. From the side of the “Meco Group” (and especially the inventors), the intention may have been to retain a certain degree of control over the process and also to generate higher incomes. The deal thus came to imply that Bard paid a license fee of 1 USD for each silver-coated catheter (later only called silver catheter). In addition, the “Meco Group” supplied Bard with a stock solution to be used in the stabilization step of the coating process (exposure to noble metals like platinum and gold). For this an additional fee of 0.25 USD per catheter was paid. In the beginning it was Deeth and Walstam themselves (lacking real expert knowledge) who mixed this solution and sent it to Bard in the USA. Later on, this duty was taken over by Södervall who was paid on a commission basis (bank account in England). Whether or not he ever informed Deeth and Walstam about all details in the coating technique is unclear. Presumably this was never the case and that may be the reason why Södervall right up to now has kept a central role in the activities, *i.e.* also in Bactiguard AB after the retirement of Deeth and Walstam.

The shares in Metacot Production AB go back to Gunnar Walstam

In contrast to Södervall, Lundeberg had difficulties to receive any economic compensation also after the time when a contract with Bard had been acquired. This even applied to the expenses he had had personally during the development of the silver coating method and the subsequent clinical testing (as described earlier much of this work was

done under his guidance and with his active participation). Due to the uncertainties regarding the “Meco Trust” and the joint ownership of the inventors in Ad Tech Holdings Ltd and Ad Tech Licensing BV (never solved), Lundeborg and Södervall also felt hesitant to their engagement and ownership in Metacot Production AB. As described earlier, this was planned to be a research and development firm within the “Meco Group”, led by Lundeborg and Södervall. At this time, Lundeborg had taken over all the shares due to Södervall’s fear to get on the wrong side of his employer Nibe. Lundeborg now wanted to phase out his interests and started to negotiate with Walstam, the CEO and original founder of the company. For the continued medical studies regarding different applications of the silver coating technique, Lundeborg wanted instead a sponsored research contract between Metacot and his department at KI. After long-drawn verbal negotiations, a draft of such an agreement was finally written. It said that Metacot Production AB should support Lundeborg’s research at KI within the area “inflammatory mechanisms in the urethra and urinary bladder” with an amount of maximum 420,000 SEK (excluding administrative costs). This money should be taken from the incomes the company received from Bard Urological Division (US) after January 1, 1992. This agreement is dated April 25, 1992 and signed by Gunnar Walstam. He had at this time redeemed the shares in Metacot Production AB from Lundeborg at a nominal value and was since November 1991 the sole board member in the company with his future wife Lena Larsson as an alternate member (according to documents at the Swedish Companies Registration Office). According to KI, it has not been possible to find any verification that such grants have ever been paid.

7.5 Large incomes without a corresponding effort

As soon as the license agreement with CR Bard Inc was ready and the production of silver-coated urinary catheters started, revenues began to come in to the “Meco Group” (from 1992). It continued to do so in a steadily increasing rate for a long series of years. In product information leaflets the catheters passed under the name Bardex® Infection Control Foley Catheters. They were said to be coated with a Bacti-Guard silver alloy and hydrogel that reduced the risk for catheter-induced urinary infections with up to 50%. In the documentation one could further read that the technology was licensed from Ad Tech Licensing BV and that Bacti-Guard was a registered trademark of this company. This latter statement was however not fully correct. It was Ad Tech Holdings Ltd that in July 1995 had applied for and received a registration of the name Bacti-Guard as a trademark (UK Trade Mark Registration No. 2027376). Via Ad Tech Holdings Ltd on Jersey, the “Meco Group” – or more correctly Astrid Deeth and Gunnar Walstam – retained the control over the patents for silver coating up to 2005. The licensing incomes (plus the fees for the stabilization solution) that were generated from CR Bard Inc from the start in 1992/1993 until this time were very large, not to say enormous. In an article in the journal *Ny Teknik* (New Technology) from 2007, Billy Södervall said the following regarding Bard and silver-coated catheters: “Today they produce 12 million catheters per year in a fully automated and robotized process” [Westman, 2007]. In the periodical *Currents* published by the Swedish-American Chamber of Commerce it is shortly later said that: “Billy Södervall started a company called Metacot, which licensed his patented nano-technology (the layer is only five atoms thick) to CR Bard, an American medical company that has used Södervall’s innovation to sell over 80 million antibacterial urinary-tract catheters” [Sandberg, 2008]. The control of facts by the one who

has written this leaves a lot to be desired. For the first, it was not Södervall who had founded Metacot but for a short time he was a minority owner in the company. Moreover, he was not the sole inventor behind the patents for silver coating. Lundeborg played an equally important role in this process.

Even if the aforementioned number of more than 80 million sold catheters probably is too small, it gives us an idea of the size of the incomes obtained. If we assume that the fee of 1.25 USD per catheter that CR Bard Inc paid to the “Meco Group” (1 USD as license fee plus 0.25 USD for the stabilization solution) remained on this level throughout the years, 80 million catheters would have generated an income of 100 million USD. This corresponds to about 700 million SEK with the exchange rate of that time. The information that 12 million catheters were produced per year in a similar way implies that the yearly incomes were of the size of 15 million USD (about 105 million SEK). One may also look into the annual reports of CR Bard Inc to obtain an idea of the revenues the “Meco Group” received from there. During the period 1999-2005 the net sales of Bard’s Urology Division increased from 353 to 524 million USD (Table 1). During the first years (from 1992/1993 and a few years ahead) the silver catheters made up about 20% of the sales. Later on their portion increased to about 40%. Moreover, the percental increase in the sales of silver catheters has consistently been larger than the percental increase in the sales of urological products at large.

A silver catheter from Bard has costed about 15-20 USD. Based on these figures, and if presuming that the silver catheters made up 40% of the sales of the Urology Division, this means that the number of sold silver catheters during the above-mentioned years increased from about 7-9 million up to 10-14 million per year (Table 1). The incomes of the “Meco Group” (1.25 USD per catheter) during these years would then have increased from about 9-12 up to 13-17 million USD per year (Table 1). The total revenues during the period 1999-2005

would according to these estimations have been 75-99 million USD or 525-693 million SEK. These figures are in good agreement with the incomes declared in the annual report for 2006 of Bactiguard AB, the company that in 2005 took over the patents for silver coating from Ad Tech Holdings Ltd on Jersey.

The very large incomes the “Meco Group” has had from CR Bard Inc after the signing of the license agreement regarding the silver patents have called for a minimum of work. The duty to mix the stabilization solution sold to Bard can likewise not have been very burdensome. What was important here was to know exactly how this mixture of noble metals should be composed. Evidently, this was nothing Bard had been informed about and it could not easily be deduced from the patent text. It was also only small volumes that had to be sent. In an article where Billy Södervall was interviewed, it is said that “half a cubic cm of the substance in solid form is enough to coat a surface as large as a soccer field or to coat 3.5 million catheters” [Westman, 2007].

So what happened with all the millions earned? According to statements from Thomas Lundeberg, one of the two inventors behind the patents, he has never received anything of the revenues obtained via the licensing of the patents. He says that he has not even been compensated for the personal expenses he had during the development of the patented technique. When Lundeberg refused to take part in what he considered as doubtful and unethical activities with CR Bard Inc (rewriting of research protocols *et cetera* – see chapter 7.3), Deeth and Walstam managed to get the urologist Hans Liedberg to sign the translated protocols from the studies at KI, which were attached to Bard’s application to FDA. For this Liedberg obtained a generous compensation. To what extent he also later received any part of the incomes from Bard is not known. After his doctoral studies within the silver catheter project and a few additional years at the Karolinska Hospital, Liedberg started a urological practice at *Sophiahemmet* in

Stockholm (*H Liedberg Läkarkonsult AB*). There he worked up to his death in 2007, only 54 years old. Shortly before passing away, he contacted Lundeberg and told him about an ongoing conflict with Gunnar Walstam, among others concerning payments. He should also have threatened to disclose the questionable affairs led by Walstam and Deeth. In return, Walstam then threatened to publicly drag KI into the affair. Just a few weeks before he died, Liedberg is said to have told Lundeberg that he suspected himself to have been poisoned. To what extent any real reason existed for this suspicion is not known. In any case, no closer examination seems to have been done after Liedberg's death.

In contrast to Lundeberg, the second inventor, Billy Södervall, continued to work together with Astrid Deeth and Gunnar Walstam. After the transfer of the silver patents from Ad Tech Holdings Ltd on Jersey to Bactiguard AB in 2005, Södervall went over to this company and became its scientific head. As far as known, he had earlier been paid on a commission basis for preparing the stabilization solution that was delivered to CR Bard Inc. The fee for this solution was 0.25 USD per catheter, which made up 20% of the total payment. It is not known how large a part of this compensation Södervall obtained. According to information received, Södervall's reimbursement was transferred to a personal bank account in a London bank. In this context, it may be noted that his taxed incomes during the years 1995-2002 steadily were around 300,000 SEK. Most of this originated from his employment at Nibe in Markaryd, where he functioned as environmental officer. During the period 2003-2006 the taxed income successively increased to just over 560,000 SEK and then made a jump up to over 2,000,000 SEK. At no time during these 13 years he declared any fortune (capital). Whether or not these figures about incomes and fortunes obtained from the Swedish tax agency include the profits he had via the "Meco Group" is not known.

Table 1

Estimation of the number of silver-coated catheters sold and the incomes of the "Meco Group" during the period 1999-2005

Year	Sales of Bard's Urology Division (million USD)	Number of silver catheters sold (million)	Incomes of the "Meco Group" in million (USD) (SEK)	
1999	353	7,1 - 9,4	9 - 12	63 - 84
2000	361 (+2%)	7,2 - 9,6	9 - 12	63 - 84
2001	390 (+8%)	7,8 - 10,4	10 - 13	70 - 91
2002	419 (+8%)	8,4 - 11,2	11 - 14	77 - 98
2003	451 (+8%)	9,0 - 12,0	11 - 15	77 - 105
2004	493 (+9%)	9,9 - 13,1	12 - 16	84 - 112
2005	524 (+6%)	10,5 - 14,0	13 - 17	91 - 119
Sum	2991	60 - 80	75 - 99	525 - 693

The figures are based on the following assumptions: (1) the silver-coated catheters made up 40% of the sales of the Urology Division; (2) a silver-coated catheter costed 15-20 USD; (3) the "Meco Group" received 1.25 USD per silver catheter; and (4) an exchange rate of 1 USD = 7 SEK.

Gunnar Walstam was like Södervall registered as living in Sweden during the years (1992-2005) when the license agreement with CR Bard Inc generated revenues to the "Meco Group". Together with Astrid Deeth he was also the one who had the real control over the affairs made. Based on his taxed incomes and fortune during the years 1995-2005 it is not possible to judge how large his real incomes were (Table 2). Some other information found on the Internet gives a hint about the economic resources he had at his disposal. For example, it can be mentioned that the Stockholm School of Economics in June

2005 arranged a gala in a well-known restaurant (*Berns Salonger*) in order to collect money for a new education. At this occasion, a large number of top men in the Swedish business world were present and the result of the fundraising was 4.5 million SEK (about 650,000 USD). Gunnar Walstam contributed the by far largest sum. He was not himself present but had sent a check amounting to 1 million SEK or about 150,000 USD [Handelshögskolan, 2005]. This event was part of a campaign run by the Stockholm School of Economics to collect money for its 100-year-anniversary. In parallel, they issued a prospect with an "invitation to investment in the Stockholm School of Economics". Gunnar Walstam was one of the jubilee ambassadors introduced in this document (presented as chairman of the board in Helperby Therapeutics).

During the entire period in question (1992-2005), Gunnar Walstam was as far as known registered in Danderyd's commune where he owned an older villa in Djursholm (Figure 2). In 2008, this house was sold to a physician and researcher from Uppsala for 14.1 million SEK or about 2.1 million USD (according to an article published in the newspaper *Göteborgstidningen* on September 14, 2008). Nevertheless, Gunnar Walstam was still found on this address in November 2010 in a search on the Internet (www.eniro.se). At the same time, he and his wife Lena are also found on two addresses in the east part of Long Island outside New York, one in Sag Harbor and one in East Hampton (www.ussearch.com). In the latter community, Gunnar Walstam is a board member of a private educational institution, the Ross School. It was founded in 1991 by Steven J Ross, up to his death CEO of the large cinema and entertainment corporation Warner Communications, and his wife Courtney A Ross. According to the homepage of the school, the duty of the board is to work for the following goal: "to foster interdisciplinary, integrated thinking and innovative leadership; to engage fully in the global community and to facilitate lifelong learning". It may be asked how this high-reaching policy agrees with



Figure 2. Gunnar Walstam's villa in Djursholm.

the type of business activities Walstam has engaged in?

Astrid Deeth was together with Gunnar Walstam the ones who controlled the license affairs of the "Meco Group" with CR Bard Inc. It was also these two who collected almost all of the incomes acquired from there. Exactly how this capital was canalized via the companies owned by the group is not known and for certain not easy to map. The Swedish and the American tax agencies are the ones that ought to be interested (more about this later on). But even for them this may not be an easy task to solve. A smaller part of the money Astrid Deeth have earned has perhaps been invested in her and her Swedish husband Bo Stehlin's house on Washington Street in San Francisco (Figure 3).

Table 2

Gunnar Walstam's taxed incomes and fortunes 1995-2005

Year	Taxed income (SEK)	Taxed fortune
1995	115,100	none
1996	182,500	none
1997	348,000	none
1998	374,500	none
1999	589,500	none
2000	1.092,400	none
2001	832,700	none
2002	1,235,700	none
2003	1,224,000	none
2004	1,205,900	none
2005	1,212,000	none

Information obtained from the Swedish tax agency.

8 Time to retire

A few years into the 21st century the affairs of the “Meco Group” (read Deeth and Walstam) with CR Bard Inc had been going on for more than ten years and produced incomes in the order of 1 billion SEK or about 150 million USD (see chapter 7.4). Since the profits almost entirely were based on the collection of license fees, the expenses were limited. Moreover, the costs for the development of the silver coating technique had for the most part been defrayed via Södervall's and Lundeborg's work at Nibe and KI, respectively (as well as personal investments). The whole enterprise was therefore exceptionally gainful. Astrid Deeth and Gunnar Walstam were the two who had worked out the business plan and who had the control over the money flooding in. As far as one can judge, they laid their hands on almost all of this. But these affairs were perhaps not totally risk-free. The tax



Figure 3. The home of Astrid Deeth and her husband Bo Stehlin on Washington Street in San Francisco.

authorities both in the USA and in Sweden would certainly be critical to the setup with a series of companies in tax havens like Jersey, the British Virgin Islands, “mailbox firms” in the Netherlands, *et cetera*. Maybe this was one reason why they decided to sell off the activities and resign? And this was surely an affair that generated a lot of money, to be more precise about 900 million SEK (about 130 million USD).

8.1 New owners enter what becomes Bactiguard AB

As evident from the annual report of 2005, the operations of Metacot Production AB was on June 13, 2005 sold to the newly established firm Bactiguard AB with office premises close to the celebrity club Spy Bar next to Stureplan in Stockholm (Figure 4). What this was basically all about was that two new owners had come in and that the name had been changed to Bactiguard (a registered trademark of Ad Tech Holdings Ltd on Jersey). Christian Kinch and Thomas von Koch (Figure 5) were the new owners and they had conquered a majority in the company (51%). In the annual report of 2005 this change is described in the following terms: “The work of Bactiguard was started 2005-06-13 when the business Metacot was acquired”. Even though it may be difficult to know precisely what that means, it is interesting to note that the joint stock in Bactiguard AB according to the annual report of 2005 is just 51% (10,180 shares à 10 SEK) of the joint stock in Metacot Production AB (20,000 shares à 10 SEK). As mentioned earlier, the share capital in Matacot (Walstam & Partners) was originally 50,000 SEK (5,000 shares à 10 SEK – see chapter 6). In August 1991 the board decided to make a new issue of 15,000 shares à 10 SEK. From then the stock was 200,000 SEK. This was done shortly after Thomas Lundeborg and Billy Södervall had left the company (see chapter 7.3). It was probably in this connection Astrid Deeth entered as an active partner.



Figure 4. Bactiguard's premises (in the house at the orange mark in the street) in the same block as Spy Bar (on the first floor in the house in the front) next to *Stureplan* in Stockholm.

Together with Gunnar Walstam she already owned Metacot UK Ltd and its subsidiary Metacot US Inc, *i.e.* the companies that handled the license affairs with CR Bard Inc (see chapter 7.1 and 7.3). However, it should be noted that Walstam's and Deeth's ownership in Bactiguard AB was controlled via firms of "mailbox" character (see chapter 8.3). Before the activities of Bactiguard AB are described further, a short description of the two men behind this company will be given.

Christian Kinch

According to information from the Internet, Christian Kinch was examined from the Stockholm School of Economics in 1992 and then

started to work as a consultant in the pharmaceutical company Roche. Two years later he started Kinchard, a consultant firm giving advice about marketing and sales to life science companies in the Nordic area. In 2006 Kinchard was sold to Consulting Pharmexx GmbH, a large European corporation working as a global outsourcing partner for the healthcare industry. A majority holding in this company was in March 2009 acquired by Celesio AG, the largest European warehousing business within the pharmaceutical area. At the same time, Kinchard changed name to Pharmexx Nordic and is today said to be the largest Nordic firm in the field "rent a representative". Kinch established his second company in 1997. It was named Netpharma and worked with parallel import of drugs (cheaper copies without patent protection, so-called generics). Just after a few years the annual turnover had raised to 350 million SEK. However, in order to grow further a partner was needed, and in 2001 Netpharma was bought by IVAX Corporation in the USA, at that time the fifth largest generics company in the world. It seems likely that Kinch made a good profit at this occasion. Until 2004 he remained in the new company as head of the Nordic region. During the spring 2004 he started discussions with Gunnar Walstam and on June 13, 2005 he and Thomas von Koch purchased a share majority in Metacot Production AB (25.5% each, *i.e.* totally 51%), the company that became Bactiguard AB.

Christian Kinch and his family live in a villa on seaside grounds in Edsviken, Danderyd (Figure 6). This 15-million-SEK house was mentioned in a coverage in a large daily newspaper in December 2004 [Aftonbladet, 2004]. According to this article, Kinch and his wife had in the winter of 2003 sold a villa in Djursholm (a prosperous suburb



Figure 5. The new majority owners in Bactiguard AB, Christian Kinch (to the left) and Thomas von Koch (to the right).

in Stockholm) for 6.2 million SEK. A few months earlier, the Dutch company Rilco Holding BV had bought the villa in Edsviken, one of the most attractive parts of Danderyd (the commune in which also Djursholm is included), for 15.4 million SEK. When *Aftonbladet* contacted Kinch, he said that he just rented the villa via a leasing company (without being able to tell which one) and that he had no links to Rilco Holding. A few days later the journal examined the bill of sale and found that it was Kinch himself who had signed it with a warrant from the company. So what type of firm is this? On the Internet one can find a register over Dutch companies where Rilco Holding is one of a large number with the same street address. The only information available is actually that the company is engaging in financial holdings and that it has only one shareholder. It is difficult to believe that this is anyone but Kinch himself (or possibly someone close to him). Notably, some data about Rilco Holding is also available on the Swedish Internet site www.allabolag.se. The company is there mentioned



Figure 6. Christian Kinch's villa in Danderyd.

as a foreign legal entity, registered February 13, 2003, and listed under the heading "trade, hiring and administration of real estates". It seems reasonable to assume that Rilco Holding is a firm Kinch founded in order to place money from the pharmaceutical affairs he had been running up to now. At least in part, these means could be used to get an exclusive villa and/or other real estates. In this context it can be mentioned that Kinch also has an address in Torekov on the west coast of Skåne in the south of Sweden. The estate here is like the villa in Edsviken owned by Rilco Holding BV (information from the land registry in the municipality of Båstad). This "story" clearly demonstrates that Kinch does not hesitate to tell a lie when it comes to things he does not want to get out. By the way, it can be mentioned that Rilco Holding also became the company that initially took care of Kinch's

ownership share in Bactiguard AB. Later on, a new firm was established for this purpose.

Christian Kinch's lie to *Aftonbladet* regarding his lack of knowledge about Rilco Holding becomes even more striking in view of the judgement made on December 6, 2010 by the administrative court in Stockholm in a series of cases between Kinch and the tax authority. What this was all about was that the assessment of Kinch's income for the years 2002-2006 had been raised by the tax authority due to his disposal from Rilco Holding BV not only of the villa in Edsviken and the house in Torekov but also of a 14 meter long luxurious boat (Sun-seeker Superhawk 48). Kinch had appealed against this decision to the administrative court, but his plea was rejected in the judgement mentioned above. In January 2011, Kinch went and appealed against this latter verdict to the administrative court of appeal. On February 3, 2012 also this appeal was declined.

Notably, Christian Kinch is a member of the Swedish Order of Freemasons, the oldest society of orders in Sweden, founded in 1735 and a part of the international masonry with roots in England and Scotland of the seventeenth century. The Grand Lodge of Sweden today has about 15,000 members and its highest guardian is King Carl XVI Gustaf. According to its byelaws, the aim of the order is to "work for improvement and refinement of humanity by promoting humility, tolerance and mercy as well as by showing this in word and deed". To be able to become a member, one should be "a Christian man, unpunished and known for an honest life". For a long time the Order of Freemasons had the character of a secret society and was surrounded by numerous rumors, among others regarding the rituals exercised in connection with the lodge meetings. To fight these rumors a more open attitude was introduced some years ago. Thus, the activity of the order and its rules is now described on the Internet. It is no longer a secret who the members are and member lists may be found on the Internet. Nevertheless, the byelaws claim a high degree of loyalty and

concerning parts of the activities also confidentiality. Even though the bye-laws say that a freemason is not allowed to inappropriately favor another freemason, suspicions that so happen are often heard. Considering the strong unity that characterizes the order, it may not be surprising if one in different ways helps each other both privately and professionally. Since the Swedish Order of Freemasons includes many men with important positions in society, conflicts of interest may easily appear (consciously or unconsciously).

According to information from the Swedish tax agency, Christian Kinch's taxed incomes during the years 2006-2008 were 2.3, 3.9 and 2.5 million SEK, respectively. On the other hand, he had no taxed fortune.

Thomas von Koch

Thomas von Koch was examined from the Stockholm School of Economics the same year as Christian Kinch (1992). In the same year he was employed by Investor AB, the flagship and leading unit of the Wallenberg sphere, with sizeable ownership interests in a number of large Swedish and international companies such as ABB (Asea Brown Boveri), Astra Zeneca, Ericsson, *et cetera*. His work there concerned so-called equity investments as well as take-over and merger of companies. Two years later he took part in the establishment of EQT, a Wallenberg-associated investment and venture capital firm with offices just a few hundred meters away from Investor on *Blasieholmen* in Stockholm (Figure 7). Thomas von Koch has been one of several Senior Partners in this company. EQT Partners BV (registered in Amsterdam) owns 69% and Investor Holding AB 31% of EQT Partners AB (according to EQT's homepage). In his capacity as Head of Equity Business Line he has been a member of the directorate of the company. EQT invests in corporations in many parts of the world but mainly in the Nordic countries and in Germany. This is made via funds registered in the tax haven Guernsey. Since its start, EQT has

raised about 20 billion Euro (€) and invested more than 11 billion € in around 100 companies and exited close to 50 companies (according to the homepage in February 2013). The primary business idea is to invest in well-managed corporations active on expanding markets, help to develop them, and then sell. Here a few examples is given from the journal *Affärsvärlden* (“Business World” - [Engzell-Larsson, 2005]): the white goods and leisure product company Dometic was bought in 2001 for 6.5 billion SEK and sold in 2005 for 10 billion SEK; the dental care company Sirona was bought in 2003 for 3.8 billion SEK and sold in 2005 for 7.3 billion SEK; the media unit Comhem was bought in 2003 for 2 billion SEK and sold in 2005 for 10 billion SEK (10 SEK ≈ 1.5 USD).

EQT is like the “Meco Trust” (although on a much larger scale) a complex company group, created in order to avoid tax for its owners. The main owner is EQT Partners BV, a Dutch firm located on an address next to the airport in Amsterdam (Luchthaven Schiphol). In the same area and on the same street one finds a very large number of companies, most of them of “mailbox” character. In the neighboring doorway, Investor Growth Capital Holding BV is located. Like for other Dutch companies, only few facts are available in the European Business Register (EBR). In most cases just an address and a telephone number are given together with the information that they work with financial holdings. In some cases it is also mentioned how large the share capital is (100,000 € in the case of EQT Partners BV). Otherwise, almost no information at all (e.g. annual reports) is possible to receive from the Dutch companies authority via EBR. As written in an article in the business journal *Affärsvärlden* in May 2008, a lot concerning the affairs of EQT is hidden in the dark [Billing, 2008]. Over the years, the joint owners have earned billions (see above) on their investments. Only a small fraction of this was assigned for the Swedish company EQT AB to pay the employees. In the end of the article the following is said: “Who have the real legal and economic power in EQT and its

funds, the venture capital company says nothing about on its homepage or in the annual reports. Neither is anything said about who take in most of the gains. The journal has earlier demonstrated that there exists an abundance of EQT-associated companies in the Netherlands and in the tax haven Guernsey. But the entire structure is unknown. Therefore, the allocation of power and money in EQT – one of the strongest and most important group of owners in Sweden remains a mystery also in the future”.

According to the Swedish tax agency, Thomas von Koch’s taxed incomes during 2006-2008 were 2.3, 2.5 and 2.6 million SEK, respectively. His taxed fortune was 70 million SEK (about 10 million USD) in 2006 and 95 million SEK in 2007. On the other hand, he had no taxed fortune in 2008.

8.2 The patents are sold to Bactiguard

A basic prerequisite for the activities of Bactiguard AB was the purchase of the silver coating patents. This affair included all four US patents with Billy Södervall and Thomas Lundeberg as inventors. The transfer is mentioned in the patent database Espacenet and was effectuated on June 13 2005, *i.e.* the same day Metacot Production AB was purchased by Bactiguard AB. Accordingly, an expense item of 458 million SEK (about 65 million USD) for acquisition of intangible assets is taken up in the annual report of 2005. This was financed by a new issue of shares for 180 million SEK and new loans for 274 million SEK. According to the database, the patents were transferred from “Ad Tech Holdings Ltd, Channel Islands” to “Bactiguard AB, Channel Islands”. This means that the new company already from the start could encash the license revenues. The first annual report further indicates that the new company continued the collaboration of the “Meco Trust” with CR Bard Inc. Thus, one of the things done during the



Figure 7. EQT's office on *Blasieholmen* in Stockholm, just behind Grand Hotel.

autumn of 2005 was to automatize the production of silver-coated catheters at Bard.

The board of Bactiguard AB included in addition to the two majority owners Christian Kinch and Thomas von Koch also Gunnar Walstam and Jörgen Svanlind. Kinch was appointed CEO. In connection with the first shareholders' meetings, Svanlind acted as representative of Vicico BV, a Dutch company that administered the ownership share of Walstam. In this function, Svanlind was later replaced by Susan Redelaar. According to Internet information, she has since 1992 been managing director in Sovereign Trust (Netherlands) BV. The activities of this enterprise was described as follows on its homepage: "The Sovereign Group specializes in setting up and management of off-

shore and onshore companies and trusts to assist with tax planning and asset protection Worldwide". In plain text this is a company that helps individuals or corporations to escape tax. It may be interesting to note that Vicico BV and Sovereign Trust (Netherlands) BV had the same street address in Amsterdam, Bloemgracht 45. In a similar manner, Astrid Deeth's ownership share in Bactiguard was administered by Medtech Investors Ltd, a company registered on Jersey. During the shareholders' meetings in Bactiguard AB, two persons from trusts and consultants on the British Virgin Islands represented this firm, Linda Romney-Leue and Miles Walton. Although the work was started only in June 2005, the first annual report of Bactiguard (041018-051231) includes net sales of 45 million SEK. Most or all of this was probably license fees obtained from Bard during June to December. This may be compared with the net sales in the company that had been taken over, Metacot Production AB (7 million SEK for 2005 and about 8-9 million SEK per year during the preceding years).

In addition to establishing an office next to Stureplan in Stockholm, Bactiguard AB set up a small development and production facility in Markaryd in Småland. Billy Södervall became head of research and responsible for this unit. A major duty he had was to prepare the stock solution that was sent to Bard to be used as stabilizer in the silver coating procedure. The Markaryd plant was in May 2006 inaugurated by the governor Lars-Åke Lagrell, an old acquaintance of Södervall among others from the folk high school and the football activities in Markaryd (see chapter 2.2). Without these old friendship ties, it is difficult to understand why the Royal Governor of Kronoberg County would come to officially open a local branch with three employees.

During the second year, the part owner and CEO Christian Kinch started seriously his efforts to enlarge the field of work. As an important part of this, a production and distribution agreement was settled with the American-Chinese corporation Amsino International Inc. The idea was to conquer new markets in China and other parts of South-

East Asia. New personnel were also recruited. Agneta Edberg with a past from the pharmaceutical giants Pharmacia and Pfizer was employed as deputy managing director and associate professor Johanna Adami from KI as medical director. During 2006 the net sales rose to 99 million SEK, but this was no real increase since the work under 2005 only covered half a year. The collaboration with China was further strengthened during 2007. With this Bactiguard received help both from the Swedish Trade Council and the Swedish embassy in Beijing.

8.3 Remaining ownership parts in Bactiguard are sold

During the beginning of 2007 a major change in the ownership structure of Bactiguard AB took place. It was reported both in press releases from the companies involved and in the press. On January 15 the newspaper *Dagens Industri* wrote: "American Noonday, one of the largest hedge funds in the world, and Kaupthing Bank Sweden buy almost half of the biotechnology company Bactiguard for close to half a billion SEK" [Saldert, 2007]. These two players had taken over 49% of Bactiguard AB by "buying out the two financial founders of the company for just over 420 million SEK in cash". According to the reporter, the sellers who were a Swede and an American (Gunnar Walstam and Astrid Deeth) wanted to remain anonymous. The price they received implied that the value of Bactiguard at this time was evaluated to be about 860 million SEK (130 million USD). According to a presentation on the homepage of GE Healthcare (a subdivision of General Electric Company), this was the second biggest affair within the biotechnology sphere during this year, surpassed only by Astra Zeneca's purchase of Arrow Therapeutics. Following this deal, Christian Kinch and Thomas von Koch owned 25.5% each of Bactiguard, Noonday 44%, and Kaupthing Bank Sweden 5%.

9 Bactiguard expands

When he was interviewed in *Dagens Industri* in connection with the affair with Noonday and Kaupthing Bank Sweden in January 2007, Christian Kinch said the following: “Fantastic. Now our journey to become a global corporation in the billion size starts” [Saldert, 2007]. Admittedly, he had actively set about to develop the activities and would continue on that line. The sad part of the story is that the basic idea of the company was to make large earnings on an invention that in an earlier phase had been “captured” from the inventors (see chapter 7). Supposedly, the former founders and owners of the company, Gunnar Walstam and Astrid Deeth, had never informed Christian Kinch and Thomas von Koch about this. But could they really have missed to ask if the inventors had approved the patent affair and if they had received any compensation? One of them, Billy Södervall, was per se to become employed and well paid in the new company. The other one, Thomas Lundeberg, who was responsible for the testing and documentation behind the patents for the silver coating of urinary catheters and other medical products, has never been contacted in any way by the owners of Bactiguard. Nevertheless, it is the scientific articles published by Lundeberg that all the time have been and still are used in the marketing of CR Bard Inc, the largest producer in the world of silver-coated catheters and the main source of income for Bactiguard.

9.1 Kinch and von Koch take the control

As already mentioned, Christian Kinch, the new CEO of Bactiguard, did not want to settle for the license revenues obtained from CR Bard Inc, *i.e.* about 100 million SEK (15 million USD) or more per year. He immediately started the attempts to widen the activities in order to increase the incomes. This may also have been necessary considering

the sums the new owners had paid for the majority holding in the company and the patent rights for the silver coating technique. Kinch also saw large economic possibilities in the business he had taken over. In an interview in the newspaper *Dagens Industri* from the autumn of 2006, he expressed this in the following manner: “This year the net sales are expected to exceed 100 million SEK and next year to be twice as big, and that is only the beginning” [Saldert, 2006]. As witnessed by the annual reports, he was too optimistic. The net sales were 99 million SEK for 2006, 129 million SEK for 2007, 100 million SEK for 2008, 116 million SEK for 2009, 118 million SEK for 2010, and 122 million SEK for 2011. For all these years the result after financial incomes and expenses was negative (as most minus 116 million SEK). It therefore seems as if Bactiguard AB during its 6-7 first years has not really managed to increase its sales.

One of the first steps Christian Kinch took as CEO in Bactiguard was to sign an agreement with Amsino Inc in order to start manufacturing and selling of silver-coated urinary catheters in China. This affair was advertised in press releases from both companies and also described in the press [Saldert, 2006, 2007; Uhlin, 2007; Westman, 2007]. At the same time, Kinch spoke favorably about the extensive possibilities to apply the silver coating method. “This fluid may be applied to everything from the door handles and the water pipes in the hospitals to protective masks used during operations and peripheral vein catheters, i.e. the needle inserted in the bend of the arm for a drip. It is all only a question of cost effectiveness” [Saldert, 2007]. This strategy resembles the one used by the large pharmaceutical corporations, i.e. to try to find new indications for an available product rather than to develop new and better products (see e.g. [Angell, 2004]). In the midst of the starting campaign in China, the large American hedge fund Noonday (44%) and Kaupthing Bank Sweden (5%) entered the company as large owners (see chapter 8.3). With reference to this affair, Kinch expressed himself in the following way for *Dagens Industri*:

“With the financial muscles of the new owners and their contacts in health and drug industry, the field is open for an almost unlimited growth” [Saldert, 2007]. As seen so far, this prediction has not come true. The annual reports cited above do not indicate any clear upgoing trend in the sales of the company. But perhaps it is too early to draw any definite conclusions about the sustainability of the prophecies of Kinch?

As soon as the deal to enter the Chinese market was ready, Kinch’s and Bactiguard’s interest was turned to Europe and Sweden. During 2008 an agreement was signed with the Petrone Group in Italy (a corporate group in the drug and health sector) that with sole right was to sell Bactiguard Infection Protection (BIP) Foley Catheters in Italy and Spain. In parallel, they started to introduce this catheter in Sweden. As a freak of fate, Danderyd’s hospital was one of the first Swedish customers approached. Thomas Lundeberg (not informed) is one of the chief physicians there and together with Billy Södervall also the brains behind the silver coating technique on which Bactiguard earns multi-million amounts. Lundeberg says that he has never in his position as inventor behind the method received any enumeration at all. As mentioned earlier, his position at the hospital is also special. After a strongly criticized investigation carried out by KI and the Swedish Research Council, he was declared guilty of scientific misconduct and in July 2005 forbidden by Danderyd’s Hospital (academically associated with KI) to do research (see chapter 2.1).

In January 2010 I wrote to Peter Graf, CEO in Danderyd’s Hospital AB, to ask what contacts they had had with Bactiguard AB. As a response, an official note signed by the head doctor Carl-Göran Ericsson dated December 22, 2009 was obtained (DS200912-191). According to this note, Christer Andersson had as a consultant for Bactiguard AB in September 2009 contacted Michael Nordh, the marketing director of the hospital, and asked for a meeting to discuss a clinical test of urinary catheters. On September 29 a meeting was arranged with the

CEO, head doctor and market director at which Andersson introduced the product in question. The head doctor then said that he wanted to go through the scientific literature to judge if the catheters were of interest to the hospital. During the meeting, Andersson was also informed that the Stockholm County Council just had started a unit, Health Technology Assessment (HTA), with the task to handle the introduction of new products. The purpose was to secure that new technology for diagnosis and treatment is not brought in to Stockholm's hospital without a proper evaluation ("evidence-based"). After his survey and additional discussions with Bactiguard, the head doctor meant that the urinary catheters offered for sale could be of interest to reduce the number of health care-related urinary infections. But he did not find the scientific documentation fully convincing (see chapter 12.1) and recommended that the decision should be made by HTA. He also concluded that the hospital should not take part in a study of the catheters, an opinion in which the CEO agreed.

It is not clear where the catheters Bactiguard in 2008 started to sell in southern Europe and in Sweden were manufactured. A press release from September 30, 2008 says the following: "Bactiguard now starts to not only provide the material for the silver coating but also to deliver end products under its own management and its own trade mark. The first one is the urinary catheter BIP Foley, that will be followed by products with Bactiguard's coat within areas such as blood catheters and aids for breathing". It would be interesting to know how CR Bard Inc looks on this development. After all, they have since earlier had some type of sole right to manufacture catheters with the silver coat invented by Södervall and Lundeberg. Via license fees, they have also given Bactiguard and its predecessor yearly revenues of about 100 million SEK or more.

With the investment in new markets, in particular China, Bactiguard AB announced in September 2006 that they had employed Agneta Edberg as assistant manager and marketing director and Johanna

Adami as medical director (see chapter 8.2). When it became time in 2008 to take a run for Europe and Sweden, a new wholly owned subsidiary, Bactiguard International AB was established. It had a board with only one member, Christian Kinch (plus a deputy). After some time Anita Tollstadius was recruited as CEO in the new company. According to an article in Biotech Sweden, her task was “to build up the activities internationally, via a network of distributors and strategic collaborations for the sale of the product family BIP, Bactiguard Infection Protection” [Hammar, 2009]. She is said to have a long experience of marketing and sale of drugs and other health care products. The two companies have the same street address and the same post box number, suggesting that Bactiguard International is very much a part of the mother company. Later on, the affiliate Bactiguard Production was established, to which Ewa Stålldal was signed up as CEO. She had a past as highly criticized and challenged CEO for the *Vårdal* Foundation, a Swedish institution for interdisciplinary research in the field of health and social care [Aschberg & Kasvi, 2005].

As mentioned earlier, the first board of Bactiguard AB included one of the earlier principal owners, Gunnar Walstam, as well as his colleague and friend Jörgen Svanlind. As soon as Noonday and Kaupthing Bank Sweden became new large owners in the company, the two latter left the board. In their place, Jörgen Olsson from Kaupthing Bank Sweden was engaged in January 2007. In May still another board member was recruited, Tomas Puusepp, CEO in the medical technology company Elekta. During 2008, Olsson resigned and the number of board members was again three. This composition of the board (Kinch, von Koch, Puusepp) remained the same in October 2011. In spite of share holdings of more than 45%, Noonday evidently did not claim any representation in the board. After the retreat of Kaupthing Bank Sweden as a part owner, the share of Noonday was increased even more. In spite of this, the composition of the board stayed unchanged.

9.2 The ownership is moved out of Sweden

During 2007, the owners of Bactiguard AB moved their share holdings to addresses more difficult to find for tax agencies and others. In the annual report for this year the ownership structure is presented as follows: TomCo BV 25.01%, Blackfields BV 25.01%, Biozif Holdings Ltd 45.35%, and Kaupthing Bank Sweden 4.63%. TomCo BV and Blackfields BV are both firms of “mailbox” character registered in Amsterdam. The name TomCo makes you think of Thomas von Koch and the street address of this company is the same as for EQT Partners BV, the business that owns more than two thirds of the venture capital company EQT AB in Stockholm, the founding of which von Koch took part in (see chapter 8.1). In several shareholders’ meetings in Bactiguard AB, TomCo BV has been represented by Gideon van der Ploeg, a member of the board of directors in several EQT funds (registered on Guernsey). In a similar manner, Blackfields BV has the same address as Rilco Holding BV, the firm that owns Christian Kinch’s villa in Danderyd and his house in the fashionable beach resort Torekov (see chapter 8.1). On the shareholders’ meetings in Bactiguard, Blackfields has been represented by Ruurd van Wolfsvinkel, owner and managing director of FTC Trust BV. On the homepage of this company the introduction starts as follows: “In a business environment which is becoming increasingly international and therefore complex, strategically locating your business to optimise tax advantages and establishing a firm basis for international operations are essential prerequisites for success. The Netherlands has a well established reputation when it comes to the establishment of international holding, finance and royalty companies.” There can hardly be any doubt about what type of consulting this is.

A reasonable conclusion of the facts just described is that Thomas von Koch and Christian Kinch have placed their shares in Bactiguard AB in the Dutch companies TomCo BV and Blackfields BV, respectively. Biozif Holdings Ltd is an even more anonymous firm. Almost

no information at all is found about it when searching the Internet. Via the site Mintportal you find that this company is located in Nicosia on Cyprus, a well-known tax haven, and that it has only one shareholder. Similar facts were published by the Swedish newspaper *Skånska Dagbladet* in an article about Bactiguard's plans to establish themselves in the city of Eslöv (see further chapter 12.2 - [Lindahl, 2010]). This is apparently a company controlled by Noonday. At an extra shareholders' meeting in Bactiguard AB on October 19, 2009 Biozif Holdings Ltd was represented by Andrew JM Spokes. About him you find on the Internet that he "co-founded Noonday Asset Management and continues to serve as Noonday's chief investment officer". To sum up, it is obviously so that the ownership of Bactiguard AB from 2007 has been placed in locations where the insight is minimal. The same ownership constellation remained in the annual report for 2008. Protocols from 2009 however indicate that the company now has only three owners: Blackfields BV, 26.3%; TomCo BV 26.3%; and Biozif Holdings Ltd 47.3%. Evidently, Kaupthing Bank Sweden has sold its shares to the other part owners.

The patents for the silver coating technique, *i.e.* the base for Bactiguard AB's work, also seem to have been placed abroad and this already from the day they were bought and the company started. Thus, the patent database Espacenet says that the new owner of the four US patents sold by Ad Tech Holdings Ltd on Jersey is "Bactiguard AB, Channel Islands". However, no such company can be found in the register maintained by the Jersey Financial Services Commission. So to what channel island (tax haven) the patents belong is unclear.

9.3 Subsidiaries and a parent company are set up

The structure and ownership of Bactiguard have successively changed since the start in 2005. Bactiguard Holding AB was registered in the Swedish Companies Registration Office in November 2006 but then

deregistered in July 2007. A company with the same name was resurrected in October 2010 but remained resting until December 2011 when Bactiguard AB was acquired. The new Bactiguard Holding AB functions as the parent company in the group that in addition to Bactiguard AB also includes Bactiguard International AB (with Christian Kinch as the only board member). According to the annual report of 2011, Bactiguard Holding AB was at this time owned to 50% by KK Invest AB, a firm established in 2006 with Christian Kinch as the only board member (with his wife Johanna as deputy member), and to 50% by Bactiguard BV (with the same street address in Amsterdam as EQT Partners BV – in the same area thousands of “mailbox companies” are registered). Christian Kinch is CEO and member of the board both in the parent company and in Bactiguard AB. In a similar manner, Thomas von Koch is chairman of the board in both companies. The present ownership structure was established in December 2011 when Bactiguard Holding AB acquired shares in Bactiguard AB from TomCo BV (27%), KK Invest AB (27%) and employees (1%). Four days later, the remaining shares in Bactiguard AB were purchased from Biozif Holdings Ltd (45%). In connection with this affair a five-year bond loan of 450 million SEK was raised. *Industrifonden* (a Swedish state foundation) participated with 50 million SEK.

10 Government and state support Bactiguard

It is remarkable and unusual to what extent Bactiguard AB has been supported by government, state, counties, communes, and other authorities in its establishment and work. Already during the first year they managed to get the Royal Governor Lars-Åke Lagrell to come and inaugurate the facility in Markaryd. This may have been due to the fact that he was an old acquaintance of Billy Södervall, who lived in Markaryd and was responsible for Bactiguard’s activities there. Otherwise, it is probably uncommon that a Royal Governor

allots time for the opening of a company annex with three employees. When they then set to establish themselves over the world [Saldert, 2006], the Swedish Trade Council provided valuable assistance in the signing of a contract with China. At several times, Swecare and the Ministry of Health and Social Affairs with its leading minister Göran Hägglund at the front helped to promote Bactiguard on different international markets. In November 2007 Bactiguard's CEO Christian Kinch could sign an agreement with the United Arab Emirates under supervision of the Minister of Health and Social Affairs [Swecare, 2007]. Shortly thereafter, in February 2008, Hägglund led a delegation to the USA in order to introduce Swedish health care. Bactiguard was at this occasion one of the corporations that were given the opportunity to appear [Hellblom, 2008]. October 1 the same year the Minister of Health and Social Affairs made an official visit at Bactiguard's facility in Markaryd, an event that among others was advertised on the homepage of the ministry [Socialdepartementet, 2008].

At the end of 2008, the roads of Göran Hägglund and Christian Kinch crossed each other again. On December 17 and as a representative of Bactiguard AB, Kinch received the Swecare Export Award from the hands of the Minister of Health and Social Affairs. Swecare and Bactiguard announced this the next day in a joint press release. During the prize-giving ceremony, Göran Hägglund expressed himself in the following manner about Bactiguard: "Starting from an excellent business idea, the company has managed to take charge of the new opportunities offered by new markets. Bactiguard can serve as a model for many Swedish entrepreneurs who want to create a better health care for people around the world". The confidence in Christian Kinch and Bactiguard AB certainly seems to be strong within the Ministry of Health and Social Affairs and its leadership. A few months later, this was exemplified again when it was announced in a press release that the Ministry of Health and Social Affairs together with Swecare will arrange a press lunch in Bactiguard's office at Stureplan

in Stockholm on account of the delegation journey to Japan on March 23-26 by Maria Larsson, the Minister for Children and the Elderly [Socialdepartementet, 2009].

The attention to Christian Kinch and Bactiguard AB continued also later during 2009. In April the company was nominated for the SwedenBio Award 2009, a distinction handed out by SwedenBio, an interest organization for Swedish companies within the life science industry [Kasemo, 2009]. Biotage, Biovitrum, CellaVision, and Phadia were the others nominated. During a ceremony at SwedenBio's annual meeting in Stockholm on May 27, the Minister for Trade, Ewa Björling, handed over the prize to the CEO of CellaVision, Yvonne Mårtensson (CellaVision develops and sells instruments for automatic image analysis of cells and changes in cells to hospitals and laboratories in Europe and North America). During the autumn of 2009, Bactiguard AB and its CEO were further nominated in two classes for the "Sustainability Prize of the Industry" (translated from Swedish), an event arranged by the journals *Kemivärlden Biotech*, *Process Nordic* and *Plastforum*. Christian Kinch was proposed in the class the "Industry Hero of the Year" and Bactiguard's patented silver coat in the class the "Sustainable Product of the Year" [Kemivärlden Biotech, 2009]. However, also this time there was no win for Bactiguard and Kinch except for the honor to have been nominated. During the prize-giving ceremony on the Scandinavian Technical Fair in Stockholm on October 14 the "Hero" award was handed over to Knut Andrén from Akzo Nobel and the "Sustainability" award to the new, energy-saving electric motor M4BP of ABB (www.industrinshallbarhetspris.se).

Even though it is not possible to draw any definite conclusions from these lacking appointments, one gets the feeling that the way to success that Christian Kinch earlier was riding on has become more curving. This impression was strengthened by the information that Bactiguard wants to move the production of catheters in China home to Sweden and Markaryd [Sjöshult, 2009]. This could hardly depend

on anything else than a disagreement between Bactiguard AB and Amsino Inc, the American-Chinese company with which a deal about production and distribution of catheters in China was signed at the turn of the year between 2006 and 2007. In an interview in *Dagens Industri* in July 2009, Kinch explained the thing as follows: “For our trademark Bactiguard it is much better if the products are produced in Sweden”. He further said that he within a year would be able to create 150 new jobs in Småland, a landscape troubled by notices of dismissal. However, in order to do so he requested assistance from the Ministry of Enterprise, Energy and Communications as well as the local co-ordinator for dismissals [Sjöshult, 2009]. This sounds like a very stagy and calculated proclamation. Like Bactiguard’s since long largest partner, CR Bard Inc, Amsino has an established and well-functioning production of catheters. They have large manufacturing plants in several places around the world and more then 2,000 employees. In contrast, Bactiguard has had no production of their own and according to the annual report of 2011 they then had 29 employees (in 2009 they had 21). Up to now the activities of the company has primarily been based on sale of license rights and mixing of the “secret” mixture of noble metals used in the silver coating procedure. To go from there to a full-scale production of different types of catheters is a big and certainly not uncomplicated step.

The somewhat strange idea to move the manufacturing of catheters from China to Sweden was exploited by Christian Kinch when he was nominated to the award “Industry Hero of the Year” (see above). His candidacy was presented with the following statement: “Christian Kinch, CEO of Bactiguard, means that Sweden’s advantage with respect to competence and quality assurance now must go before economic gains, and that it is possible to build a new solid industry in Sweden. He wants to go against current and move Bactiguard’s production in China home to Sweden and Markaryd and recruit about 150 persons in a commune that has been hit by the crisis in the car

industry" (www.industrinshallbarhetspris.se). A sob story as good as any. What surprises is however that one asks for support from Government and state for this move. As mentioned earlier, Bactiguard has among its major owners had one of the largest hedge funds in the USA, Noonday (that in 2007 moved its ownership share of about 45% to Biozif Holdings Ltd on Cyprus). At the time they entered the company he said the following in a newspaper interview: "With the financial muscles of the new owners and their contacts in health and drug industry, the field is open for an almost unlimited growth" [Saldert, 2007]. Moreover, as late as in the winter of 2008 Kinch expressed himself as follows in the journal *Currents*, published by the Swedish-American Chambers of Commerce: "Five years from now, we will sell for between half a billion and one billion dollars" says Christian Kinch, CEO of Bactiguard [Sandberg, 2008]. With this type of "financial muscles" and prognoses, it is strange and worrying that Kinch and Bactiguard try to get Swedish authorities and taxpayers to provide capital to move manufacturing of catheters from China to Sweden. The attempts of Kinch to obtain tax money for the establishment in Markaryd (an addition to their earlier activities there) have been actively described by local newspapers and the Swedish Radio (SR) in the county of Kronoberg.

On August 6, SR Radio Kronoberg reported that the medical technology company Bactiguard wanted to move their production from China to Markaryd and that this would give 100 to 150 new jobs to the county. But in order to do so they needed support from the region. According to the CEO of the company, Christian Kinch, the move could otherwise go to one of the other three regions that had expressed interest [Welander, 2009]. Slightly more than a week later, on August 14, it was said: "the CEO of the biotechnology company Bactiguard is very optimistic about being able to move the production from China to Markaryd". This had come out after a meeting the same day with the Royal Governor and the Ministry of Enterprise, Energy and

Communications. However, no decisions had been made and Kinch was perhaps too excited when he said: “we hope soon to be able to advertise for the recruitment of new co-workers” [Delin, 2009]. Less than a month later, on September 8, Radio Kronoberg reported that no promises for support were given when the medical technology firm Bactiguard met representatives of the Ministry of Finance. “Bactiguard that has manufacturing in China plans to transfer it to Markaryd but wants help with costs of about 20 million SEK”. The local government commissioner Bengt Germundsson said that also he was disappointed and told that Markaryd’s commune had helped to arrange with premises, to see about necessary permissions, and to help with education in order to make reality of the move [Pettersson, 2009]. The discussions about Bactiguard’s possible relocation were described in a similar manner in the journal *Smålänningen* [2009a, b].

In November 2009, I asked the Ministry of Health and Social Affairs, the Ministry of Enterprise, Energy and Communications, and the Ministry of Finance to be able to study the documents concerning their contacts with Christian Kinch and Bactiguard AB. The response from all three ministries was that no such documents had been registered. There is no doubt about that contacts have existed. In several cases they have even been announced on the Government’s homepage. The same applies for Markaryd’s commune. When I in November 2009 addressed the local government commissioner and chairman of the municipal board, Bengt Germundsson (Christian democrat), to get information about the contacts of the commune with Kinch and Bactiguard, he directed me to the registrar. From there I received the answer that no registered documents of such a kind existed in the archive of the municipal board from the year 2000 and later. In a more than seven years old article in the large newspaper *Dagens Nyheter* Inga-Britt Ahlenius [2004], earlier director-general of the National Audit Office, declared that “it is a myth that the Swedish openness gives insight into the authorities and the public sector”. In a parable,

she compared the Principle of public access to official records with "the right to look into empty cabinets". She meant that it, in contrast to what is the purpose, has led to that less and less of the decision processes in our authorities is recorded: *"the documents that should help the citizens to examine how the power is exercised are no longer written"*. The situation has not become better after this was said.

As mentioned above, Christian Kinch and Bactiguard AB have received substantial support from the Ministry of Health and Social Affairs and its two Christian Democratic ministers, Göran Hägglund and Maria Larsson. For example, Kinch has been given opportunity to take part in travels led by them with the aim of selling Swedish health care among others in countries like India, USA, United Arab Emirates, China, Brazil, and Iraq. During several of these journeys he had the possibility to sign business deals on behalf of Bactiguard. It may also be noticed that Markaryd is one of only 7 of the 290 communes in Sweden that have a chairman in its municipal board from the Christian Democratic Party (www.skl.se, www.markaryd.se). What is the background of these contacts and this help? Does one really believe that a businessman like Kinch cares about the unemployed in Markaryd? And does one not realize that the aim is just to earn money and to get as much as possible of the expenses paid by others, and why then not the taxpayers? Has one checked what type of a company Bactiguard is and has one studied Kinch's background? One way of getting some perspective in these matters is to read the books "The Corporation – The Pathological Pursuit of Profit and Power" by the law professor Joel Bakan [2004] and "The Truth About the Drug Companies – How They Deceive Us and What to Do About It" by Marcia Angell [2004], professor at Harvard Medical School and for many years editor-in-chief of the New England Journal of Medicine, one of the most highly ranked medical journals in the world.

11 Authorities unable to act

What Christian Kinch and Thomas von Koch took control over when they in June 2005 started Bactiguard AB by buying 51% of Metacot Production AB was in principle a business empire (Figure 8). Via the concomitant purchase of the patent rights to the silver coating technology (what was actually what they paid for) from Ad Tech Holdings Ltd on Jersey, they got hold of what had been the basis for the affairs of the “Meco Group” (read Astrid Deeth and Gunnar Walstam) ever since the beginning of the 1990s (see chapter 7.2). As a result of the entry of the new owners, Gunnar Walstam stepped down from the CEO chair and for a shorter transition period instead became Senior Adviser in Bactiguard. Initially he remained as a member of the board but within a year he left also that position. Shortly later Walstam and Deeth got rid of what had been Metacot Production AB by selling their share holdings (49%) to the American hedge fund Noonday (44%) and Kaupthing Bank Sweden AB (5%) for 420 million SEK or about 63 million USD [Saldert, 2007]. This did in no way represent the value of Metacot Production AB, in reality just a small cog in the “Meco-wheel”, with net sales of less than 10 million SEK during the last few years.

Later during 2007, the ownership of Bactiguard was with one exception moved to more anonymous institutions (see chapter 9.2). In the annual report of 2007 the ownership structure was presented as follows: Blackfields BV 25.01%, TomCo BV 25.01%, Biozif Holdings Ltd 45.35%, and Kaupthing Bank Sweden AB 4.63%. The character of the first three of these companies has been described in chapter 9.2. In the same way as Kinch and von Koch had placed their possessions in Bactiguard AB in the Netherlands, the “Meco Group” earlier had at least two of its companies involved in the patent affairs registered there, Ad Tech Licensing BV and Metacot BV. As part of an advanced tax planning, it is certainly not anything new to do so.

In an article in the journal *Affärsvärlden* (Business World) from 2000 with the title “the Netherlands attracts” the following was said: “The Netherlands has become somewhat of a Mecca for businesses and businessmen caring about taxes. More than half of the forty richest persons in Sweden (according to *Veckans Affärer*) have some type of connection to companies that for tax reasons have been set up in the Netherlands or the Netherlands Antilles” [Affärsvärlden, 2000]. Shortly further down the text continues in this way: “In total, Swedish companies worth several hundred billion SEK are owned and controlled via firms in the country of tulips and clogs, leading to that tax incomes worth billions probably are lost by the Swedish state”. In addition, it is said that the Dutch company, or companies, often just make up the tip of the iceberg, “a first step in an advanced chain of companies and funds in different countries serving to save taxes”. According to an article in *Forum för Ekonomi och Teknik* the situation basically remains the same ten years later [Björk, 2010]. These constructions are frequently questionable and not seldom illegal. Both EU and OECD have long tried to bring changes into existence in the system that has made the Netherlands so popular in connection with tax planning. Even though some progress has been achieved, it is still obviously difficult for the Swedish tax agency and the Swedish Economic Crime Authority to get hold of tax evasion and fraud on a large scale (see chapter 14).

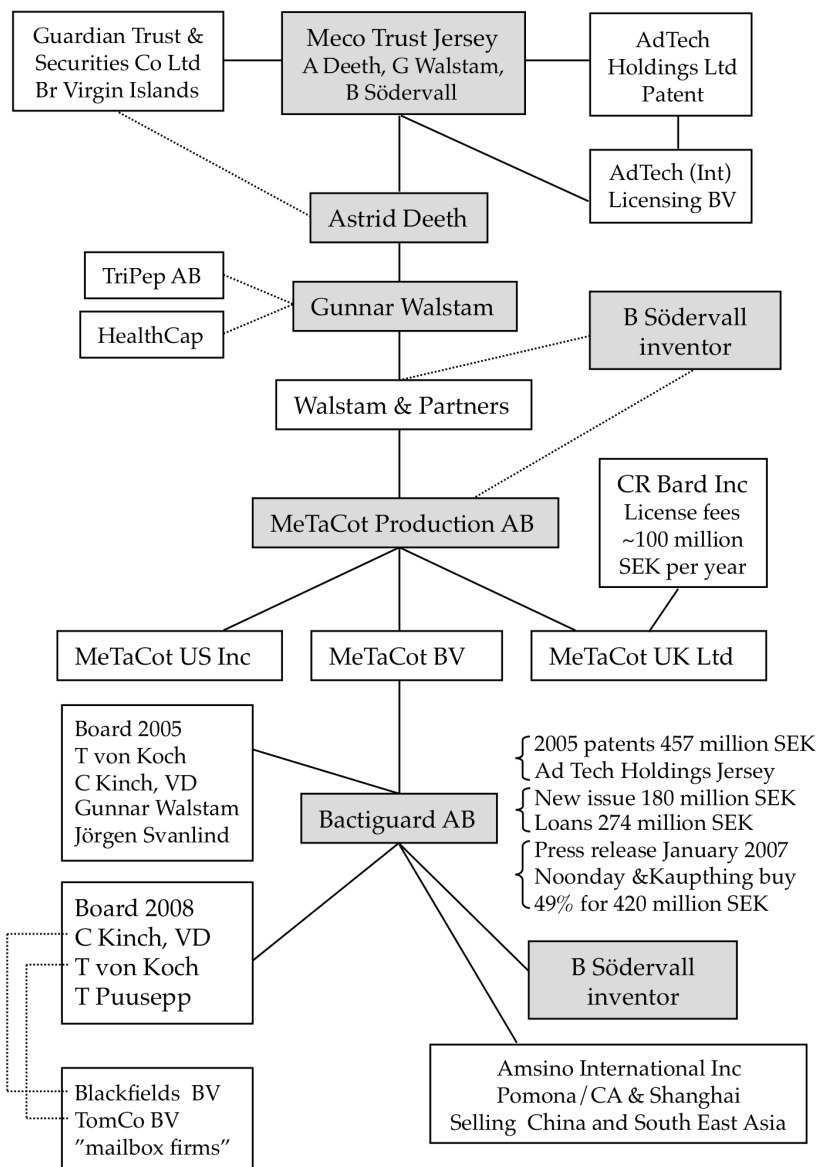


Figure 8. A schematic summary of the organization of the “Meco Group” and its transition into Bactiguard AB.

12 Green light for careless business methods

When it comes to business of any kind, there are at least two basic requirements one can claim. The first is that the product or service for sale holds what is promised and the second that the affairs are run according to existent laws and regulations (e.g. concerning payment of taxes and other fees). How does this look with regard to the activities of the “Meco Group” and its follower Bactiguard AB?

12.1 Is the silver coating of catheters effective?

The silver coating method developed by Billy Södervall and Thomas Lundeberg in the end of the 1980s and the beginning of the 1990s has constituted the basis for the multimillion incomes the “Meco Group” (Astrid Deeth and Gunnar Walstam) earlier had and that now have been taken over by Bactiguard AB (see chapter 7.3). The application of this patented technology within health care, and especially in the production of urinary catheters, is based on the observation that a thin layer of silver on the inner and outer surfaces of the catheters reduces the risk of urinary infections (see chapter 4). The studies performed in the end of the 1980s by Thomas Lundeberg in collaboration with Hans Liedberg and Peter Ekman in the urological clinic at the Karolinska Hospital (KS) were among the first in this field. In the clinical tests made within the project, the catheters that were used had been coated with silver by Thomas Lundeberg using reaction solutions prepared by Billy Södervall in Markaryd. The technique used at this time differed in at least one important respect (a pre-treatment that improves the adhesion of silver) from the one later used in industrial scale by CR Bard Inc in the USA. The clinical investigations demonstrated that the silver coat decreased the risk for urinary infection (defined as the presence of a certain amount of bacteria in the urine) in connection with the use of catheters by about 30%. The results were reported in a

series of scientific articles [Liedberg & Lundeberg, 1989a, b, 1990; Liedberg *et al*, 1990a, b] as well as in the doctoral thesis that Liedberg defended on the basis of these studies [Liedberg, 1989].

Similar investigations were later made in several countries with varying results. A large comparison (meta-analysis) of the studies in this field was presented in 2008 [Drekonja *et al*, 2008]. The reports published by Lundeberg and collaborators were included in this analysis. Initially, it was stressed that urinary catheters represent one of the most frequently used instruments in health care. In the USA it has been estimated that 15-25% of all adults who are taken care of in hospitals at some time during the care has a urinary catheter. It is well documented that the use of catheters increase the risk of bacteriuria and about 40% of all nosocomial (caused in hospital) infections are catheter-induced urinary infections. A large part of these are however asymptomatic and do not normally require any treatment. When symptoms appear, they may vary from increased frequency to sepsis (spread of bacteria to the blood) with serious complications. In these cases antibiotic therapy is required and may become long with risk for development of resistant bacterial strains. Due to the frequent use of catheters, this problem has become quite substantial.

A good hygiene in connection with insertion and change of catheters is most important to prevent catheter-induced urinary infections. Other measures include sharpening the indications for use of catheters, removing the catheter as soon as it is no more needed, and using closed collection systems. Finally, it is also possible to treat the catheters in order to give them an antibacterial coat. The methods primarily used in this context are silver coating and coating with nitrofurantoin, an antibiotic used for long-term treatment of relapsing urinary infections. In the above-mentioned article by Drekonja and collaborators [2008], some of the weaknesses of the studies presented were first discussed. One of these was that one to a large extent had analyzed the presence of bacteria in the urine but not the appearance of clini-

cally relevant symptoms. Another problem was that no direct comparisons of silver- and antibiotic-coated catheters had been made. After going through the selected investigations, the authors concluded that there exists "moderately good-quality evidence" that coating of catheters with silver or furantoin decreases the risk of bacteriuria as compared with untreated catheters. On the other hand, it was not possible from the collected material to judge whether or not the appearance of clinically manifest urinary infections was affected.

Concerning silver-coated catheters, the authors further noted that the studies carried out before 1995 showed a considerably better protective effect than the studies made later [Drekonja *et al*, 2008]. The former group was made up of the four investigations made by Lundeborg and co-workers. It was also pointed out that the frequency of bacteriuria in the control groups (untreated catheters) was clearly higher in these studies (which could make it easier to see a protective effect). A factor that could possibly contribute to this finding was that one in Sweden used closed collection systems to a less extent than abroad. In addition, it cannot be excluded that the higher protective effect in the early Swedish studies was due to differences between the catheters covered with silver in a laboratory environment by Lundeborg (one of the inventors of the technique) and colleagues and the industrially prepared catheters used in the other studies. As mentioned earlier, one difference was the pre-treatment procedure.

Summing up, Drekonja *et al* [2008] say the following: "Although the thirteen reviewed studies of antimicrobial-coated urinary catheters demonstrated consistent, albeit variable, reductions in the proportion of subjects developing catheter-associated bacteriuria/funguria, in the absence of more robust evidence regarding clinically relevant end points such as symptomatic urinary tract infection, catheter-associated bacteremia, antibiotic use, duration of hospitalization and cost savings, it would be premature to endorse the widespread use of such devices". It is also interesting to note that a study from 2006 financed

by CR Bard Inc (not included in the review article just described) did not find any clear effect of silver coating of catheters on urinary tract infections [Srinivasan *et al*, 2006]. More than 3,000 patients with catheters had been followed, whereof 38% were treated with silver-coated catheters and 62% with uncoated catheters. The frequency of urinary tract infections per 1,000 days with catheter was 14% in the first group and 16% in the second. Statistical analysis did not indicate any significant difference between the groups.

Studies published later on (2009-2012) have likewise had difficulties to find any clear effect of silver coating on adhesion of bacteria to urinary catheters and the development of urinary tract infection. In a randomized multicenter study on more than 7,000 patients from last year in the respected journal *Lancet* (Pickard *et al*, 2012a) it was found that silver coating of the catheters did not give any protection against the incidence of symptomatic urinary tract infection. The authors ended their report with the following conclusion: "Routine use of antimicrobial-impregnated catheters is not supported by this trial". As part of the Health Technology Assessment (HTA) program set up in 1993 by the National Institute for Health Research (NIHR) in the UK, these authors recently also published a close to 200 pages long report on the use of antimicrobial- and antiseptic-impregnated urinary catheters (Pickard *et al*, 2012b). With regard to silver-coated catheters the following was concluded: "The trial ruled out the possibility that silver alloy-coated catheters might reach the pre-set degree of clinical effectiveness and that their use was unlikely to be cost-effective". This could perhaps be something to consider by all the customers of Bactiguard around the world. In a small (439 patients) recent Swedish study sponsored by Bactiguard AB, a statistically significant reduction in the frequency of bacteriuria was reported in patients undergoing elective orthopedic surgery with short-term catheterization either with silver-coated or control catheters. On the other hand, no effects were seen on the occurrence of clinical symptoms at a follow-up 7-10 days

after removal of the catheter [Stenzelius et al, 2011]. If anything, these results indicate that it is meaningless to use silver-coated catheters. An oddity in this investigation is that non-coated silicone catheters were compared with silver-coated latex catheters. It would have been more adequate to use latex catheters in both groups (with and without silver).

Additional meta-analyses from the last few years confirm the uncertainties described above concerning the usefulness of silver-coated urinary catheters (see e.g. Beattie & Taylor, 2011; Jahn *et al*, 2012). A major problem seems to have been methodological weaknesses of many of the existing studies, making reliable conclusions impossible with regard both to the clinical effects and the costs of medical care. At least equally worrying may be that a recent study did not find any clear effect of the silver coating on the adherence of uropathogens to the surface of the catheters, i.e. the supposed mechanism of action (Desai *et al*, 2010). The authors concluded their report as follows: “Our results do not support a role for silver urinary catheters to prevent catheter associated urinary tract infection by decreasing bacterial adherence”. It should also be noted that one in the USA has found signs indicating that silver-coated catheters may increase the risk of urethral strictures (Liu *et al*, 2011).

To sum up the available literature, it must be concluded that there does not exist any robust scientific basis to recommend use of silver-coated urinary catheters. The effect on the frequency of clinically relevant urinary tract infections and cost savings in health care has so far not been adequately demonstrated. From the Swedish side, the Health Technology Assessment unit of the Stockholm County Council in 2010 published a report in which they asked whether or not the number of urinary tract infections is decreased in connection with short-time usage of silver-coated urinary catheters [Akre *et al*, 2010]. After examination of the existing scientific literature in the field, they came to the conclusion that there exists some evidence for an effect on

asymptomatic bacteriuria but no reliable proof for an effect on symptomatic bacteriuria. Their final position was that the use of silver-coated catheters could not be recommended.

12.2 Misleading marketing and uncritical customers

Considering the weak scientific basis regarding the effects of silver-coating on the risk for urinary tract infections when using urinary catheters, one must question the type of aggressive marketing Christian Kinch and Bactiguard AB have shown up since they in 2005 took over the rights to the silver patents and started their affairs. Typical examples of the type of messages spread around may be found in press releases and newspaper interviews that Kinch and others have given during the eight-year-long existence of the company. It is not enough that they claim to be able to solve the problem with catheter-induced urinary tract infections and thereby also other nosocomial infections. In addition, they try to attract potential customers at hospitals and other similar institutions with statements like: “This fluid may be applied to everything from the door handles and the water pipes in the hospitals to protective masks used during operations and peripheral vein catheters, i.e. the needle inserted in the bend of the arm for a drip. It is all only a question of cost effectiveness”, says Christian Kinch [Saldert, 2007].

In an article looking like an advertisement in the MedTech Magazine (present themselves as an “independent journal that follows and writes about things that engage and interest decision makers and businessmen in the medical technology field”), it is claimed that the use of Bactiguard’s silver-coated catheters may save the life of hundred patients each year in Swedish health care [Lager, 2008]. It is further claimed that Bactiguard’s silver coat prevents 3,900 events of death and saves half a billion USD per year in the USA. As described

above, the truth is rather that there does not exist any real evidence either regarding the clinical effect or the saving in costs that is obtained if silver-coated catheters are used instead of catheters without such a coat [Drekonja et al, 2008; Beattie & Taylor, 2011; Jahn *et al*, 2012]. Even less is known about to what extent any reduction in the number of nosocomial infections is gained if various instruments and other items used in health care are covered with a thin layer of silver. In many respects this resembles the tactics used with preference by the pharmaceutical industry, In the absence of new and improved products with proven effect, one tries to widen the indications for already existing products [Angell, 2004; Carlberg, 2008]).

In view of the lack of solid scientific proof for the usefulness of the products they market, it is surprising that Bactiguard AB has managed to get the Minister of Health and Social Affairs (Göran Hägglund), the Minister for Children and the Elderly (Maria Larsson), the Swedish Trade Council, Swecare, and others to help with the promotion of the company around the world. And, from the side of the official Sweden, it for certain not only the ministers of the Ministry of Health and Social Affairs that have joined in to support the business of Bactiguard AB. A notable example of this can be taken from the state visit of the Swedish King and Queen in Brazil in March 2010. The Minister of Health and Social Affairs and various representatives of Swedish companies in the health sector [Socialdepartementet, 2010], among them Bactiguard's CEO Christian Kinch, accompanied the royal couple on this trip. According to an article in the large newspaper *Aftonbladet*, Kinch received valuable help from Queen Silvia at this occasion. During a dinner she was said to have convinced the Brazilian industrialist Fernando de Arruda Botelho Camargo (an old friend of the Queen from the time she lived in Brazil) to invest money in Bactiguard [Holmqvist, 2010]. This certainly is a demonstration as good as anyone of what MedTech Magazine wrote in its issue 3 of 2011: "THE ROYAL COURT – your best seller". In the

text one can further read how Christian Kinch in connection with official visits *e.g.* in Germany and China has been given the opportunity to present his firm and to be photographed together with Crown Princess Victoria and Prince Daniel. This strategy was described in a blog by the journalist Hanna Brodda under the heading: "Learn from Christian Kinch, look after to be seen in the right circles". Perhaps in order to strengthen their bonds of friendship with the royal family, Bactiguard AB since some time present themselves on the company homepage as "Proud Sponsor of World Child & Youth Forum", an organization started in January 2010 on initiative of the King and Queen, the Crown Princess couple, Prince Carl Philip and Princess Madeleine. As far as one can judge from the homepage of the organization, Bactiguard AB is not one of the their major contributors but as mentioned above, what is important is "to be seen in the right circles".

It is likewise astonishing that Bactiguard AB and/or its CEO Christian Kinch have received several prestigious awards and have been nominated to even more. It is also puzzling that so many large customers, including everything from governments to individual hospitals, seem to have swallowed the PR message and bought the product (silver-coated catheters) without a closer check of the scientific documentation of its infection protective and cost saving effects. During the end of 2009, at least two Swedish communes negotiated with Bactiguard AB about supporting the move of their catheter production from China (based on a contract with the large Chinese-American corporation Amsino Inc) to Sweden (see chapter 8.2, 9.1 and 10).

The towns in question were Markaryd and Eslöv, two small municipalities in the south of Sweden. Christian Kinch's efforts to get support for an establishment in Markaryd (where Bactiguard already has a small facility) have been described earlier (see chapter 10). Even though the local government commissioner Bengt Germundsson had assisted with arranging premises, necessary permissions and staff

education [Pettersson, 2009], these plans were never realized. A few months later, more exactly on the day before Christmas Eve, Radio Kronoberg reported that there would be no new establishment of Bactiguard AB in Markaryd [Pehrson, 2009]. Instead, it was said, some hundred working opportunities would probably be created in the city of Eslöv in the *Skåne* region. This was confirmed the same day in a message published on the homepage of this city [Eslövs kommuns hemsida, 2009]. Also in other respects, the PR machinery had started for full and the importance of Bactiguard's future production facility with some 150 new job openings was the same day announced in the Swedish Radio, the Swedish Television (*Sydneytt*), the Swedish News Agency TT, as well as a number of local and nationwide newspapers.

What is evident from the principal agreement signed by the local government commissioner in Eslöv, Cecilia Lind (social democrat), and the CEO of Bactiguard Technology, Ewa Stålldal, shortly before Christmas in 2009 is the following. They start with a PR message lacking a real factual basis: "The parts agree that an establishment of Bactiguard's new production facility for advanced and high-technological medical technique may come to have great importance for Sweden's possibilities to globally develop its role concerning infection control and prevention of antibiotic resistance". There is really nothing high technological about the method Bactiguard uses to cover catheters and other medical products with a thin layer of silver or other metals. Rather, it is a relatively simple surface-chemical process in which the products to be coated are dipped into different solutions containing metal salts and other reagents (which per se required a careful try-out when it was first elaborated – see chapter 7.3). Moreover, as earlier described there does not exist any robust scientific evidence that the silver coat really protects against clinically relevant infections, nor that it prevents the development of bacterial resistance to antibiotics. The initial part of the agreement continues with exaggerations of a similar type: "The transfer of the production that now takes place in Shanghai

in China to the Skåne region and Eslöv will in addition contribute to the growth in a field where Sweden has possibilities to take on a leading position with regard to development of technology as well as health care". Before getting on to the commitments the commune makes, it is stressed that the planned investment will lead to the creation of 150 new job opportunities.

The real agreement is thereafter described in the following paragraphs:

- Eslöv undertakes, via its industrial real estate company EIFAB, to build a production facility on the assigned location within the municipality.
- The real estate will be adapted to production of medical technology products.
- The real estate will initially include a surface area of 2,000 square meters
- The real estate will allow a successive expansion of the surface area up to 6,000 square meters.
- Eslöv will handle authority questions such as building permit.
- Bactiguard undertakes to sign a 10-year-long rental agreement regarding the production facility (with an option to buy the facility before this time expires).
- Eslöv undertakes to be accountable for the costs of planning, building, quality systems, and leaseholder adjustments up to a total investment frame of 70 million SEK.
- The parties will confer and accept all construction drawings, specifications and other building documents. The parties will together agree on the time plans both for the projection work and the implementation of the building project.

- Bactiguard undertakes to submit a guarantee issued by the SEB bank as a security for the commune's investment in the project, designed in agreement with the wishes of the parties.

Summing up, the city of Eslöv promises to invest up to 70 million SEK to build a new production facility for Bactiguard AB. According to the last sentence in the contract, the construction work will start during the second quarter of 2010. The only assurance from Bactiguard's side is that they will rent the newly built plant during a ten-year period. Nothing is however specified about the size of the rental charge. In addition, the company will provide the city of Eslöv with a bank guarantee for the investment. It must be asked if a contract of this type is in accord with the municipal law. In its 2nd chapter, 8 § the following is stated: "Municipalities and counties are allowed to take steps in order to promote in general the commercial and industrial life in the municipality or county. Support for individual business owners can only be given if especial reasons exist". To do then like the city of Eslöv and invest up to 70 million SEK to build a production facility for a company whose largest owner (about 45%) is an American venture capital corporation with funds worth several hundred billion USD seems more than questionable (not to say illegal). Even though Bactiguard is supposed to procure a bank guarantee for the construction of the new factory, the agreement implies that the taxpayers have to make a substantial subsidy to the company. The city will have to pay up to 70 million SEK in advance for a number of years before getting the money back. If one according to the contract builds a production facility of 2,000 square meters for 70 million SEK that Bactiguard will rent for 10 years, it means that a yearly rent of 3,500 SEK per square meter has to be taken out if the construction costs will be paid (without interest). That is much above the normal rent for a facility of that type. If the city has to take loans for the construction of the factory, the costs will be even larger.

As became evident during April 2010, when the contract between the municipality-owned real-estate concern EIFAB and Bactiguard AB was signed, the costs for the city became larger than originally planned. It had now been decided to expand the size of the planned factory from 2,000 to 3,000 square meters. This meant that the expenses increased from 70 to 105 million SEK. The size of the affair thereby became almost twice as large as the value of the entire EIFAB. To ensure that the solidity of the company would not become too low, the city therefore had to add 15 million SEK in ownership shares. When the contract between EIFAB and Bactiguard AB was discussed in the local council, Anette Linander from the Center Party demanded that the members of the council, considering the size of the affair, should be able to see the contract before it was signed. This request was voted down of the other parties [Andersson, 2010; Lindahl, 2010].

On June 9, 2010 it was so time for the city of Eslöv to officially start the building of the factory for Bactiguard AB. Like before the Government via the Ministry of Health and Social Affairs joined in at the side of the company. In a ceremony out on the industrial district Gustavslund the minister Göran Hägglund, the local government commissioner Cecilia Lind and the CEO of Bactiguard AB Christian Kinch took the first digs with a spade for the new production facility of the company (Figure 9). According to a report on the homepage of the city, the minister expressed himself in the following way at this occasion: "I want to congratulate Eslöv to many new job opportunities and to the establishment of a company in the front edge of technology. And Bactiguard has made a good choice when moving their production home to Eslöv, with a brilliant business idea and a strategic location in an expansive region like Eslöv they have all possibilities to be very successful". In order to further direct attention to the cooperation between the town district and Bactiguard AB, a seminar with the title "Innovation – Growth – New jobs" was arranged the same day in the civic hall of Eslöv. On the homepage of the city, the local government

commissioner expressed the matter as follows: “the collaboration between Bactiguard and the municipality of Eslöv is enormously positive for Eslöv. It creates 150 new jobs in our city and at the same time strengthens the Swedish competitiveness globally. That feels very good”. Neither the representative of the Swedish government, Göran Hägglund, nor the responsible local government commissioner, Cecilia Lind, showed the slightest hesitation about the excellence of the way they had chosen.

The large expectations expressed by the officials of Eslöv’s municipality on this day were clearly reflected in the local press and no limits for the optimism seemed to exist. In the newspaper *Norra Skåne* one could the day after the visit of the minister Göran Hägglund among others read the following under the heading “we are here to stay: “The great rescuer has arrived to the city. Yesterday the first digs with a spade were taken for the new factory of Bactiguard in Gustavslund’s industrial district. But before that homages were delivered one after the other in the civic hall” [Winqvist, 2010]. A few lines further down, the congratulations continued: “Bactiguard will put Eslöv on the map. Bactiguard will create 150 job opportunities. Bactiguard saves lives with their products. That was heard from the rostrum when among others Cecilia Lind (S), the chairman of the municipal executive board, Christian Kinch, CEO of Bactiguard, and Göran Hägglund (KD), minister of health, spoke for the collected crowd that nodded affirmingly. Just a few minutes before Cecilia Lind began her welcome speech, the agreement for the largest company venture that Eslöv has seen in modern time was signed”. It all seems to have been like an ecstatic salvation service. In another article from the same day, the confidence goes on: “Made in Sweden sounds better than made in China. That is the reason why Bactiguard moves from Shanghai to Eslöv. At the same time the company promises at least 150 new jobs within a couple of years. For Christian Kinch, the CEO of Bactiguard, the eagerness for expansion is boundless. From a turn over of 123 million SEK last year

he anticipates annual sales of 1 billion SEK or more within five years” [Norra Skåne, 2010].

However, it would not take more than half a year until all this disproportionate optimism was turned into cold realism and disappointment. Even though the matter was settled already in December 2010, it took until the beginning of February 2011 before it became publicly known via among others *Skånska Dagbladet*, *Norra Skåne*, Swedish Television (*Sydneytt*) and the Swedish News Agency TT that the municipality of Eslöv and Bactiguard AB break off their cooperation. According to an interview given by the local government commissioner Cecilia Lind (S), Eslöv and Bactiguard had agreed to terminate the earlier signed contract [Lindahl, 2011a]. Otherwise no explanation what so ever was given from the highest responsible politician to this collapse of this business deal that a few months earlier had been praised to the skies? As said by *Skånska Dagbladet*, that had examined all available documentation about the collaboration with Bactiguard, the direct cause of the breaking of the contract was that Bactiguard had demanded 28 million SEK for costs not connected with the planned factory building and originating from a time before the cooperation had even been started [Lindahl, 2011c].

At the same time, it was speculated if Bactiguard was instead on the way to Lund and the premises that had been left by Astra Zeneca [Lindahl, 2011b]. This building complex had recently been sold to a foundation established by the businessman Mats Paulsson, who planned to convert it into a research park, Ideon Life Science Village. According to *Skånska Dagbladet*, Bactiguard planned to rent space in a part of this building. “A good solution for the company, that does not afford to build a factory of their own” [Lindahl, 2011b]. However, Bactiguard’s CEO Christian Kinch did not want to give any interview about what was going on and only said the following in an E-mail message to the newspaper: “We are at present evaluating several alternatives and I prefer not to give any additional comments for the



Figure 9. The first digs with a spade for the new production facility of Bactiguard AB were taken on June 9, 2010 by the Minister for Health and Social affairs Göran Hägglund (to the left), the local government commissioner Cecilia Lind (in the middle) and the CEO of Bactiguard AB Christian Kinch (to the right). The picture is taken from the homepage of the municipality of Eslöv.

time being". When writing this (March 2013), Bactiguard has, as far as known, not yet presented any concrete plans for the construction of a factory in Sweden for the manufacturing of their products.

13 The role of Karolinska Institutet

As defined earlier, most of the developments work with the silver coating method and the testing of its medical usefulness was made by Thomas Lundeberg and Hans Liedberg at KI in collaboration with Billy Södervall in Markaryd. The work in Stockholm was financed in part via research grants among others from Maud and Birger Gustavsson's Foundation and in part by Lundeberg personally. His employer, Nibe, probably paid Billy Södervall's preparation of the solutions used to coat the catheters with silver. As described in the book "*Forskning till Salu*" (*Research for Sale* - [Thyberg, 2010]) the President of KI, Hans Wigzell (1995-2003), has had and still has a great influence over the commercial activities at this medical university. For example, it can be mentioned that he during the period 1996-1999 functioned as an adviser to HealthCap, a venture capital company that disposed of more than eight billion SEK (today even more) for investments in the fields of pharmacology, biotechnology and medical technology. The money originates, among others, from the Fourth and Sixth Swedish National Pension Fund. During his services there, Wigzell came in contact with Gunnar Walstam, another of HealthCap's advisers. During the 2000s these two also came to collaborate within the board of *Teknikhöjden AB* (see chapter 2.3) where Wigzell was chairman and Walstam member. On the homepage of the company, the latter was presented as founder of Bactiguard AB, a member company in *Teknikhöjden*.

More lately, the ways of Wigzell and Walstam have crossed again. At least during 2010, the two of them together made up the scientific advisory board in CytaCoat AB. This company is a direct competitor of Bactiguard AB and tries to develop another type of antibacterial coat for catheters. It is therefore notable that Walstam on CytaCoat's homepage was presented as founder of Bactiguard. The patents Bactiguard dispose over deal with the coating of catheters and other medi-

cal devices with a thin antibacterial layer of silver. In the technique patented by CytaCoat one rather attempts to obtain an antibacterial effect by binding the amino acid cysteine, an analogue of cysteine or cysteine-containing molecules (via a so-called spacer molecule) to the surface of such products. After selling his remaining proprietary interests in Bactiguard AB in 2007, Gunnar Walstam thus went over to work for a company that aimed at taking over the market of Bactiguard. It would be interesting to know how Christian Kinch and Thomas von Koch, the two present majority owners of Bactiguard AB, looked on this situation. By the way, it is surprising that Walstam was given the role as scientific adviser in CytaCoat AB. He is at bottom a graduate economist and hardly has any scientific competence in the field in question. After all, it was perhaps business advice (e.g. the avoidance of tax) he was supposed to provide the company with. At least as far as one can judge from the homepage of CytaCoat, Walstam seems in 2011 to have left his position as adviser in the company.

Gunnar Walstam's association with Hans Wigzell is interesting also from another point of view. Thomas Lundeberg was already in the beginning of the 1990s in contact with CR Bard Inc to inform them that the method for silver coating of urinary catheters they had set up with a license from Ad Tech Licensing BV (mediated via Astrid Deeth) was not fully the same as the one he and his collaborators had used in their studies at the Karolinska Hospital in Stockholm [Liedberg & Lundeberg, 1989a, b, 1990; Liedberg et al, 1990a, b]. Notably, these investigations made up the basis for the permission Bard had received from the FDA for production and marketing of silver-coated catheters. In Lundeberg's opinion, the protective effect of the catheters sold by Bard was therefore not as good as the one obtained in the clinical tests just mentioned. However, the responsible persons at Bard did not show any interest to embrace this message but worked on with the protocol obtained via Deeth and Walstam, the two who via Ad Tech Holdings Ltd were in possession of the patents for silver coating. In

the beginning of 2001, Lundeberg took a renewed contact with CR Bard Inc to remind them about this problem and informed about how it could be solved (by adopting the complete protocol). This was primarily done via Glenn Lawson, *Director of Technical Service*, who in turn communicated with others higher up in the management of Bard. According to Lundeberg, they remained unresponsive and instead threatened him with reprisals. It seems likely that Bard in some way informed Deeth and Walstam about these hints from one of the inventors behind the silver coating method and that the latter became worried or disturbed over this.

At about the same time, Kerstin Uvnäs Moberg and her representative Kurt Björkholm started to deliver a long series of accusations against Thomas Lundeberg, first to KI but later also to other authorities like the Police, the Swedish Security Service, the Swedish Economic Crime Authority, and the Government. The investigation carried out by KI and the Swedish Research Council came to go on during the period 2002-2006 and kept Lundeberg busy (the other authorities just mentioned never started any inquiries based on the odd allegations forwarded to them). This most peculiar process was, as earlier mentioned, described in the book “Scientific Fraud or Legal Scandal” [Thyberg, 2011]. In this context it may be noted that Hans Wigzell in his position as KI President up to 2004 was responsible for the examination of the charges raised against Lundeberg. In parallel he had various contacts with Gunnar Walstam, among others in the board of directors of *Teknikhögden AB* (see chapter 2.3). It seems likely that Walstam kept himself informed about the progress of the process and that he appreciated that it kept Lundeberg occupied. This obviously obstructed Lundeberg’s possibilities to find time for the case regarding the silver coating technique vis-à-vis CR Bard Inc on one side and Astrid Deeth and Gunnar Walstam on the other. There is a lot that would be interesting to know more in detail about the contacts between Walstam and Wigzell. It has, however, turned out to be difficult

to get access to hands-on information (binders being lost *et cetera*). What it is all about is among others such things as “tax planning” and involvement in the Lundeberg investigation at KI and the Research Council.

Recently more direct contacts between the company and KI has been established. In October 2011 “Bactiguard AB has signed a contract with The Innovation Center at Karolinska University Hospital in Huddinge, Sweden, for collaboration in the field of Life Science, with focus on hospital related infections and in other related care processes” (quotation from Bactiguard’s homepage). In connection with the start of the cooperation the responsible head at KI said the following: “This contract with Bactiguard is an important example of how the collaboration between health care and the business community can grow, to achieve greater patient safety and more efficient care processes, according to Professor Johan Permert from the Innovation Center”. Christian Kinch countered by praising KI: “This coalition with Karolinska University Hospital has given Bactiguard the chance to further develop and study the clinical evidence of its products at one of the world’s leading hospitals, says Christian Kinch, CEO of Bactiguard”. Once again, empty phrases in abundance.

14 Uninterested authorities

14.1 The economic crime authority does not care

In February 2007 the Swedish Economic Crime Authority (EBM) in Stockholm received information about the affairs of the “Meco Group” and Bactiguard AB. This included a copy of the “Agreement governing the business relationships and activities of the beneficiaries of the Meco Trust” (see chapter 7.2) as well as facts about:

- the annual license revenues in the multimillion class from CR Bard Inc (see chapter 7.5);
- the selling of 51% of Metacot Production AB to Christian Kinch and Thomas von Koch – leading to the establishment of Bactiguard AB (see chapter 8.1);
- the transfer of patent rights from Ad Tech Holdings Ltd on Jersey to Bactiguard AB for about half a billion SEK (see chapter 8.2); and
- the selling of the remaining 49% in Bactiguard AB to Noonday and Kaupthing Bank Sweden for more than 420 million SEK (see chapter 8.3).

The Swedish citizen Gunnar Walstam was together with the American citizen Astrid Deeth the two who via a network of companies, to a large extent registered in tax havens like the Netherlands, Jersey and the British Virgin Islands, controlled these incomes (in excess of 1 billion SEK or 150 million USD). As far as known, Gunnar Walstam was under the entire period in question (1992-2007) registered of the authorities in Sweden and also declared his incomes here. As shown in Table 2 (page 70), his official incomes have been relatively modest and he has not declared any fortune. Against this background, one could expect that EBM should be interested in looking a little closer on Walstam's affairs and his payment of tax in Sweden. That was however not the case. Later the same month (February 2007), the district prosecutor Thomas Forsberg at EBM informs without any real motivation that he has decided not to start any preliminary investigation in the case. In an E-mail message from March 1 he is somewhat more talkative and writes: "Considering the statements made, I have forwarded the report to the police and the tax authority". So EBM speaks with two voices. On their own part they see no reason to suspect crime but anyhow thinks that the police and the tax authority should examine the case.

Shortly later, in March 2007, the Internal Revenue Service (IRS) in the USA received the same information that had been given to EBM in Sweden. Here, focus was put on Astrid Deeth, the American partner in the affairs described. It then took until September 2008 before the “whistleblowers” heard anything from IRS, that now only wanted a form filled in for the handling of the case. So was done in the beginning of October 2008 and in parallel some additional information was given. A short further contact between IRS and the “whistleblowers” took place in 2009 but exactly what type of actions the American authority has taken is still unknown (March 2013).

A copy of the shortly updated information that was sent to IRS in October 2008 was forwarded to EBM. This was only done “for your information” and no request was made that they should change their decision from 2007 to not start any preliminary investigation. The only really new thing that had been added compared with the material EBM had received half a year earlier was the name of one of the sources of the information. The reaction from EBM was that the chief prosecutor Mats Åhlund four days later announced that “the writing is handed over to the prosecutor to test if his decision should be changed”. Two and a half month later, on December 19, the deputy chief prosecutor Eva Nilsson takes a new stand in the case and writes the following: “The facts now available give cause to believe that a crime going under public prosecution has been committed. A preliminary investigation is required to make clear the accusations of tax withdrawal that appear in the report and the completing writing. A preliminary investigation should therefore be initiated”. The motive for this was primarily said to be that they now had a titled predicator and not only anonymous sources. In that situation it was expected that EBM would take a look on Gunnar Walstam’s tax returns from recent years as well as annual reports and other documents regarding Metacot Production AB and Bactiguard AB. In all likelihood, they should also contact authorities in the Netherlands as well as on Jersey

and the British Virgin Islands to collect information about the companies involved in the catheter affairs. The district prosecutor Staffan Granerfeldt was the one who came to conduct the preliminary investigation.

So what did he do in order to evaluate whether a serious tax offence had been committed or not? Very little or basically nothing it would turn out. On May 5, 2009 one of the informers wrote to the chief prosecutor Eva Nilsson and asked what had happened in the case. She evidently had no idea about this and the next day forwarded the question to the responsible prosecutor, Staffan Granerfeldt. Still another day later he answered that a preliminary investigation had been started and that one or more persons should be called for interrogation. Half a year later, the informer wrote again to Granerfeldt and asked what had come out of the investigation. Next day a response was received according to which "the preliminary investigation was put down on June 6, 2009". When a copy of the decision was obtained by post, the motive was said to be the following: "No reason now exists to assume that a crime which goes under public prosecution has been committed" (Id: 928A07000256). A reference to 23rd *chapter* 4 § in the Code of Judicial Procedure was also made. It reads like: "The preliminary investigation should be carried out quickly as the circumstances allow. If no reason for its follow-through is found, it should be closed". This explanation hardly made anyone wiser.

What must be asked in that situation are of course what steps EBM had taken to come to this conclusion. To check this, I asked for permission to see the preliminary investigation. When this was done, the first thought was that a thinner dossier probably could not be found. Except for a hearing with one of the informers, who just confirmed the information described in the beginning of this chapter, basically nothing had been done. The only documents in the dossier in addition to those (including the Meco contract) submitted by the "whistleblowers" in February 2007 were a few copies of newspaper articles regard-

ing the suspicions of research misconduct directed against Thomas Lundeberg (see chapter 2.1) and a copy of a newsletter from the third quarter of 2005 published by *Teknikhögden AB*. As the reader may remember, this was a company mentioned earlier in connection with the description of Gunnar Walstam's background (see chapter 2.3). It was established in 1996 and up to 2008 was owned by the Stockholm Science City Foundation with the City of Stockholm as one of its main sponsors. The task of the company was to support the establishment and development of start-up firms in the biotechnology field. At the time in question (2005), the former KI President Hans Wigzell was the chairman and Gunnar Walstam one of the members in its board of directors. In addition, Bactiguard AB was one of the member companies. In the aforementioned newsletter found in the preliminary investigation dossier at EBM, one finds a short article (less than one page) about Gunnar Walstam and his role as founder of Bactiguard AB.

Apparently, EBM did nothing more in their preliminary investigation concerning serious tax crime than to notice that Thomas Lundeberg had been accused of fraud in research, and thereafter closed the case. As shown in the dossier, EBM has not collected any information what so ever about the companies involved in the catheter business, such as:

- Ad Tech Holdings Ltd on Jersey that up to 2005 owned the rights of the silver coating patents which then were sold to Bactiguard AB for close to half a billion SEK;
- Ad Tech Licensing BV and Metacot UK Ltd that according to the Mecot contract were responsible for the licensing of the patents to CR Bard Inc with annual revenues of 100 million SEK or more;
- Bactiguard AB, in which the founders Gunnar Walstam and Astrid Deeth in 2007 sold their remaining 49% for more than 420 million SEK to Noonday and Kaupthing Bank Sweden AB;

- Guardian Trust & Securities Company Ltd on the British Virgin Islands that was supposed to handle the finances of the “Meco Group”.

Not a single document about these companies and their affairs was to be found in the preliminary investigation dossier. Swedish citizens expect that an authority like EBM should be able to retrieve information in cases like this and also concerning corporations registered abroad. But perhaps they were not even interested in trying to do so? If not, why? After all, the deputy chief prosecutor Eva Nilsson meant that the information she had received gave reason to decide about a preliminary investigation for serious tax evasion. And there is no doubt that the case concerned incomes of many 100 million SEK for which no or only a minimum amount of tax had been paid. The most incompetent matter in which this case was handled is in line with the strong criticism that time after time has been directed to EBM (see e.g. [Almgren, 2010a, b]).

14.2 The tax authority examines the patent sale

The report given to EBM in the beginning of 2007 concerning the affairs of Gunnar Walstam and Astrid Deeth contained a lot of information. In addition to the contract that in detail described the planned business activities (selling of licenses for the patents of the silver coating method) there was specifications of the sale of patents to Bactiguard AB for close to half a billion SEK (2005) and the transfer of remaining ownership parts in Bactiguard AB to Noonday and Kaupthing Bank Sweden for 420 million SEK (2007). As already described, EBM saw no reason to look closer into this matter but sent the information on to the tax authority. When reading an article in the daily newspaper *Expressen* in October 2012 about a Swedish countess who had escaped to Paraguay in order to get away from tax debts, I by

chance ran into the name of Gunnar Walstam [Persson, 2012]. A list of the 50 largest tax debts put together by the Swedish enforcement authority had been added to the text. As number seven on this list Gunnar Walstam was found with a debt of 139 million SEK. So after all, the tax agency obviously looked into his affairs and managed to raise his tax for incomes he had never declared.

A telephone call to the enforcement authority revealed that the debt derived from the income year 2005, *i.e.* the year when the patents were sold from Ad Tech Holdings Ltd on Jersey to Bactiguard AB. The next step was to write to the tax authority and ask if they were carrying on any lawsuit against Gunnar Walstam. The answer was that they had taken a reconsideration decision on September 9, 2011 that had been appealed against to the administrative court in Stockholm. I then sent for the most important documents in the case, including the decision of the tax authority and the objections against it raised by Walstam via his representatives, Sven-Åke Bergkvist and Fredrik Berndt from the lawyer firm Mannheimer Swartling (parts of these documents had been classified as secret and crossed out in black). The first impression when reading the files was that the tax authority had managed quite well in their efforts to map the flow of money and to connect Walstam and Deeth to the sums transferred. However, they had restricted their investigation to the patent affair from 2005 and omitted the sale of stocks to Noonday and Kaupthing Bank Sweden from 2007 as well as the large annual license incomes before 2005. As far as Gunnar Walstam's petitions are concerned, they can only be said to make a queer impression.

If we start with the reappraisal of the tax authority from September 2011, it said that they "by an additional assessment charge Gunnar Walstam for an unaccounted profit of 215 million SEK from passive business activities referring to part of Ad Tech Holdings Ltd, Jersey, as well as additional tax with 40% of the tax on this sum". If it is assumed – what seems likely – that it was the information given to EBM

in 2007 and from there forwarded to the tax authority that initiated the investigation, it means that it took four years to arrive at a decision. Such a long drawn-out course can probably be explained by difficulties to obtain information about money transactions from consulting firms, banks *et cetera* in tax havens like Jersey, the British Virgin Islands and others. This is easy to understand if one takes a closer look on how companies like Ad Tech Holdings Ltd are constructed in order to hide the identity of the real owners (see chapter 7.1).

The investigation on which the resolution rests gives additional information about the channels via which Walstam and Deeth were paid. On May 17, 2005 a “business transfer agreement” was signed between Ad Tech Holdings Ltd and Metacot Production AB as sellers and Bactiguard AB as buyer. According to the deal, Ad Tech Holdings Ltd would transfer all its rights, including patents, trademarks (Bactiguard) and contracts (CR Bard Inc), to the buyer for a purchase-sum of 58.7 million USD. Of that 100,000 USD would go to Metacot Production AB and 58.6 million USD to Ad Tech Holdings Ltd. In the following, the investigation was restricted to this latter part. At the time of the affair, Marita Investments Ltd on the British Virgin Islands (later on just called Marita Ltd) and Medtech Investors Ltd on Jersey (later on just called Medtech Ltd) owned 50% each of Ad Tech Holdings Ltd. In reality, Gunnar Walstam and Astrid Deeth were the payees but the flow of money occurred via a complex network of intermediary agents (Figure 10). According to bank documents the Swedish tax authority has studied, transfers of 58.6 million USD or about 440 million SEK were made in connection with the affair.

Of the payment to Ad Tech Holdings Ltd, 18.6 million USD were to be transferred to an account specified by this firm and 15 million USD to an Escrow account set up by the Swedish bank SEB. Of these 15 million USD, 2 million USD made up payment for the recipe of the metal ion concentrate used in the final part of the silver deposition method. In addition, 25 million USD (180 million SEK) should be paid

to something called "the vendor loan note to Ad Tech Holdings Ltd". Marita Ltd, Medtech Ltd and Vicico BV, a Dutch "mailbox company" controlled by Walstam, were the parties most directly involved in the settlement of the purchase. According to the investigation of the tax authority, 120 million SEK were transferred to Medtech Ltd, 22 million SEK to an account of Marita Ltd in UBS in Switzerland (the second largest bank in Europe), and 115 million SEK to an account of Ad Tech Holdings Ltd in the Swedish bank SEB, from where 105 million SEK were sent on to an account of the company on the island Guernsey in the English Channel. In addition to that, Ad Tech Holdings Ltd retained a claim of 180 million SEK on the buyer (what was called "vendor loan" above. The same day as the affair as a whole was realized (June 13, 2005), this claim was transferred first to Marita Ltd and then to Vicico BV. Bactiguard regulated this debt to Vicico BV by issuing of 180 preference shares at a value of 1 million SEK a piece. According to an agreement dated December 22, 2006 and named "share purchase agreement", Bactiguard's parent company, Bactiguard Holding AB (registered November 2, 2006), acquired these shares from Vicico BV for 180 million SEK. The purchase-sum was paid one week later, December 29, 2006.

What the tax authority writes in its decision under the heading "your income declaration" reveals a lot about the taxpayer morale of a person like Gunnar Walstam: "For the year of 2005 you have not declared any private means or any foreign assets. You have also not taken up any foreign insurance. Likewise, your indirect ownership of Ad Tech Holdings Ltd and Marita Ltd is not evident from the declaration".

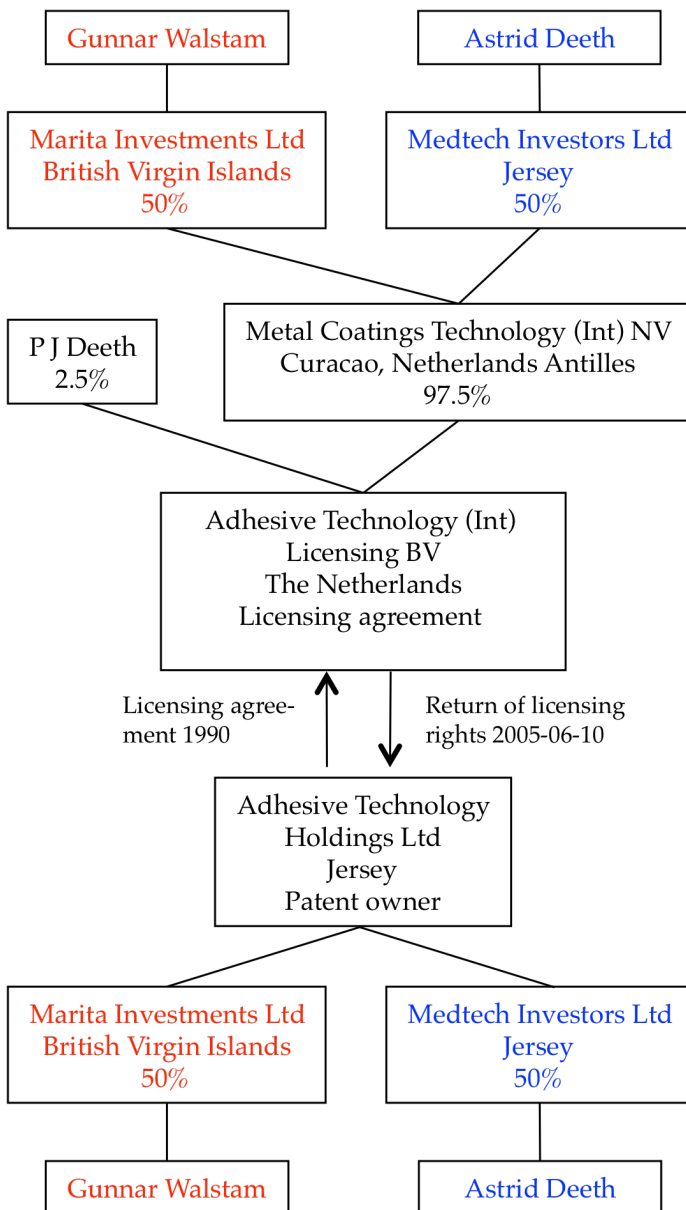


Figure 10. Schematic overview of ownership relations concerning the companies involved in the sale of patents to Bactiguard AB in June 2005.

What then did Gunnar Walstam claim via his lawyers when he appealed against the decision of the tax authority to the administrative court in Stockholm? First, he meant that he should not be taxed for passive business activities for the part to which the transferred assets (the patents) had been paid by stocks. This concerned the 180 million SEK that had been turned into 180 preference shares with a value of 1 million SEK per share (repurchased by Bactiguard Holding AB in December 2006). During the time the case was going on in the administrative court Walstam handed in changes of earlier delivered information about how the purchase-sum had been divided and presented a variety of extenuating circumstances that he meant should be considered. For example, it was claimed that he since 1998 had been suffering from bad health and ever since had allowed advisers to handle his affairs. To verify this, a copy was attached of an authorization from June 10, 2005 in the name of Jörgen Svanlind to sign the necessary documents when the transaction in question (the patent sale) was to be concluded three days later (June 13, 2005). However, the affair as a whole had already been settled in a “business transfer agreement” from May 17, 2005, *i.e.* four weeks earlier. At this time, it appears as if Walstam was not in the need of a stand-in. In any case, no power of attorney regarding this negotiation was submitted to the court. According to the official letters Sven-Åke Bergkvist and Fredrik Berndt from Mannheimer Swartling lawyer’s office have submitted to the administrative court on behalf of Gunnar Walstam, his bad health should also have made it impossible for him to hold in the pen when the patent sale from June 2005 was to be declared in May 2006. Surprisingly, all these “health problems” do not seem to have prevented him from taking part in the work of a number of company boards of

directors and to travel among others between Europe and the USA. For the time of writing this (March 2013), the case in the administrative court is since more than four months finished and just waiting for a judicial decision.

15 Tax havens and economic crime

“The Bactiguard Fairy Tale” constitutes a representative example of how so-called tax havens may be used to avoid tax. This applies to everything from the establishment of the “Meco Trust” in 1989 up to the activities of Bactiguard today. As described earlier, the affairs have been carried out via a series of companies registered on islands like Jersey, Guernsey and the British Virgin Islands as well as companies in the Netherlands and other countries of “mailbox” character. The total incomes are probably of the magnitude of 2-3 billion SEK or 300-450 million USD. Most of this derives from license fees on the silver coating patents and the selling of them together with businesses linked to them. For the main part, it has been a matter of financial transactions without much of other working efforts. Before this specific case is further discussed, a more general introduction will be given to the subject of tax havens and tax evasion.

15.1 Definitions of tax havens and economic crime

Offshore-centers (OFC) and tax havens are phenomena that can be traced back to the 1950s. Up to the then England had, via its colonies and an extensive international trade, a leading role in the world economy. London was the financial center and the British Pound (GBP) the prevalent medium of payment. Due to currency crises and economic problems in the traces of the Second World War, the English government introduced limitations in the right to bring GBP out of the coun-

try. In that situation, the USA and the Dollar (USD) took over the leading role in the world trade. Towards the end of this decade, so-called OFCs appeared due to wishes of certain players to take advantage of differences in the legislation of different countries to avoid tax (both private persons and corporations). American banks then started to establish subsidiaries in small countries with colonial links to England and financial rules similar to those in London. One of the first enclaves that came up in this context was the Bahamas. Other places that rapidly became popular tax havens were the Cayman Islands and the Netherlands Antilles, also they small island states in the Caribbean (the West Indies). No real bank activities were carried out in these affiliates and what it was all about was so-called correspondent banking, a phenomenon that means that banks working in a certain country or territory offer to take care of the affairs of other banks there (see e.g. [Engdahl, 2003, 2004; Ericsson, 2008; Wendelius, 2008; Shaxson, 2012]).

This type of activities rapidly increased in extent and spread over the world. About 40 banks existed on the Bahamas in the beginning of the 1960s. Ten years later they were eight times as many. In addition to the above-mentioned West-Indian islands, a large number of other more or less independent territories developed into OFCs. This trend also spread to European principalities like Luxemburg, Liechtenstein and Monaco as well as English Channel islands like Jersey, Guernsey and Isle of Man. Among others the following has characterized these tax havens:

- no or very low taxation
- a far-reaching banking secrecy
- an inadequate insight in the legal system of the country
- an absence of real business activities in the country

Since the end of the 1960s this has attracted many wealthy persons to place most of their assets in OFC-based trust, funds or companies.

Likewise, it did not take long before this possibility started to be used for laundering of money earned via criminality, among others by the American mafia. Step by step venture capital companies and other types of corporations also began to locate their assets in OFCs in order to avoid tax. The result of this has become that a substantial part of the cash flow and the fortunes in the world has been directed to these small territories that usually lack both natural resources and industrial activity. Two well-known Swedish examples are IKEA with the Kamprad family and Tetra Pak with the Rausing family, which both use an extensive net of tax haven companies to reduce the insight into the affairs and minimize the tax [Wendelius, 2008].

As emphasized in a doctoral thesis by Oskar Engdahl from the University of Gothenburg, at the same time as the activities in OFCs and tax havens have become larger and larger they have to an increasing extent been associated with financial crashes and scandals, including terrorism [Engdahl, 2003]. This has led to increasing criticism among others from OECD, USA and EU. The tax havens are accused of causing instability in the financial systems of the world and to facilitate serious economic criminality in the shape of money laundering, tax evasion, insider crimes, *et cetera*. This has led to sanctions that today threaten the survival of the activities. Gradually, an increasing number of the countries in question have also loosened up their bank secrecy and agreed to exchange of information among others with the USA and EU. However, there are still a number of island nations that have not taken that step.

Only few know how to establish a business offshore and what advantages different tax havens have. Wealthy private persons and corporations therefore usually take help from various kinds of specialists to set up bank accounts, trusts, companies *et cetera* abroad. Accordingly, it is not only the large international banks (including the big Swedish banks) that have established themselves in the tax havens around the world. There has also grown up a great variety of consult-

ing firms that sell services within the financial sector. In many cases they function as marionettes and represent businesses that have been created to avoid tax. In this way the real owners can remain anonymous and difficult to trace *e.g.* for tax agencies. These types of consulting activities are highly lucrative and often balance on or outside the border for the legal. In a noticed book by Gottfredson & Hirschi [2001] the phenomenon was described as follows: "Sometimes people work together to commit a crime, and sometimes people hire other people to commit crimes for them".

Many examples exist of how the usage of tax havens has led to extensive media attention. In some cases this has forced politicians, boards of directors or high-ranking business managers to resign. A Swedish example is when the just appointed Minister for Trade Maria Borelius in October 2006 had to step down when it was disclosed that she and her family via two "mailbox firms" on Jersey owned an exclusive villa in Falsterbo at the coast as well as a flat in Cannes on the French Riviera [Holmén, 2008]. What then have to be asked is of course what rules apply and what the definition of economic crime is in Sweden. According to the income tax law (SFS 1999:1229 including changes up to SFS 2009:1490) 3rd chapter, 3 §, first paragraph, the physical persons who are fully tributary in the country are the following:

- the one who lives in Sweden (registered)
- the one who permanently stays in Sweden
- the one who has an essential connection to Sweden and has earlier lived here

To decide if a person has *an essential connection to Sweden* the following factors according to 3rd chapter, 7 § in the same law are considered:

- if he is a Swedish citizen
- how long he has lived here

- if he has an accommodation for all-the-year-round living here
- if he has his family here
- if he runs business operations here
- if he has a real estate here

The same paragraph further says that during five years from the day a person has left Sweden he is considered to have an essential connection here if he does not show that so is not the case. However, this only applies to Swedish citizens or those who have lived here for at least ten years. The 3rd chapter, 8 § in the income tax law further says that the one who is fully tributary is tributary for all his or her incomes in Sweden and from abroad.

Thus, there cannot be any doubt that a person who lives and is professionally active in Sweden commits a crime if he or she omits to declare assets and incomes placed in tax havens. According to estimations made by the Swedish Tax Agency, the country loses tax revenues of about 10 billion SEK per year due to capital investments made abroad and never declared in Sweden. In the economic literature, partly different definitions of economic crime may be found (see e.g. [Engdahl, 2003; Ericsson, 2008; Wendelius, 2008]). The first who used this concept was the American Edwin Sutherland [1949] and then under the name "white collar crime". With this term he wanted to mark that it is usually well-established individuals in society with both financial and political influence who commit these crimes. He also meant that they because of their power position often were treated more mildly by the legal system than other criminals. In a publication from BRÅ – the Swedish National Council for Crime Prevention - Lindgren & Theandersson [2000] meant that there does not exist any generally accepted definition of economic crime. In overall terms it may be said to be all crimes committed for economic motives and that threaten the economic interests of society, e.g. regarding tax collection. In many cases, economic and tax crimes therefore overlap.

To get a perspective on the setup with a network of foreign companies, trusts *et cetera* used in the affairs described in this book, there is reason to look on what is said in the tax evasion law (SFS 1971:69 including changes up to SFS 2005:457). Its 2nd to 4th § run as follows:

2 § The one who in some other way than orally intentionally gives incorrect information to authority or neglects to give declaration, statement of earnings and tax deductions, or other prescribed information and thereby causes a risk that tax is withdrawn from the community or erroneously credited or paid back to him or someone else is convicted for tax offence to prison during at most two years

3 § If the crime referred to in the 2nd § is considered as small, is convicted for petty tax offence to fines

4 § If the crime referred to in the 2nd § is considered as heavy, is convicted for heavy tax offence to prison during at least six months and at most six years

When estimating if the crime is heavy one should especially consider if it concerns substantial amounts, if the perpetrator has used false documents or misleading accounting records, or if the procedure has been part of a criminal activity carried out systematically or at large magnitude or of a highly dangerous type.

The vital point is thus whether persons living in and active in Sweden provide truthful information about their assets and incomes to the Swedish tax agency. The services offered by the tax havens really have no other function than to withhold such capital from tax and therefore go against the meaning of the law. Not least the instructions for international taxation that the Swedish tax agency compiles each year demonstrate how complicated it is to get hold of these activities. Two years ago this publication, which primarily is directed to the administrative officials of the agency, was more than 700 pages long [Skatteverket, 2011].

Within the European Parliament, the tone to the tax havens has been hard. In official documents the parliament has claimed that tax havens and OFCs is the main source of disloyal tax competition. The member countries of EU have therefore been urged to take actions against non-cooperative tax havens by imposing a withholding tax on financial transfers to them. EU also wants their member states to take part in the efforts via different actions to eradicate offshore banks and tax havens [Engdahl, 2003, 2004].

15.2 The tax “planning” of Bactiguard

Figure 11 summarizes how the business networks of the “Meco Trust” and later Bactiguard AB have looked. As earlier described, the “trust” Astrid Deeth and Gunnar Walstam framed was largely based on companies located in tax havens. The patents worked out by Billy Södervall and Thomas Lundeberg, which all the time have constituted the basis of the very large revenues obtained, were placed in a company registered on Jersey, Ad Tech Holdings Ltd. Even though the “Meco Group” never has fully functioned according to the agreement signed in 1989 by four beneficiaries (Deeth, Lundeberg, Södervall, and Walstam), Ad Tech Holdings Ltd has all the time been the foundation on which the affairs have rested. The company was founded in 1989 under the name Tigrillo Ltd, changed name to Ad Tech Holdings Ltd in 1990, and then functioned up to 2008 when it was dissolved (after selling the patent rights to Bactiguard AB in 2005). This enterprise is mentioned in the Meco agreement where the following can be read: “The Meco Group owns and controls two companies: Ad Tech Holdings Ltd (a Jersey company) and Ad Mech Tech BV (a Dutch company) ...”. Södervall and Lundeberg were not informed when these firms were first established and never received any evidence of their co-ownership in them (in violation of the Meco agreement). Thus, it

was Deeth and Walstam who controlled these companies and thereby the entire business activity. According to documents from the Financial Services Commission (the Jersey companies registration office), Ad Tech Holdings Ltd was at different times during its existence represented by persons from several different consultant firms on Jersey, such as:

- Worthy Secretaries Ltd
- Sefta Financial Services Ltd
- Nautilus Trust Company Ltd
- Nautilus Corporate Services Ltd

On documents submitted by Ad Tech Holdings Ltd, persons from these companies have been mentioned as “directors” or something equivalent. They function as some type of straw men and the names of the real owners are never seen in the official documents. Also in other respects, these papers lack real information. Among the few documents that have been possible to get out from the companies registration office on Jersey (via the European Business Register, EBR) one comes back year after year and goes under the name “annual return”. For all the years during the period 1991-2008, this document has in principal looked the same. One can there read that twelve new shares with a nominal value of 1.0000 GBP have been issued on January 1. The only thing that differs slightly from year to year is exactly what companies (usually two or three different) have been signed for what number of shares (it is always consultant companies, not individuals). How the shares have been distributed is shown in Table 3. The companies whose names turn up here are all consultants that offer their services in the tax havens around the world. In cases like this they represent the owners who thereby do not need to expose their names on the few documents that need to be submitted to the Jersey Financial Services Commission. One of the firms listed in Table 3 is Guardian Trust & Securities Company Ltd from the capital Road Town on

the main of the British Virgin Islands, Tortola. This is the company that according to the treaty would administer the affairs of the “Meco Trust”. Another of the firms in the table, Medtech Investors Ltd, we have earlier heard about as representative for one or more shareholders in Bactiguard AB at the time before the old owners (Astrid Deeth and Gunnar Walstam) in January 2007 sold their remaining holdings for more than 420 million SEK (see chapter 8.2 and 8.3).

Once this had happened, and in view of the fact that the silver coating patents already in June 2005 had been sold to Bactiguard AB for about half a billion SEK, no real function remained for Ad Tech Holdings Ltd on Jersey to fulfill. In November 2008 it was thus decided to dissolve the company. This was reported to the Jersey Financial Services Commission in a letter entitled “Registration of a Special Resolution” signed by Paul Howard Glazier, presented as “a Director of the Company”. In another document submitted at the same time and named “Statement of Solvency on Commencement of a Summary Winding Up” it is certified that “the Company has no assets and no liabilities” (so one may wonder to where the close to half a billion SEK obtained when selling the silver coating patents had been transferred). Paul Howard Glazier has signed also this paper but now together with four other persons - Janette Kenny, John Grimshaw, Jason Lee Cowleard, and Miles Walton – all mentioned as “Directors” in Ad Tech Holdings Ltd. Four out of five of these signers - Glazier, Kenny, Grimshaw, and Cowleard – were a part of the management in Nautilus Trust Company Ltd on Jersey (with the subsidiary Nautilus Corporate Services Ltd). This is one in the abundance of consulting firms on Jersey that provides services for rich persons and businesses that want to remain anonymous. What type of services it is all about is said with no room for doubt on the Internet homepage of the company. A few short examples are given here. Among others the following can be read under the heading “Why offshore?” (February 2010):

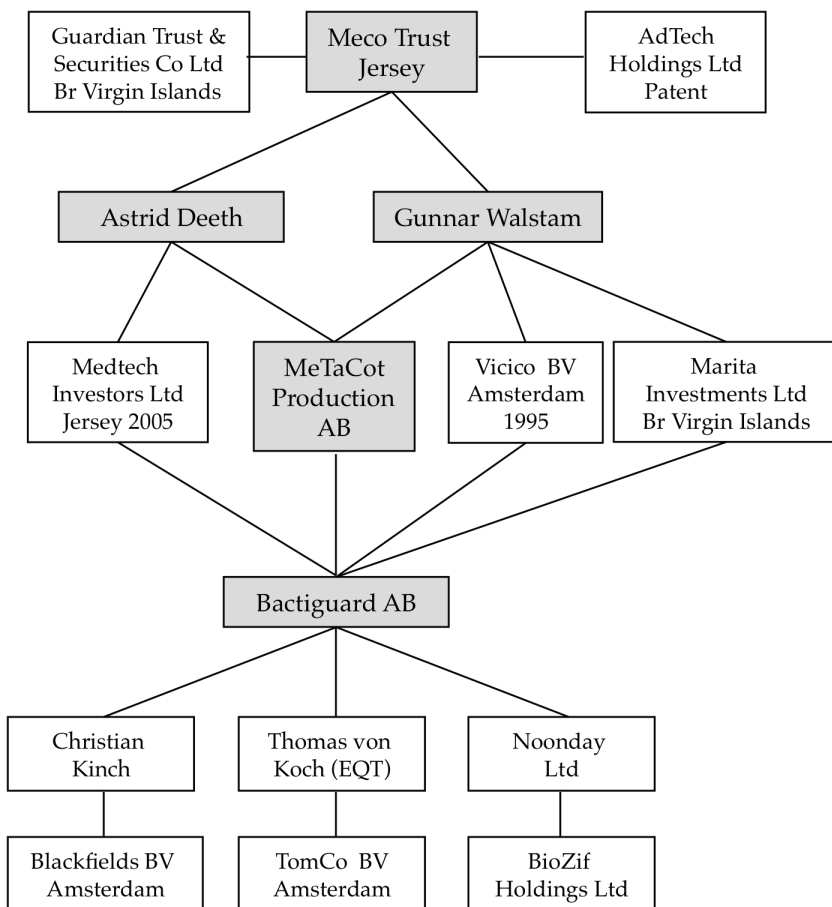


Figure 11. Schematic summary of the network of companies, owners and representatives behind the catheter affairs.

Table 3

Distribution of newly issued shares in Ad Tech Holdings Ltd on Jersey according to "annual returns" for the years 1991-2008

Year	No. shares	Person/company signed for shares
1991-	4	Sefta Nominees Ltd, Jersey
2002	4	John Fleetwood ¹ , BVI ²
	4	Guardian Trust & Securities Co Ltd, BVI ²
2003-	1	Sefta Nominees Ltd, Jersey
2004	11	Guardian Trust & Securities Co Ltd, BVI ²
2005	1	Nautilus Trust Co Ltd, Jersey
	11	Guardian Trust & Securities Co Ltd, BVI ²
2006-	6	Marita Investments Ltd, Jersey
2008	6	Medtech Investors Ltd, Jersey

Information obtained from documents downloaded from the European Business Register, EBR. Value per share 1 GBP.

¹ Director, Insinger de Beaufort, financial services group, British Virgin Islands

² BVI = British Virgin Islands

- Offshore is usually used to describe low or no tax areas, which have enacted special legislation to attract business from other countries - Jersey would be considered a good example of an offshore jurisdiction.
- There are many advantages in using an offshore jurisdiction - use of offshore structures such as companies and/or trusts can allow you to protect assets, enjoy a degree of privacy and personal security, legally reduce taxes and protect your wealth for the benefit of your family.

Regarding a company established for a customer, the following advice is given about directors and shareholders:

- It is usual to appoint Jersey directors and shareholders to protect anonymity. The directors of Nautilus are all appointed to provide this service, this ensures that any client company we manage has a quorum at all times. It is also usual to appoint Jersey resident shareholders and secretary and our nominee companies, Nautilus Corporate Services Limited and Nautilus Nominees Services Limited provide these services.

Concerning the opening of bank accounts on Jersey, among others the following is said:

- If, as is usually the case, the company requires a bank account, the officers of Nautilus would be the only signatories over that account. The reasons for this are as follows: (i) giving any third party who is not resident in Jersey power over the bank account could raise questions about the company's management and control (as mentioned above); (ii) ...
- All accounts which we control operate on a two signatory basis, thereby ensuring the utmost security.

These short citations from the homepage of Nautilus Trust Company Ltd give a clear picture of what its business concept looks like. The basic idea is to combine the low taxes in a tax haven with a high degree of anonymity that makes it difficult or impossible for tax agencies in the homelands of the real owners to trace the money placed in OFC-based firms, trusts, bank accounts, *et cetera*. The fifth of the signers on the aforementioned certificate regarding Ad Tech Holdings Ltd, Mikes Walton, is not directly connected with Nautilus. Internet documents show that he during the period 2002-2009 was Director and Head of International Corporations in a company on the British Virgin Islands named Equity Trust (BVI) Ltd. In November 2009 he was appointed

Managing Director in Osiris International Trustees Ltd, also that a corporation on the British Virgin Islands.

The example Ad Tech Holdings Ltd reveals that Astrid Deeth and Gunnar Walstam were not content with having just one consultant firm as “goalkeeper” to hide their own identity as owners in the company that formed the basis for the very lucrative affairs with licensing of the silver coating patents. No, at least ten different companies on Jersey and the British Virgin Islands were used to fulfill this function (Figure 12). To further obstruct insight Ad Tech Holdings Ltd outsourced the task to sell licenses for its patents to a “mailbox firm” in the Netherlands, Ad Tech Licensing BV. They, on their part, delegated this duty to still another company, Metacot UK Ltd in London with the subsidiary Metacot US Inc in San Francisco. Astrid Deeth and Gunnar Walstam owned these two latter firms.

As soon as Astrid Deeth and Gunnar Walstam in 2005/2007 had sold both the silver coating patents and their remaining ownership shares in Bactiguard AB, a new group of owners with Christian Kinch and Thomas von Koch at the front had taken over. They have continued the construction with holding companies registered in tax havens or the equivalent. In Bactiguard’s annual report for the year when Deeth and Walstam left the company (2007), the ownership structure is reported as follows: TomCo BV 25.01%, Blackfields BV 25.01%, Biozif Holdings Ltd 45.35%, and Kaupthing Bank Sweden AB 4.63%. This remained the same also the next year (2008). As described earlier TomCo BV (a “mailbox firm” in Amsterdam) can be linked to Thomas von Koch and Blackfields BV (likewise a “mailbox firm” in Amsterdam) to Christian Kinch (see chapter 9.2). Biozif Holdings Ltd is a subsidiary of Noonday, the large American hedge fund that in January 2007 took over about 44% of the shares in Bactiguard AB (see chapter 8.3). It has been very difficult to come across any information about Biozif. However, after long searching it was found that it is listed in the company directory on Cyprus (where it was registered on

September 28, 2006). Kaupthing Bank later left Bactiguard and now Christian Kinch and Thomas von Koch together own about 60% (via their Dutch firms) and Biozif Holdings Ltd about 40%.

16 What is done politically against tax havens?

Within EU, USA and international assemblies like the Group of Eight (G8 – the eight largest industrial nations of the world) and OECD (Organization for Economic Co-operation and Development – an inter-state organization founded in 1960 by 20 industrial nations, including Sweden – the number of member state is now 34) the complex of problems regarding tax evasion and economic criminality has attracted increasing attention in recent years. According to assessments made by the Swedish tax agency, at least 45-50 billion SEK in tax are lost each year due to international transactions, a large part taking place with tax havens (www.skatteverket.se - *skattefelskartan*). The interest for these issues increased during the global financial crisis. As OECD wrote in its annual report for 2009, it is in times when the governments in the world need to maximize their tax revenues of great importance to be able to ensure honest tax payers that the burdens are justly shared. What had already earlier been done was to set up standards for openness and exchange of information within the bank, finance and tax fields. This included demands for information interchange between tax agencies in different countries. More and more nations have successively acceded these rules (<http://www.oecd.org/> - see "exchange of tax information agreements"). Among those who recently had done so, the annual report of 2009 mentions Hong Kong, Luxemburg, Singapore, and Switzerland. Already in 1977 OECD worked out a model agreement regarding taxes on income and fortune for physical as well as juridical persons living in any of the signing countries (*OECD Model Tax Convention on Income and on Capital*). This treaty has been continuously modified and more and more

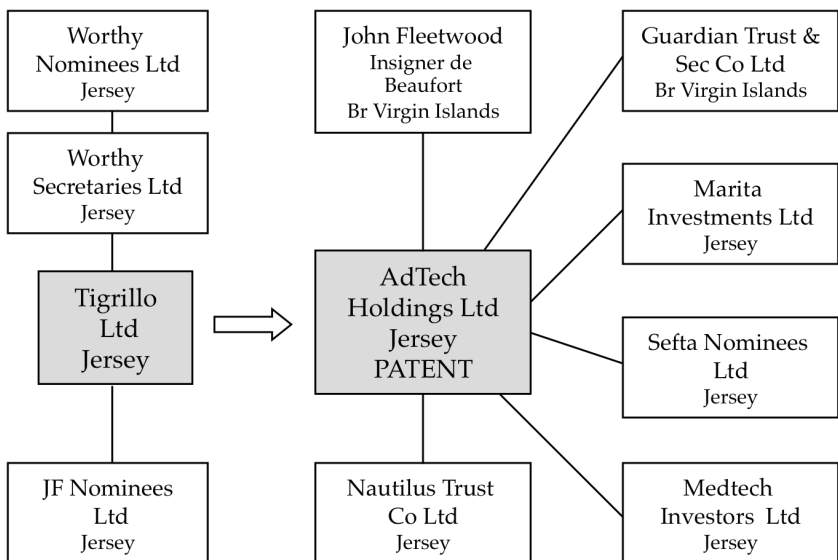


Figure 12. Schematic description of the network of companies that officially represents the owners of Ad Tech Holdings Ltd. The information has been obtained from the Jersey Financial Services Commission.

states have adopted the rules. The model is used as a benchmark when bilateral tax agreements are negotiated. Also most of the Swedish tax treaties with other countries are based on the OECD model. This was treated in depth in the aforementioned instructions for international taxation set up by the Swedish Tax Agency [Skatteverket, 2011].

A phenomenon taken up in this publication is so-called treaty-shopping-arrangements. In this context something called “conduit companies” are used to direct the cash flows through companies with low or no withholding taxes. The “conduit company” functions as an intermediary that pass incomes from one state to another via a third

state in which the company has its abode. The purpose is to take advantage of the tax rules in this third country, which imply lower withholding tax rates than would have been the case in connection with a direct transfer of the incomes. Another category of firms located in low-tax states is so-called “base companies”. These aim at minimizing the tax in the homeland of the owner whereas the “conduit companies” rather strive to secure tax advantages in the state from which the income derives. One example could be that the owners of an intangible asset (e.g. a patent) transfer it to a “base company” that then licenses it to a user in a third state. The royalty incomes obtained by the “base company” may then be transferred to the owners as a yield with lower tax [Skatteverket, 2011]. Such a case may be compared with the network of companies described in this book. Ad Tech Holdings Ltd on Jersey possesses intangible assets in the shape of several patents for the silver coating technique. The licensing of the patents is transferred to Ad Tech Licensing BV in the Netherlands, which in turn takes help from Metacot UK Ltd in London and its subsidiary Metacot US Inc in San Francisco to sell licenses to CR Bard Inc in the USA. To even further complicate the situation, Ad Tech Holdings Ltd is owned by the “Meco Trust” (Astrid Deeth and Gunnar Walstam), which is administered by Guardian Trust & Securities Company Ltd on the British Virgin Islands (Figure 13).

One of the problems for tax authorities e.g. in EU and USA in the efforts to get hold of illegal tax evasion to offshore centers (OFCs) is that the networks established in order to escape tax often include a number of intermediaries. This makes it complicated to follow the cash flows, which today may be sent all over the world with the help of a press of a key on a computer. However, the larger the number of middlemen the more expensive the manipulations will be. The costs must therefore be weighed against the profit and the risk of being discovered. Hence, the consultants in the tax havens offer package solutions of varying size and prize. The setups aim at keeping the real

owners anonymous (living and active outside the tax havens). One variety is that assets are placed in a company run by a consultant firm. The latter has a "secretary" who functions as the face of the company towards different authorities. He or she may at the same time handle a large number of companies. The consultant firm also looks after that there exists (on the paper) a "front" outwards in the shape of representatives for the company (directors) and shareholders, in both cases without the real owners' names. Around the company a net of varying size may also be built to minimize the ability of the tax authorities to follow the cash flow in the activities. How this structure looked in the case of Ad Tech Holdings Ltd on Jersey was described in chapter 15.1 and Figure 10.

The tax agencies of different countries co-operate in order to get hold of the tax evasion via OFCs, not least within the framework of OECD. Except for setting up models for bilateral agreements (see above), a database has been established that reports varying tactics to escape tax as well as methods to detect them. Not least important for countries like Sweden is the co-operation with Great Britain, which in many cases serves as a transit country for cash flow to other countries. It is also frequent that "front" companies (enterprises without an activity of its own) are registered in Great Britain (or autonomous enclaves belonging to this country) since no share capital has been required there [Wendelius, 2008]. As we have seen earlier, this is a strategy that to a high degree has been used by the "Meco Trust". Its assets – the silver coating patents – were placed in Ad Tech Holdings Ltd on Jersey, the affairs of the trust were administered by Guardian Trust & Securities Company Ltd on the British Virgin Islands, and the licensing of the patent rights was handled by Metacot UK Ltd on behalf of Ad Tech licensing BV in the Netherlands (see Figure 8). A similar strategy has been adopted by Christian Kinch and Thomas von Koch after taking over the activities in 2005 and establishing Bactiguard AB. According to the patent database Espacenet, the patents purchased at

this time landed in Bactiguard AB with the address "Channel Islands".

One of the questions treated in economic criminality research is what distinguishes those who commit this type of infringements. Two researchers that have taken up this issue are David Weisbrud and Elin Waring, who identified four categories of economic criminals [Weisbrud *et al*, 2001]. These were summarized in a publication from the Swedish National Council for Crime Prevention [Korsell, 2004] as follows:

- The *crisis-influenced* are normally law-abiding persons who in a crisis situation, referring to themselves, the family or the company, choose to commit a crime.
- The *occasion capturers* are also they normally law-abiding persons but inclined to catch an occasion to commit a crime when it turns up.
- The *occasion seekers* are inclined to resort to illegitimate means since they regard legitimate means as too ineffective to become rich. They deliberately seek activities that can give them prosperity with the help of illegal actions.
- The *deviation seekers* consistently have a negative attitude to legitimate means and thus have a high tendency for criminal activities.

A Swedish researcher who has emphasized the importance of the personality for who is committing economic crimes is Tage Alalehto. In a publication with the title *Fifflarens personlighet* (the Personality of the Fiddler - [Alalehto, 2002]) he sorts out three types of economic criminals:

- The *positive extrovert* wants to be superior, show off and be seen in business journals. He or she is an egocentric who wants to have a good social relation to his or her business partners. He or she is adventurous and gets a kick by testing where the limit goes for the ability of the authorities to detect criminal acts.

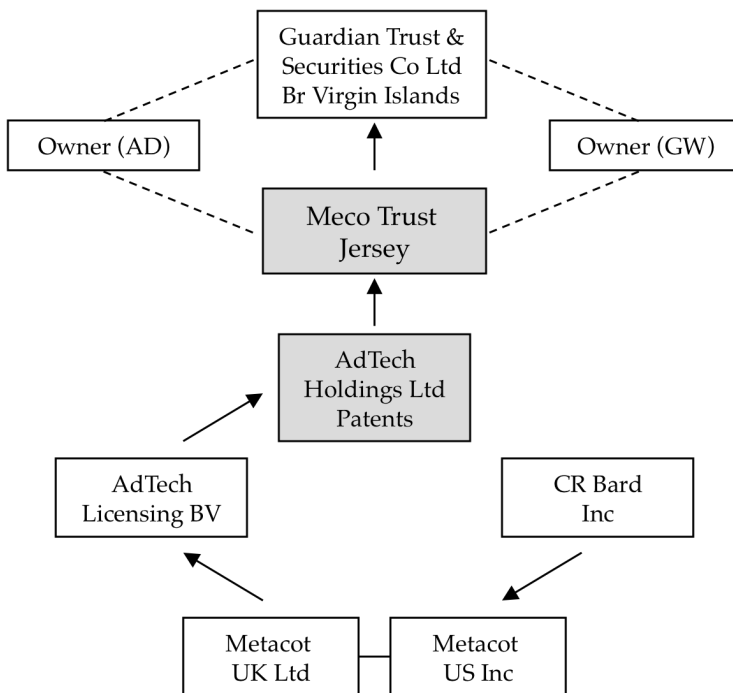


Figure 13. Cash flow for the licensing of the silver coating patents within the "Meco Group".

- *The unhelpful economic criminal* is socially incompetent but technically skilful. He or she is a narrow egoist/loner and the only success that counts is to earn money.
- *The neurotic economic criminal* has no special objective of his or her activities. The crimes just happen when an opportunity turns up. He or she has a fussy attitude to most things and lack willpower.

Except for the international attempts to increase the insight of the tax authorities, there also exist other factors that may influence the inclination to break existing laws in order to avoid tax. One is the risk for negative publicity, loss of reputation and the sense of shame. John

Braithwaite is a researcher who has taken up this question. In a book he presented the thesis that the most effective form of social control is the one that make offenders of the law to feel shame due to their acting [Braithwaite, 1989]. This may be achieved by developing social processes and mechanisms that impose the criminal with shame but without expelling him or her. For example, it has been proposed that a publication in media sometimes may function as an alternative of legal sanctions [Lindgren & Theandersson, 2001]. Many examples show that medial attention in the case of economic infringements (affirmed or suspected) may have severe effects. One mentioned earlier is the case Maria Borelius. Just a week after she in 2006 had been installed as Minister for Trade in the new Swedish government, she had to resign when it was disclosed in the press that her family had had black (untaxed) labor in their home and that they had a summer villa in the fashionable beach resort Falsterbo as well as an apartment in Cannes registered in tax havens (*cf.* Christian Kinch – see chapter 8.1). Albeit no judicial inquiry always may take place, the reaction in the general public is usually strong when this type of behavior is exposed.

Even though politicians and official authorities condemn and in different ways try to obstruct the activities in tax havens, the actions against them are often ambiguous and inconsistent. A recent Swedish example is the sell-out of state pharmacies that was started in the autumn of 2009 after a parliament resolution. After several years of investigations and discussions, it had been decided that also others than the state-owned *Apoteket AB* would be allowed to possess and run pharmacies. According to a debate article by the Minister of Health and Social Affairs, Göran Hägglund, the intention of this liquidation of a state monopoly was to introduce competition into the field and thereby increased availability, improved quality, and lower prices [Hägglund, 2008]. The mission to handle the sell-out process was given to a newly established, state-owned parent company of *Apoteket AB* with the name *Apoteket Omstrukturering AB* (Pharmacy Restructur-

ing AB). In a first step, eight so-called clusters of pharmacies (altogether 450, or half of all pharmacies existing at this time – see www.omstruktureringsbolaget.se) were sold to four larger corporations. Later on, another 200 pharmacies were to be sold in what was called a “small entrepreneurs solution”. This means that about 250 pharmacies will remain in the state-owned “*Apoteket AB*”.

Among the 450 pharmacies that were sold in the first phase, 208 went to *Apoteket Hjärtat* and 62 to *Medstop Holding*. The owners of these are the venture capital companies *Altor* – via the Jersey-based fund *Altor Fund III GP Ltd* – and *Segulah* – via the Jersey-based fund *Segulah IV LP* [Hammar, 2009; Lundgren, 2010]. This means that the control of a large part of the earlier state pharmacies has been transferred to a tax haven with a tarnished reputation. The Jersey-son John Christensen – general secretary in the organization Tax Justice Network (www.taxjustice.net) seated in London – has told about this in Eva Joly’s book *Vardagshjältar* [Joly, 2010], originally published in French under the name *Des Héros Ordinaires*. Recently, the journalist Nicholas Shaxson has likewise given a detailed description of the phenomenon tax havens and the damage they cause the countries of the world [Shaxson, 2012].

Within the health and care sector, it is not only pharmacies that have landed in the hands of companies with owners in tax havens. To a large extent the same applies to the care of the elderly in Sweden. The large corporate groups in this field, like *Aleris*, *Attendo*, *Capio* and *Carema*, are all owned by venture capital companies that in turn are or have been owned by funds or similar institutions in tax havens [Gustavsson & Werne, 2010; Werne & Cullberg, 2010]. *Aleris* was until recently owned by EQT (fund III) on the Channel island Guernsey, but was in 2010 purchased by *Investor*, the flagship in the Wallenberg sphere. Notably, *Investor*’s CEO Börje Ekholm is a member in the board of directors in EQT Partners BV, the Netherlands-registered firm that owns EQT. A strong link has always existed between EQT

and Investor, which today (March 2013) owns 31% of the shares in the company. According to some evaluators, Investor's buying of Aleris was to be considered as a pegging purchase. The reason should have been that EQT in the absence of other disposals at this time was in need of cash to distribute to the joint owners of fund III [Cervenka, 2010; Wrede, 2010]. In any case, the selling was in line with the general strategy of EQT (and other private equity companies), to buy what one considers as low-valued corporations, reconstruct them, and then sell with a good profit after 3-5 years (see also chapter 8.1 – Thomas von Koch). Attendo Care, another of the large elderly-care companies, is owned by Augustus International in Luxemburg, who in turn is owned by the funds of IK Investment Partners on Jersey [Lindström, 2010]. Similar conditions exist for Capio (that among others runs *Sankt Görans* hospital in Stockholm) - owned by Nordic Capital (fund IV) and Apax Partners – and Carema Care – a fully owned subsidiary of Ambea AB that in turn is owned by the venture capital companies Triton and KKR (Kohlberg Kravis Roberts & Co).

The substance of what is described above is that substantial parts of the care of old people as well as the sale of pharmaceuticals, both to a large extent financed via tax funds, in a few years have landed in the hands of large venture capital companies. The ownership of the care and pharmacy corporations has in these cases been placed in tax havens like Jersey, Guernsey, Luxemburg *et cetera*. This restricts the insight and leads to withholding of tax in spite of large profits [Lundbäck, 2008; Kainz Rognerud, 2009; Werne, 2010; Lindström, 2010; Strandberg & Werne, 2010; Cullberg & Werne, 2010]. A striking example came up when in December 2010 was reported that the care giant Capio, which for a major part lives on tax money, does not pay any tax at all [Svensson, 2010]. According to the Swedish tax agency, which at this time was at strife with the company, this was due to a “smart” tax avoidance scheme that had made it possible to avoid paying tax ever since the restructuring of the company in 2006. In plain

text this means that important parts of the health and elderly care that is supposed to be paid loyally via taxes has been assigned on profit-seeking groups of companies that themselves escape tax. In addition to the moral and legal dilemma this implies, it also leads to an unsound competitive situation in which smaller companies and collectives (e.g. made up of employees in the care) will have great difficulties to be assertive in the struggle for the contracts that are sold out.

Even though Bactiguard AB is a small company compared with the corporate groups discussed above, they work like them in the health and care sector and earn their incomes via sick people and health insurance systems in various countries. A silver-coated urinary catheter from CR Bard Inc (the main manufacturer of silver-coated catheters made with license from Bactiguard) is about 30-40% more expensive than a normal catheter. As evident from the scientific literature it is uncertain to what extent the silver coat really has any protective effect against urinary tract infections. Even less is known about whether or not the silver coat saves any health care costs (see chapter 12.1). Thus, there exists an obvious risk that great expenses are made in the health care in vane by using silver-coated rather than standard catheters. The only winners are perhaps the producer CR Bard Inc and the license seller Bactiguard AB. In the latter case, the earnings have been going to the owner's "mailbox companies" in the Netherlands (Christian Kinch and Thomas von Koch) and the holding company on Cyprus (Noonday). At the same time as the owners of Bactiguard collect large profits from the tax- or insurance-funded health care they escape tax on their own.

17 Lack of critical examination in the media

When studying the media coverage Bactiguard AB has received since Christina Kinch and Thomas von Koch took over the control of the company in 2005 (earlier almost nothing had been written), one is

struck by the almost total lack of critical examination. The journalists and their employers in the shape of newspapers, radio and TV have rather acted like megaphones that willingly have distributed the PR messages that Bactiguard AB and its CEO Christian Kinch wanted to have spread. Nowhere has information been given about the scientific uncertainty regarding the protective effect of the silver layer applied on urinary catheters and other medical devices against infection (see chapter 12.1). Likewise, no or only very small attention has been paid to the tax haven strategy (Channel islands, Cyprus, the Netherlands) that has been used for the ownership of the company. This lack of critical attitude has not only characterized journalists but also local politicians, e.g. in Markaryd and Eslöv, who have lain down flat for Bactiguard in the hope to procure some working opportunities to their municipalities. On the other hand, they never seem to have thought about why the taxpayers in these small cities should invest multimillion amounts to build a factory for this company whose largest owner, the American hedge fund Noonday, sits on funds worth several hundred billion SEK. In a similar manner, one does not seem to consider why Christian Kinch and Bactiguard wants to take home their production of silver-coated catheters from China (where it is carried out on a contractual basis by the large American-Chinese company Amsino) to Sweden. China is for certain a huge potential market for Bactiguard's products and it should in all likelihood be important for the affairs to have a local production in the country. Journalists, politicians and others rather appear to have swallowed Christian Kinch's assertion about the importance of the term "Made in Sweden". The truth is that Bactiguard AB and its predecessors never had had any real production of their own. The credulity in the small country Sweden is almost unbelievable. And as exemplified again and again in earlier chapters, the most easily fooled of all seems to have been the Minister of Health and Social Affairs, Göran Hägglund.

18 Summary

In the late 1970s, the physician and researcher Thomas Lundeberg from Karolinska Institutet (KI) in Stockholm met the technician Billy Södervall from the energy technology company Nibe in Markaryd at the home of a common acquaintance. They were both innovators who had worked with development of new methods. During the meeting they began to discuss possible medical applications of the technology for coating of surfaces with a thin metal layer that Södervall had learnt from Axel Bergström, a former assistant of the Swedish physicist and Nobel Laureate Gustaf Dalén. This conversation was the starting point of a collaboration that after some ten years of technical, biological and medical studies led up to a method for coating urinary catheters and other medical devices with a thin layer of silver reducing the risk of infections. The work resulted in several scientific publications, including a doctoral thesis defended at KI in 1989 by a colleague and co-worker of Lundeberg. During these years, a close contact was also established with the American medical technology corporation CR Bard Inc, which via its subsidiary in London provided catheters for the investigations and helped with some tests. However, no regular agreement about marketing of silver-coated catheters was as yet concluded.

In the mid 1980s, the businessman and entrepreneur Gunnar Walstam entered into the picture. This happened in connection with a meeting arranged on KI by the business and consultant firm Bain & Company in order to inform about the possibilities to commercialize scientific discoveries. At this time Walstam worked for this company and Lundeberg was the person they had asked for help to organize the gathering at which a number of researchers were given opportunity to present their projects. One of these was Lundeberg himself who told about the silver coating technique. No immediate response was obtained but a few months later Walstam contacted him (but now

not as a representative of Bain & Company) and they started to discuss future business possibilities. As a part of this process the former in 1987 registered the company Walstam & Partners AB, later renamed Metacot Production AB. A few years later, on June 9, 1989 - when most of the development work was finished - a document named "Agreement governing the business relationships and activities of the beneficiaries of the Meco Trust" was signed by four persons: Astrid Deeth, Thomas Lundeborg, Billy Södervall and Gunnar Walstam. Deeth (American citizen), since earlier a friend and business contact of Walstam, was in many respects the one who draw up the plans for the "Meco Trust". Without informing Lundeborg and Södervall, the two of them had already in January 1989 registered Tigrillo Ltd on Jersey in the English Channel, a well-known tax haven. Later the same year this company changed name to Adhesive Technology Holdings Ltd (Ad Tech Holdings Ltd) and became the hub in the "Meco Trust".

The business strategy was basically quite simple: to secure patents for the silver coating technique and sell licenses for production of silver-coated catheters to CR Bard Inc. A preliminary patent application had been submitted to the United States Patent and Trademark Office (USPTO) already the month before the aforementioned agreement was signed. In this way a priority date had been obtained. In the early 1990s complementary additions were presented with the help of an American patent attorney engaged by Deeth. In parallel, an application was also given in to the European Patent Organization (EPO). Later during the 1990s, several additions were made that gave rise to a series of new patents. Billy Södervall and Thomas Lundeborg were inventors on all of these and Ad Tech Holdings Ltd the applicant. A preliminary settlement (letter of intention) had already been made with CR Bard Inc (the US Headquarters) and they had started to set up the method for silver coating of urinary catheters in their factory. However, to start to sell the catheters an approval from the Food and

Drug Administration (FDA) was required. When the application was to be written, controversies arose since Lundeberg meant that the manner in which Bard together with Deeth and Walstam handled this was unacceptable (incomplete description of the method, omission of certain information from the clinical investigations, *et cetera*). This led to a dispute that later would go on and further expand. Nevertheless, in return for a generous remuneration the two latter managed to get one of the urologists who had participated in the studies to sign the protocol for FDA. Shortly later, permission was obtained for marketing of silver-coated catheters (beginning of the 1990s).

The business construction set up by Deeth and Walstam for the sale of patent licenses to CR Bard Inc was complicated and the objective cannot have been anything else than to evade tax and remain anonymous. Ad Tech Holdings Ltd on Jersey held the patents and thus served as the center of the affairs. However, it was not from here the licenses were issued. This task was instead supposed to be managed by Adhesive Technology (Int) Licensing BV (Ad Tech Licensing BV), a firm of “mailbox” character registered in Amsterdam in November 1989. From there, the licensing was further transferred to Metacot UK Ltd in England, a company owned on equal basis by Deeth and Walstam. They also had a subsidiary in San Francisco, Metacot US Inc, operated by Deeth (who lived there). It was probably from there most of the business transactions with CR Bard Inc were made. There also existed a Metacot Production AB in Stockholm, originally planned to be a research and development facility led by Lundeberg and Södervall. This was never realized and the company stayed under the control of Walstam and Deeth. According to the “Meco Trust” agreement, Ad Tech Holdings Ltd and Ad Tech Licensing BV should be owned jointly by the four beneficiaries in the group. In spite of this, Lundeberg and Södervall never received any evidence of their shares in these two companies. Pursuant to the contract they should also have the right to buy themselves into Metacot UK Ltd

with 25% each, *i.e.* the firm that in practice took care of the patent licensing to CR Bard Inc. Also this was never taken up for serious discussion. The result was that Astrid Deeth and Gunnar Walstam on their own retained the full control over the incomes generated and that the profits, in contrast to what was stipulated in the agreement, never were divided equally on the four beneficiaries in the “Meco Trust”.

The revenues created by the silver coating patents were certainly very large. Calculations based on information from annual reports (e.g. CR Bard Inc), interviews published in various journals *et cetera* indicate that the license incomes from the mid 1990s up to 2005 – when the patents were sold – were of the magnitude 0.5-1 billion SEK (150-300 million USD) or more. According to the agreement, the “Meco Trust” should be administered by Guardian Trust and Securities Co Ltd on the British Virgin Islands, another tax haven. There is also said that the beneficiaries should receive 25% each of the profits earned. This never happened. Thomas Lundeberg, one of the inventors behind the money-making patents, has never obtained any compensation at all, not even for the out-of-pocket expenses he had during the development work. He expressed a wish to at least get a research grant from the “Meco Trust” for his continued investigations at KI. A contract was also written according to which Metacot Production AB from 1992 should support Lundeberg’s studies on “inflammatory mechanisms in urethra and urinary bladder” with up to 420,000 SEK (in the monetary value of 1992). This money should be taken from the revenues obtained from CR Bard Inc. Gunnar Walstam has signed the deal but no payments to KI were ever made. What incomes the second inventor, Billy Södervall, have obtained is not known. As far as known, he was only paid on a commission basis to prepare the reaction stock solutions that were sent to CR Bard Inc.

After a large number of highly profitable years, Astrid Deeth and Gunnar Walstam decided in the mid 2000s to retire from the affairs

described here. This happened when they on June 13, 2005 sold a majority (51%) of Metacot Production to Christian Kinch and Thomas von Koch. The buyers also took over the name Bactiguard, since 1995 a registered trademark of Ad Tech Holdings Ltd. Kinch had a past in the pharmaceutical business while von Koch was one of the founders of EQT, a venture capital company with large funds registered on Guernsey, today about 18 billion € (they paid 100.000 USD for the 51% of Metacot). The same day as the new company – named Bactiguard AB - started its activities they bought the patents for the silver coating method from Ad Tech Holdings Ltd on Jersey. In the annual report of 2005, this is taken up as an expense of 458 million SEK for acquisition of immaterial assets. According to the patent database Espacenet, "Bactiguard AB, Channel Islands" is the new holder of the patents. Like the old ones, the new owners obviously preferred tax havens in order to minimize their taxes. Accordingly, the ownership structure in Bactiguard after a few years looked like this: TomCo BV 27% (same address as EQT Partners BV - Thomas von Koch's share); Blackfields BV 27% (same address as Rilco Holding BV, the company that owns Kinch's villa in Danderyd as well as his house in Torekov - Christian Kinchs share) and Biozif Holdings Ltd 45% (a Cyprus-registered subsidiary of Noonday, one of the largest hedge funds in the world). The last-mentioned company, Noonday, came on the scene in 2007 when Astrid Deeth and Gunnar Walstam sold their remaining 49% in Bactiguard AB for about 420 million SEK. Together with the patent affair two years earlier this makes up a total earning of at least 850 million SEK (~130 million USD). One should also not forget the many 100 million SEK earned on license fees during 10-15 years. Altogether, Walstam and Deeth have thus made huge profits from the patents worked out by Lundeborg and Södervall during the 1980a and 1990s. Moreover, they never had to make any marked investments in this developmental work.

When Bactiguard AB started its activities, Christian Kinch took the helm. An office was established in the fashionable blocks around Stureplan in Stockholm. Shortly later, a smaller branch was opened in Markaryd where Billy Södervall was employed as scientific head and producer of the reaction stock solutions sent to CR Bard Inc in the USA. The inauguration of this facility was made by the Royal Governor in Kronoberg's County, Lars-Åke Lagrell, an old friend of Södervall. Likewise, it did not take long before Christian Kinch and Bactiguard AB received a remarkable attention from the two Christian Democratic ministers in the Swedish Government, Göran Hägglund (Minister of Health and Social Affairs) and Maria Larsson (Minister for Children and the Elderly). To some extent this may have been due to the fact that Markaryd is one of the strongest footholds of the Christian Democratic Party. Hägglund has at several occasions visited Bactiguard AB and he as well as Larsson has repeatedly brought Kinch along on official travels to among others China, India, Japan, the Middle East, USA, Brazil, and Iraq. In this connection they have also assisted in the signing of business agreements.

Both during these trips and in other connections, Kinch has spread an unreliable PR-message about the ability of the silver-coated catheters to prevent nosocomial infections (among which catheter-induced urinary tract infections make up an important part) and save lives. Notably, several large scientific investigations have concluded that there does not exist any clear evidence that silver-coated catheters reduce the number of symptomatic urinary tract infections. Even less is known about savings of health care costs and saving of lives. As late as in 2010, the County Council of Stockholm confirmed this conclusion in a survey of the scientific literature. Many studies have found a reduction in the number of bacteria in the urine, but this is frequently asymptomatic. The silver catheters that dominate the market are those manufactured by CR Bard Inc with a license from Bactiguard AB. However, it should be noted that the technique used there is not fully

the same that Lundeberg and collaborators used in their clinical studies in the 1980s. The effects on the presence of bacteria in the urine obtained in these investigations were better than those achieved later. But no satisfactory evaluation of the overall clinical picture was done at this time.

To expand the activities, Christian Kinch and Bactiguard AB in January 2007 came to an agreement with the American-Chinese corporation Amsino International Inc in order to capture new markets in China and other parts of Asia. This large and in China well established company had factories among others in Shanghai, where Bactiguard's catheters were to be produced and then distributed in China and other parts of South-East Asia. In view of the size of these markets, this should have been an important treaty. This was at the same time when the American hedge fund Noonday became the largest owner in Bactiguard AB, an event that led Kinch to say in a newspaper interview: "Fantastic. Now our journey to become a global corporation in the billion size starts". So far, not much have been seen of this development as judged by the annual reports of the company. During the period 2005-2010 the net sales have been just slightly above 100 million SEK per year, without any increasing trend.

The PR smartness of Christian Kinch was again disclosed when several newspapers and other media in 2009 reported that Bactiguard AB wanted to take home their manufacturing from China to Maryland, and that this would produce 100-150 new working opportunities. Apparently, they had swallowed the message that Bactiguard, in contrast to other companies, in times of financial crisis and high unemployment had chosen to take home production from countries with substantially lower salaries. Notably, Bactiguard had never earlier had any real manufacturing of their own, neither in Sweden or abroad (the production in China was operated by Amsino). Eventually, it also became clear that Kinch had played different communes off against each other in an attempt to win advantages for himself. Thus, in the

end it was not Markaryd but Eslöv that got a deal. As a service in return, this small city had to build a factory for Bactiguard at a cost of about 105 million SEK. Within the contracted renting period of ten years it should not be easy to get this money back. It must be asked if an agreement of this type follows the municipal law, which forbids support to individual companies. It is likewise difficult to understand why the taxpayers in a small Swedish city should have to set up a production facility for a firm whose largest owner (47%) is an American venture capital company that disposes of funds worth several 100 billion SEK. On June 9, 2010 the construction of the new factory started. Guess who was there and took the first cut with a spade? It was again Göran Hägglund, Minister of Health and Social Affairs, who loyally stood by to support and make PR for Christian Kinch and Bactiguard. About a year later, disagreements appeared between Bactiguard AB and the city of Eslöv. According to the responsible politicians, the company wanted a compensation of 28 million SEK for additional costs, among others "technology transfer". This was not considered to have anything with the factory construction to do. In the end, the conflict led to breakage of the contract as reported in the press in the beginning of 2011. Today (November 2011) it is still not known if and in that case where Bactiguard will start a manufacturing of their own in Sweden.

What this "fairy tale" illustrates is another example of how "smart" businessmen are able to swindle researchers and constructors and take hold of the incomes generated by their inventions. This is not least frequent in the pharmaceutical industry where the scientists who have developed new best sellers ("blockbusters") often have to be content with an ordinary salary whereas higher managers and directors receive multimillion wages and ditto bonuses. In the case in question, things are complicated by the fact (not unusual) that the businesses have been carried out via a complex network of companies in several tax havens in order to avoid normal and democratically de-

cided taxes. In this way, persons who earn large amounts of money within the largely tax-funded health care consciously escape their social responsibility. This type of activity should be counteracted by tax and economic crime authorities. The attempts they make to get at the problem are however in many cases lame and ineffective. As a result, the tax moral of ordinary citizens risks to be reduced.

19 Sources

The facts and the documents put forward and discussed in this text mainly originate from various official sources, such as:

- The diarium and archives of Karolinska Institutet
- The Swedish Companies Registration Office
- The Swedish Trade and Industry Register
- The European Business Register (EBR)
- The patent database Espacenet
- The Internet homepages of different companies
- Other documents available on the Internet

Thomas Lundeberg has been interviewed via E-mail as well as in connection with a few meetings. Billy Södervall and Christian Kinch have been approached via E-mail, but without receiving any response.

20 Abbreviations

Ad Tech, Adhesive Technology

BRÅ, the Swedish National Council for Crime Prevention

BVI, British Virgin Islands

DS, Danderyd's Hospital

EBM, the Swedish Economic Crime Authority

EBR, European Business Register

EQT, equity (shareholder capital)

FDA, Food and Drug Administration

GBP, British Pound

IRS, Internal Revenue Service

KI, Karolinska Institutet

KS, Karolinska Hospital

Meco, metal coating

OECD, Organization for Economic Co-operation and Development

OFC, offshore center (\approx tax haven)

PRV, the Swedish Patent and Registration Office

SEK, Swedish Crown

USD, US Dollar

21 References and notes

For Swedish documents, an English translation is also given.

Affärsvärlden. Holland lockar - Allt fler svenska företag väljer att skatteplanera via Holland. Där öppnar sig sedan en bred väg ut i världen, till de riktiga skatteparadisen. Vägen till Nederländska Antillerna är särskilt populär. Men EU-kollegorna gillar inte de holländska locktonerna. Affärsvärlden, 2000-08-09

The Netherlands attracts – More and more Swedish companies choose to engage in tax avoidance in the Netherlands. From there a wide road is then open out in the world, to the real tax havens. The road to the Netherlands Antilles is particularly popular. But the EU colleagues do not like the Dutch calls

Aftonbladet. Han hyr huset av sitt eget bolag. Förnekar att han har koppling till bolaget. Aftonbladet, 2004-12-07

He rents the house from his own company. Denies that he has any link to the company.

Ahlenius I-B. Rätten att granska tomma skåp. Det är en myt att den svenska öppenheten ger insyn i den offentliga verksamheten, skriver Inga-Britt Ahlenius. Offentlighetsprincipen har lett till att allt mindre av väsentliga beslutsprocesser dokumenteras och att ovärderligt material gallras ut ur de statliga arkiven. Dagens Nyheter, 2004-04-23

The right to look into empty cabinets. It is a myth that the Swedish openness gives insight into the authorities and the public sector writes Inga-Britt Ahlenius. The Principle of public access to official records has led to that less and less of the decision processes in our authorities is recorded and that invaluable material is sorted out from the state archives.

Akre O, Aspevall O, Lauritzen M, Zethraeus N, Persson E. Minskar antalet urinvägsinfektioner vid korttidsbruk av urinkatetrar belag-

da med silverlegering? Metodrådet SLL-Gotland. Health Technology Assessment (HTA) – rapport 2010:2

Is the number of urinary tract infections reduced in connection with short-time usage of silver-coated urinary catheters?

Alalehto T. Fiffharens personlighet. En studie om personlighetsdragets betydelse vid ekonomisk brottslighet. Institutionen för socialt arbete, nr 46, Umeå Universitet, Umeå, 2002

The personality of the fiddler. A study on the role of the traits of character in economic criminality.

Almgren J. Tandlösa EBM får skarp kritik. Gång på gång har Ekobrottsmyndigheten drabbats av bakslag. I förra veckan friades de tre Carnegiehandlarna och nu kräver både Finansinspektionen och Stockholmsbörsen förändring och lagöversyn. Svenska Dagbladet, 2010-12-21 (a)

Criticism of an EBM without sting. Time after time the Swedish Economic Crime Authority has met with setbacks. Last week the three traders at Carnegie were acquitted and now both the Swedish Financial Supervisory Authority and the Stockholm Stock Exchange require a change of the law.

Almgren J. EBM:s ledning medger brister. Ekobrottsmyndigheten kommer låta ett externt företag granska myndighetens hantering av insiderhärvarn från i somras. Nya generaldirektören Eva Håkansson Fröjelin medger att hon är missnöjd med de ständiga bakslagen. Svenska Dagbladet, 2010-12-21 (b)

The management of the Swedish Economic Crime Authority admits shortcomings. EBM will ask an external company to examine how the authority handled the insider dealings from this summer. The new General Director Eva Håkansson admits that she is dissatisfied with the repeated setbacks.

Andersson L. Bactiguards fabrik 35 miljoner dyrare. Skånska Dagbladet, 2010-04-08

Bactiguard's factory became 35 million SEK more expensive

Angell M. The truth about the drug companies - how they deceive us and what to do about it. Random House, 2004

Aschberg R, Kasvi L. Hon anställde hela familjen – Hedersdoktor i blåsväder – Ewa Stålldal utses till hedersdoktor vid Göteborgs universitet 2003 för sina insatser. Nu får hon svidande kritik av styrelsen i stiftelsen Vårdal för sitt sätt att sköta vd-jobbet. Hon har tvingats betala tillbaka frikostiga ersättningar och förbjuds nu att anlita anhöriga. Aftonbladet, 2005-02-26

She employed the entire family – Honorary Doctor in stormy weather – Ewa Stålldal is appointed Honorary Doctor at Gothenburg University 2003 for her achievements. Now she gets devastating criticism from the board of the Vårdal Foundation for the way in which she has managed the CEO job. She has been forced to pay back generous reimbursements and is now forbidden to hire relatives.

Bakan J. The corporation – the pathological pursuit of profit and power. Free Press – Simon & Schuster Inc, 2004

Beattie M, Taylor J. Silver alloy versus uncoated urinary catheters: a systematic review of the literature. Journal of Clinical Nursing, 20, 2098-2108, 2011

Billing A. Det hemliga bolaget bakom EQT-affären. Ett hittills okänt holländskt bolag var den hemliga köparen av EQT Partners, med vd Conni Jonsson och över 100 miljarder kronor under förvaltning. Det visar den färskta årsredovisningen för det svenska "frontbolaget". Affärsvärlden, 2008-05-27

The secret company behind the EQT affair. A so far unknown Dutch company was the secret buyer of EQT Partners, with the CEO Conni

Jonsson and over 100 billion SEK under management. That is shown by the recent annual report from the Swedish "front company".

Björk S. Holland – vägen till skatteparadisen. Forum för Ekonomi och Teknik, 2010-09-30

The Netherlands – the road to the tax havens.

Braithwaite, J. Crime, shame and reintegration. Cambridge University Press, 1989

Carlberg I. Pillret. Månpocket, 2008

The pill.

Cervenka A. Ny internaffär väcker frågor – Analys Investor - Med köpet av Aleris fortsätter Wallenbergsfären att expandera i vårdsvängen. Men att Investor ännu en gång gör en affär med den egna fonden EQT väcker frågor om vems intressen som går först. Svenska Dagbladet, 2010-07-03

New internal affair raises questions – Analysis of Investor – With the purchase of Aleris the Wallenberg sphere continues to expand within the health and care sector. But the fact that Investor once again makes an affair with its own fund EQT raises questions about whose interests come first.

Cullberg J, Werne K. Vården i Stockholm – vinstmaskin får riskkapitalbolagen.

The health care in Stockholm – a profit machine for the venture capital companies.

Delin M. Mer optimistiskt om nyetablering - VD:n för bioteknikföretaget Bactiguard är mycket optimistisk över att kanske kunna flytta hem sin tillverkning från Kina till Markaryd. Det framkom efter ett möte med landshövding Kristina Alsér och Näringsdepartementet idag. Etableringen skulle kunna innebära mellan och 100 och 150 nya jobb till länet. Sveriges Radio, Radio Kronoberg, 2009-08-14

More optimism about a new establishment – The CEO of the biotechnology company Bactiguard is very optimistic about the possibilities move production back home from China to Markaryd. This came out after a meeting today with the Royal Governor Kristina Alsér and the Ministry of Industry, Employment and Communications. The establishment could mean between 100 and 150 new jobs to the county.

Desai DG, Liao KS, Cevallos ME, Trautner BW. Silver or nitrofurazone impregnation of urinary catheters has a minimal effect on uropathogen adherence. *Journal of Urology*, 184, 2565-2571, 2010

Drekonja DM, Kuskowski MA, Wilt TJ, Johnson JR. Antimicrobial urinary catheters: a systematic review. *Expert Review of Medical Devices*, 5, 495-506, 2008

Engdahl O. I finansvärldens bakre regioner. En studie om finansiella offshore-marknader och ekonomisk brottslighet. Doktorsavhandling, Göteborgs Universitet, 2003

In the rear regions of the financial world. A study of financial offshore markets and economic criminality.

Engdahl O. Skatteparadis. Agora, Stockholm, 2004

Tax havens

Engzell-Larsson L. Alkemisterna på EQT. Allt de rör vid blir till guld just nu. Med försäljningen av Comhem för tio miljarder avslutar Wallenbergs riskkapitalbolag EQT sitt bästa år hittills och levererar storvinster till delägaren Investor. Här berättar de för AFV hur de jobbar och varför Comhem blev en hit. Affärsvärlden, 2005-12-13

The alchemists at EQT. Just now everything they touch turns into gold. With the selling of Comhem for ten billion SEK Wallenberg's venture capital company EQT completes its best year so far and delivers jackpots to the joint owner Investor. Here they tell the journal how they work and why Comhem became a hit.

Ericsson M. Skatteparadis. Hur fungerar CFC - lagstiftningen som en förebyggande åtgärd? Examensarbete i Skatterätt och Ekonomi, Karlstads Universitet, 2008

How does the Controlled-Foreign-Company (CFC) legislation function as a preventive measure?

Eslövs kommuns hemsida 2009-12-23. - Företagsetablering ger upp till 150 jobb - Bactiguard AB vill flytta produktion från Kina till Eslöv. Etableringen innebär upp till 150 nyanställningar. - Idag har en överenskommelse träffats mellan Eslövs kommun och Bactiguard AB. En fullt utbyggd verksamhet i Eslöv innebär upp till 150 nyanställningar och uppförandet av en ny produktionsanläggning vid Östra vägen-Harjagersvägen i Eslöv. - Överenskommelsen visar på en ny modell för innovativa näringslivsprocesser, som innebär ökade välfärdstjänster för medborgarna, ökad tillväxt och mångfald i regionen och kommunen samt ökad värdegrund och förstärkt varumärke "Made in Sweden" för företag/industri. - När företagsnedläggningar och företagsutflyttningar ökar i Sverige gör vi tvärtom och flyttar hem produktion och nyanställer personal och det i samverkan med Arbetsförmedlingen och den kommunala yrkestekniska högskoleutbildningen, säger Ewa Ställdal, VD för Bactiguard Technology. - Det här är ett tillfälle för Eslöv som vi har väntat på i många år, säger kommunalrådet Cecilia Lind. Vi vet att vårt läge är perfekt och nu vet också andra det. Vi har närhet till universitet och en stor arbetsmarknad, fantastiska kommunikationer och välutbildad arbetskraft. Det känns väldigt bra att få hit företaget. - Förhandlingarna som ägt rum under hösten mellan kommunledningen i Eslöv, regionledningen i Skåne och Bactiguards ledning har nu lett till principöverenskommelsen att verka för det praktiska genomförandet av en ny modern produktionsanläggning i Eslöv. Planeringsarbetet startar omedelbart med sikte på en successiv uppbyggnad under 2011-2013. Målet är att första spadtaget tas till våren.

Company establishment creates up to 150 new jobs – Bactiguard AB wants to move manufacturing from Chona to Eslöv.

Eslövs kommuns hemsida 2010-06-09. Socialministern tog första spadtaget för Bactiguard. Socialminister Göran Hägglund satte på onsdagen det första spadtaget i den eslövska myllan till medicin-företaget Bactiguards nya anläggning på industriområdet Gustavslund.

The Minister for Health and Social Affairs took the first dig with a spade for Bactiguard. The Minister for Health and Social Affairs Göran Hägglund on Wednesday took the first dig with a spade in Eslöv's earth for the medical technology company Bactiguard's new facility in the industrial park Gustavslund.

Gottfredson MR, Hirschi T. A general theory of crime (2nd revised edition). Stanford University Press, 2001

Gustavsson A, Werne K. Den nya välfärdsindustrin. Det offentliga Sverige köper skola, vård och omsorg av privata bolag. Verksamheten bekostas av skattemedel. Nu flockas riskkapital för att spekulera i välfärd. Miljardvinster slussas genom jättekonglomerat och hamnar ofta i offshoreparadis. Dagens ETC, 2010-09-17

The new welfare industry. The official Sweden buys school, health care and elderly care from private companies. This is financed via tax funds. Now venture capitalists flock together to speculate in welfare. Billion SEK profits are passed through giant corporate groups and often end up in tax havens.

Hammar I. Segulah ska börsnotera sin apotekskedja. Finansmannen Gabriel Urwitz med sitt riskkapitalbolag Segulah lyckades kapa åt sig smultronen i apotekskakan. www.realtid.se, 2009-11-09

Segulah wants to introduce its pharmacy chain on the stock market. The financier Gabriel Urwitz managed to take the best plums from the pharmacy cake.

Hammar L. Hon ska ta Bactiguard ut i världen. Anita Tollstadius är ny vd för Bactiguard International, ett dotterbolag till Bactiguard, som utvecklar produkter som motverkar sjukvårdsinducerade infektioner. Biotech Sweden 2005-05-19

She is going to take Bactiguard out into the world. Anita Tollstadies is the new CEO of Bactiguard International, a subsidiary of Bactiguard that develops products counteracting nosocomial infections.

Handelshögskolan. Gala gav 4,5 miljoner till Handelshögskolan. 2005-06-15. Pressmeddelande från Handelshögskolan i Stockholm. 4,5 miljoner blev resultatet av måndagens galakväll som arrangerades för andra året i rad på Berns Salonger till förmån för Handelshögskolans i Stockholm (HHS) grundutbildning. Intäktskällor var bords- och kuvertbiljetter, lotteriet "Lilla Stora Bidraget" samt en auktion som hölls under kvällen med objekt som middagsbjudning med Årets Kock på Rosersbergs Slott, uppvisningsflygning som andrepilot med Breitling Jet Team och älgjakt med familjen Bonnier. - Högsta budet fick objektet där köparen får en privat konsert av Stockholm Sinfonietta och dirigenten Cecilia Rydinger-Ahlin. Detta inbringade 190 000 kr och bjöds av Olof Stenhammar som även köpte en flygtur och vann högvinsten i "Lilla Stora Bidraget" - att som BMW:s gäst tävla i det prestigefyllda veteranbilsrallyt Mille Miglia. - Den största donationen stod entreprenören Gunnar Walstam för som skänkte 1 miljon kr. Det är helt fantastiskt av Gunnar att göra en sådan investering i grundutbildningen, säger Tine Frivik, chef för HHS Corporate and Alumni Relations, som arrangerade galan. - Överskottet från galakvällen kommer att placeras i en fond, Hermes Foundations Jubileumsfond. Tack vare generöst donerade vinster och auktionsobjekt samt sponsorer för kvällen i övrigt, kan en mycket stor del av intäkterna gå direkt till Jubileumsfonden. Fonden instiftades förra året och ska byggas upp under fem år för att överlämnas till Handelshögskolan i samband med 100-årsjubiléet 2009. - Ca 230 personer gästade Berns Salonger

under galakvällen och bland dem fanns många tidigare studenter, numera kända från näringslivet, samt många andra kända ansikten från näringslivet utan Handelsbakgrund. - If you think education is expensive, try ignorance. Det citatet visar vad galakvällen handlar om och man kan inte vara annat än jätteglad över resultatet även om jag visste sedan tidigare att vi har ett stort stöd från denna krets, säger Tine Frivik. - För ytterligare information, kontakta gärna: Tine Frivik, Executive Director Corporate and Alumni Relations Tel: 070-602 69 20 E-post: tine.frivik@hhs.se Högupplösta bilder från galakvällen finns att hämta på Handelshögskolan hemsida www.hhs.se under 'Press'.

A gala performance gave 4.5 million SEK to the Stockholm School of Economics (HHS). 2005-06-15. Press release from the Stockholm School of Economics (HHS). 4.5 million SEK was the result of the Monday gala evening that was arranged for the second year at Berns on behalf of the undergraduate studies at the Stockholm School of Economics. - ... - The largest donation came from the entrepreneur Gunnar Walstam who gave one million SEK. It is a fantastic accomplishment of Gunnar to make such an investment in the undergraduate teaching says Tine Frivik, head of HHS Corporate and Alumni Relations, that arranged the gala.

Hellblom O. Svensk sjukvård på turné till USA. I februari inleds Sveriges hittills största exportframstöt för svensk hälso- och sjukvård i USA. Kampanjen leds av statliga Swecare med 300 medlemsföretag, varav en del visar upp sin spjutspetsteknologi i House of Sweden i Washington. Dagens Industri, 2008-01-12

Swedish health care on a tour to the USA. In February the largest export campaign so far for Swedish health care will be started in the USA. The campaign is organized by Swecare with 300 member companies, some of which display their top technology in House of Sweden in Washington.

Holmén C. Avslöjandet om Maria Borelius. Expressen fick Guldspaden 2006 i klassen stor tidning för att "genom ett klassiskt

grävarbete - i skarp konkurrens med både nya och traditionella medier - övertygande ha dokumenterat den verklighet som en nybakad minister velat dölja". Expressen 2008-10-27

The disclosure about Maria Borelius. Expressen received the Golden Spade 2006 in the category large newspaper for "via a classical investigative reporting – in sharp concurrence with both new and traditional media – in a convincing manner having documented the reality a newly appointed Minister wanted to hide".

Holmqvist A. Silvia minglade fram 150 jobb. Slog till på galamiddag i Brasilien. Drottning Silvia har fixat 150 nya jobb. Hon fick en av sina vänner att investera i ny svensk medicinteknik. Aftonbladet, 2010-05-23

Via mingling on a gala dinner in Brazil, Silvia created 150 new jobs. Queen Silvia has fixed 150 new jobs. She convinced one of her friends to invest in new Swedish medical technology.

Hägglund G. Så ska vi avveckla Apotekets monopol. Göteborgs-Posten, 2008-06-05

In this way we will phase out the pharmacy monopoly.

Jahn P, Beutner K, Langer G. Types of indwelling urinary catheters for long-term bladder drainage in adults (review). The Cochrane Library, 10, 2012

Joly E. Vardagshjältar. SNS Förlag, Stockholm, 2010

Everyday heroes

Kainz Rognerud K. Vårdvinster går till skatteparadis. Jersey, Guernsey, Luxemburg. De riskkapitalägda vårdkoncernernas vinster hamnar till stor del i skatteparadis. Det visar en granskning DN Ekonomi gjort. De fyra stora vårdkoncernerna Attendo, Capio, Aleris och Carema ägs alla av riskkapitalbolag. De omsätter tillsammans drygt 25 miljarder kronor och de gjorde förra året ett

sammanlagt rörelseresultat på runt 2,5 miljarder kronor. Dagens Nyheter, 2009-09-11

Health care profits go to tax havens. Jersey, Guernsey, Luxemburg. The earnings of the health care groups owned by venture capital companies often end up in tax havens.

Kainz Rognerud K, Magnusson Ö. Regeringens läkemedelsbidrag till de privata apoteken kostar staten och kunderna i år närmare en halv miljard kronor. Ett extra stöd som riskkapitalbolagen som äger apoteken egentligen inte behöver. Rapport, 2010-12-05

The drug allowances given by the Government to the private pharmacies will during the current year cost the state and the customers close to half a billion SEK. An extra support that the venture capital companies who own the pharmacies actually do not need.

Kasemo T. Hallå där Christian Kinch ... vd Bactiguard, nominerade till Sweden Bio Award 2009. BioTech Sweden, 2009-04-28

Hallo there Christian Kinch ... CEO Bactiguard, nominated for the Sweden Bio Award 2009.

Kemivärlden Biotech. Årets industrihjärte utses på Tekniska Mässan. Industrins Hållbarhetspris delas ut nästa vecka på Tekniska Mässan. Klockan 14 den 14 oktober avslöjas vem som vunnit Stora hållbarhetspriset och Årets industrihjärte. Kemivärlden Biotech, 2009-10-08

The Industrial Hero of the Year will be appointed on the Scandinavian Technical Fair

Korsell LE. Bokslut – BRÅ:s satsning på ekobrottsforskning 1998-2002. Brottsförebyggande Rådet, 2004

Closing of the books – Research on economic crimes at the Swedish National Council for Crime Prevention during 1998-2002.

Lager N. Bactiguard minskar infektioner med 40%. MedTech Magazine, 2008-08-29

Bactiguard reduces infections with 40%.

Liedberg H. Catheter induced urethral inflammatory reaction and urinary tract infection. An experimental and clinical study. Scandinavian Journal of Urology and Nephrology, Supplement 124, 1-43, 1989

Liedberg H, Lundeberg T. Silver coating of urinary catheters prevents adherence and growth of *Pseudomonas aeruginosa*. Urological Research, 17, 357-358, 1989a

Liedberg H, Lundeberg T. Assessment of silver-coated urinary catheter toxicity by cell culture. Urological Research, 17, 359-360, 1989b

Liedberg H, Lundeberg T. Silver alloy coated catheters reduce catheter-associated bacteriuria. British Journal of Urology, 65, 379-381, 1990

Liedberg H, Ekman P, Lundeberg T. *Pseudomonas aeruginosa*: adherence to and growth on different urinary catheter coatings. International Urology and Nephrology, 22, 487-492, 1990a

Liedberg H, Lundeberg T, Ekman P. Refinements in the coating of urethral catheters reduces the incidence of catheter-associated bacteriuria. An experimental and clinical study. European Urology, 17, 236-240, 1990b

Lindahl H. Professor kritiserar avtal med Bactiguard. Skånska Dagbladet, 2010-02-22

Professor criticizes agreement with Bactiguard.

Lindahl H. Debatt om avtalet med Bactiguard. Skånska Dagbladet, 2010-04-26

Debate about the agreement with Bactiguard.

Lindgren S-Å, Theandersson C. Från storsvindler till småfiffel – teman i internationell ekobrottsforskning. BRÅ 2000:23, Stockholm, Elanders Gotab, 2001

From large swindling to minor fiddling – themes in international research on economic crimes.

Lindström L. Välfärdens vinster går till skatteparadis – som hårdgranskas. Med ena handen överlämnas vård, skola och apotek till riskkapitalbolag - baserade i skatteparadis. Med andra handen gör svenska staten nya, tuffa satsningar på att komma åt så mycket som möjligt av de 46 miljarder kronor per år som man tror göms undan i skatteparadisen. Expressen, 2010-03-22

The profits of the welfare go to tax havens – that are carefully examined.

Desai DG, Liao KS, Cevallos ME, Trautner BW. Silver or nitrofurazone impregnation of urinary catheters has a minimal effect on uropathogen adherence. Journal of Urology, 184, 2565-2571, 2010

Lundbäck M. Billig äldreomsorg med hjälp från skatteparadis. Riskkapitalägda vårdbolag tar över allt mer av äldreomsorgen i landet. Aleris, Carema och Attendo Care äger över hälften av den privata äldreomsorgen. Men hur gör bolagen för att konkurrera ut små privata företag? Kalla fakta har hittat en förklaring i skatteparadisen. TV4 Kalla Fakta, 2008-04-27

Cheap elderly care with help from tax havens. Health care groups owned by venture capital companies take over more and more of the elderly care in the country.

Lundeberg TC. Vibratory stimulation for the alleviation of chronic pain. Acta Physiologica Scandinavica , Supplement 523, 1-51, 1983

Lundeberg T. Prevention of catheter-associated urinary-tract-infections by use of silver-impregnated catheters. Lancet, November 1, 2 (8514), 1031, 1986

Lundgren S. Apoteksvinster går till skatteparadis. Förespråkare säger att avregleringen av apoteksmarknaden kommer att leda till ökad tillgänglighet och fler apotek, men det finns baksidor. Redan nu har receptfria läkemedel blivit dyrare och två av de fyra bolag som

hittills köpt apotek ägs från skatteparadiset Jersey. Trots ett nytt informationsavtal mellan kanalön och Sverige är Skatteverkets insyn i bolagen begränsad. ETC (www.etc.se), 2010-01-26

Pharmacy profits go to tax havens. Advocates says that the deregulation of the pharmacy market will lead to increased availability and more pharmacies, but there is another side of the picture.

OECD. Annual Report, 2009

Pehrson J. Inget Bactiguard till Markaryd - Det blir ingen etablering av företaget Bactiguard i Markaryd. I stället blir det med största säkerhet i skånska Eslöv som ett hundratal nya arbetstillfällen skapas. Sveriges Radio Kronoberg, 2009-12-23

No Bactiguard to Markaryd – There will be no establishment of the company Bactiguard in Markaryd.

Persson C. Grevinnans nya liv efter flykten från Sverige. Expressen, 2012-10-13

The new life of the countess after the escape from Sweden

Pettersson L. Inget statligt stöd till företag - Det blev inga löften om företagsstöd när medicinteknikföretaget Bactigaurd träffade företrädare för finansdepartementet. Bactigaurd som har tillverkning i Kina, planerar en flytt till Markaryd men vill ha hjälp med kostnaderna på omkring 20 miljoner kronor. - Jag är besviken men jag blir bara än mer kreativ för att hitta möjliga vägar framåt, sa Bactiguards vd Christian Kinch efter mötet där det stod klart att finansdepartementet inte kan bidra med några pengar till ett enskilt företag. Sveriges Radio, Radio Kronoberg, 2009-09-08

No state support - No promises for support were given when the medical technology company Bactiguard met representatives of the Ministry of Finance,

Pickard R, Lam T, MacLennan G, Starr K, Kilonzo M, McPherson G, McDonald A, Walton K, Buckley B, Glazener C, Boachie C, Burr J,

- Norrie J, Vale L, Grant A, N'Dow J. Antimicrobial catheters for reduction of symptomatic urinary tract infection in adults requiring short-term catheterisation in hospital: a multicentre randomised controlled study. *Lancet*, 380, 1927-1935, 2012a
- Pickard R, Lam T, MacLennan G, Starr K, Kilonzo M, McPherson G, McDonald A, Walton K, Buckley B, Glazener C, Boachie C, Burr J, Norrie J, Vale L, Grant A, N'Dow J. Types of urethral catheter for reducing symptomatic urinary tract infections in hospitalised adults requiring short-term catheterisation: multicentre randomised controlled trial and economic evaluation of antimicrobial- and antiseptic-impregnated urethral catheters (the CATHETER trial). *Health Technology Assessment*, 16 (47), 2012b
- Saldert J. Bactiguard angriper Kina. Nanoteknikföretaget Bactiguard laddar för expansion i Asien och Europa. "Omsättningen ska mångdubblas inom några år. Men tittar man på antalet användningsområden och marknader kan vi bli hur stora som helst", säger vice vd Agneta Edberg. *Dagens Industri*, 2006-10-10
- Bactiguard aims at China. The Nanotechnology company Bactiguard concentrates on China.*
- Saldert J. Jättefond går in i bioteknikbolag. Amerikanska Noonday, en av världens största hedgefonder, och Kaupthing Bank Sverige köper knappt hälften av bioteknikföretaget Bactiguard för nästan en halv miljard kronor. Bolaget omsätter idag 100 miljoner kr. *Dagens Industri*, 2007-01-15
- Giant fund enters biotechnology company. American Noonday, one of the largest hedge funds in the world, and Kaupthing Bank Sweden buy almost half of the biotechnology company Bactiguard for close to half a billion SEK.*
- Sandberg H. A nano solution for hospital infections. *Currents*, Winter 2008, pp 24-25

Shaxson N. Treasure islands – uncovering the damage of offshore banking and tax havens. Palgrave Macmillan, 2012

Sjöshult F. Bactiguard vill hem ... men stöd saknas för att flytta fabrik från Kina till Sverige. Christian Kinch är entreprenören som vill flytta hem tillverkning från Kina till Sverige. "För vårt varumärke Bactiguard är det mycket bättre om produkterna är svensktillverkade", säger han. På drygt ett år skulle han kunna skapa 150 nya jobb i det varseldrabbade Småland, men utan stöd av näringsdepartementet och den lokala varselsamordnaren tvekar han. Dagens Industri, 2009-07-24

Bactiguard wants to come home ... but support for moving a factory from China to Sweden is lacking.

Skatteverket. Handledning för internationell beskattning 2011. SKV 352 utgåva 15, Elanders, Stockholm, 2011

Instructions for international taxation.

Smålänningen 2009a. Markaryd kan få upp till 150 nya jobb – Upp emot 150 nya arbetstillfällen kan vara på gång i Markaryds kommun – på några års sikt. Och jobb som gäller kvinnor. Företaget Bactiguards ägare bekräftar att anställningar kan börja ske inom kort. Bactiguard, med huvudkontor i Stockholm, är på väg att flytta hem sin produktion från Kina. I nästa vecka ska företags delägare och vd, Christian Kinch, bland annat träffa kommunalrådet Bengt Germundsson. Smålänningen, 2009-08-21

Markaryd may get up to 150 new jobs ... The owners of the company Bactiguard confirm that employments can start soon.

Smålänningen, 2009b - Lundström L. Bactiguard synade lokaler på Hässleholmsvägen – företaget vill ha statliga pengar för att klara flytten. Bactiguard funderar på att förlägga den tillverkning som nu finns i Shanghai till Hässleholmsvägen i Markaryd. Igår, tisdag, var ledningen för bioteknikföretaget på besök i kommunen. Men företaget vill ha ett ekonomiskt stöd från staten för att klara

flyttkostnaderna. Smålänningen, 2009-08-26

Bactiguard looked on facilities at the Hässleholm road – The company wants state money to manage the relocation of the production that now takes place in Shanghai to Markaryd.

Socialdepartementet. Pressmeddelande 29 september 2008. Socialminister Göran Hägglund besöker Markaryd och Växjö. Onsdagen den 1 oktober besöker socialminister Göran Hägglund Kronoberg. På förmiddagen besöker han medicinteknikföretaget Bactiguard AB i Markaryd. 2009-09-29

Press release from the Ministry of Health and Social Affairs, September 29, 2008. The Minister of Health and Social Affairs, Göran Hägglund, visits Markaryd and Växjö. On Wednesday October 1 the Minister of Health Göran Hägglund visits Kronoberg. In the forenoon he visits the medical technology company Bactiguard in Markaryd.

Socialdepartementet. Pressmeddelande 17 mars 2009. Presslunch om äldre- och folkhälsominister Maria Larssons resa till Japan. Torsdagen den 19 mars anordnar Socialdepartementet och Swecare en presslunch med anledning av äldre- och folkhälsominister Maria Larssons delegationsresa till Japan den 23-26 mars. Tid: Torsdagen den 19 mars klockan 11.30-12.30. Plats: Bactiguard AB, Biblioteksgatan 25, 4 tr, Stockholm. 2009-03-17

Press release from the Ministry of Health and Social Affairs, March 17, 2009. Press luncheon about the journey to Japan of Maria Larsson, Minister for Children and the Elderly. On Thursday March 19 the Ministry of Health and Social Affairs will arrange a press luncheon concerning the delegation journey of Maria Larsson to Japan on March 23-26. Time: Thursday, March 19, 11.30-12.30 o'clock. Location: Bactiguard AB, Biblioteksgatan 25, Stockholm.

Socialdepartementet. Pressmeddelande 19 mars 2010. Göran Hägglund besöker Brasilien. I samband med Kung Carl XVI Gustafs och Drottning Silvias statsbesök i Brasilien reser socialminister Göran

Hägglund den 22 mars till Brasilia. Tillsammans med en näringslivsdelegation kommer socialministern delta vid en rad programpunkter som rör sjukvård och barnrättspolitik. Göran Hägglund kommer också träffa den brasilianske hälsoministern José Gomes Temporão. 2010-03-19

Press release from the Ministry of Health and Social Affairs, March 19, 2010. Göran Hägglund visits Brazil. In association with the state visit of King Carl XVI Gustaf and Queen Silvia, the Minister of Health and Social Affairs, Göran Hägglund, will go to Brazil on March 22.

Srinivasan A, Karchmer T, Richards A, Song X, Perl TM. A prospective trial of a novel, silicone-based, silver-coated Foley catheter for the prevention of nosocomial urinary tract infections. *Infection Control and Hospital Epidemiology*, 27, 38-43, 2006

Stenqvist O. Rättsosäkerhet i högsätet då anklagelser om fusk utreds. I och med hanteringen av Thomas Lundeberg-ärendet har Vetenskapsrådets grupp för utredning av oredlighet i forskning förlorat all trovärdighet. Vetenskapsrådets generaldirektör bör omedelbart ompröva ställningstagandet mot den tidigare KI-professorn Thomas Lundeberg, skriver överläkare Ola Stenqvist i Göteborg. *Dagens Medicin*, 2006-12-05

Insecurity regarding the rights of the individual allowed to rule when accusations of scientific fraud are investigated. As a result of the handling of the Thomas Lundeberg case, the Expert Group of the Swedish Research Council has lost all credibility.

Stenqvist O. Vetenskapsrådet och KI gör sig båda skyldiga till rättsövergrepp. Ola Stenqvist vill att beslut om Thomas Lundeberg annulleras och att han får en ursäkt. *Dagens Medicin*, 2009-06-17

The Swedish Research Council and Karolinska Institutet are both guilty of abuse of law.

Stenzelius K, Persson S, Olsson U-B, Stjärneblad M. Noble metal alloy-coated latex versus silicone Foley catheter in short-term catheteri-

zation: a randomized controlled study. *Scandinavian Journal of Urology and Nephrology*, 45, 258-264, 2011

Strandberg K. Werne K. Dina skattepengar går till jättarnas vinst. Nu börjar resultatet av vårdprivatiseringen synas – de stora koncernerna tar ut mångmiljonbelopp i vinst varje år, visar ETC Göteborgs granskning. ETC Göteborg, 2010-09-10

Your tax money goes to the profits of the private giants in health care.

Sutherland EH. White collar crime. Holt, Rinehart & Winston, New York, 1949

Svensson A. Vårdjätten Capio i tvist med Skatteverket. Vårdjätten Capio som bland annat ska överta delar av Norrköpings öppna psykiatrivård betalar ingen skatt. Samtidigt lever företaget i stor utsträckning på skattepengar. Norrköpings Tidningar, 2010-12-13

The health care giant Capio in a legal dispute with the Swedish Tax Agency.

Swecare. Fullspäckt program i Förenade Arabemiraten. Affär direkt under delegationsresa. Under delegationsresan till Förenade Arabemiraten (FAE) i november undertecknades avtal direkt för två av Swecares medföljande företag, Pharmera Group och Bactiguard - en lönsam tredagarsvisit i Gulfregionen. Delegationen under ledning av socialminister Göran Hägglund, mötte bland andra FAEs hälsovårdsminister och chefen för hälsovårdsadministrationen i Dubai samt deltog i ett uppskattat seminarium om utvecklingen av svenska produkter och tjänster för hälso- och sjukvård. Swecare News, 4, 2007-12-20

Crammed program in the United Arab Emirates. Immediate business deals during delegation journey. During the delegation journey to the United Arab Emirates in November, contracts were directly signed for two of the companies accompanying Swecare, Pharmera Group and Bactiguard.

Thyberg J. Scientific fraud or legal scandal. Examination of an investigation at Karolinska Institutet and the Swedish Research Council. GML, Stockholm, 2011 – Swedish original published in 2009.

Thyberg J. Forskning till salu. En granskning av Karolinska Institutets dolda agenda. GML, Stockholm, 2010

Research for sale. A look into the hidden agenda of Karolinska Institutet.

Uhlen Å. Internationellt avtal för svenskt bioteknikföretag. Svenska Bactiguard går in på den kinesiska vårdmarknaden. I dagarna skrevs ett avtal med det amerikanska medteckföretaget Amsino Inc om kontraktstillverkning av och distributionsavtal för urinkatetrar. Dagens Medicin, 2007-01-19

International agreement for a Swedish biotechnology company. The Swedish company Bactiguard enters the Chinese health care market.

Ulfendahl M, Rydqvist B. Sverige behöver ny instans som utreder forskningsfusk. Ett uppmärksammat fall av påstått forskningsfusk vid Karolinska institutet illustrerar bristerna i den svenska hanteringen av dylika ärenden. Vetenskapsrådet med sin nära koppling till universiteten är olämpligt för utredning av forskningsfusk. En lösning kunde vara att inrätta en fristående instans eller utredningsgrupp med anlitan av utländsk expertis. Förebilder kan hämtas från USA. Regeringen och dess forskningsminister har ett övergripande ansvar för att nå en lösning på dessa frågor. Läkartidningen, 103, 3261-3262, 2006

Sweden needs a new agency for the investigation of suspected scientific misconduct.

Weisbrud D, Waring E, Chayet EF. White-collar crime and criminal careers. Cambridge University Press, 2001

Welander Å. Vill flytta tillverkning till Markaryd - Medicinteknikföretaget Bactiguard vill flytta hem sin tillverkning från Kina till Markaryd, vilket skulle innebära mellan 100 och 150 nya jobb till

länet. Men för att bygga upp produktionen här i Sverige behöver de stöd från regionen. Annars kan flytten gå till annan region. Sveriges Radio, Radio Kronoberg, 2009-08-06

Wants to move manufacturing to Markaryd – The medical technology company Bactiguard wants to take home their production from China to Markaryd, which could mean between 100 and 150 new jobs to the county. But to build up the production here in Sweden they need support from the region.

Wendelius A. Kapitalflöden till skatteparadis. En modellskapande undersökning av finansiella offshorecentra och ekonomisk brottslighet. Magisteruppsats, Handelshögskolan, Umeå Universitet, 2008

Cash flow to tax havens. A model-shaping investigation of financial offshore centers and economic criminality.

Werne K. Jackpot i vård. Idag är en stor del av den skattefinansierade välfärden privat. Den drivs av företag som Carema, Attendo Care, Capio och AcadeMedia. De vet hur man undviker höga skatter och gör stora vinster. Det mesta försvinner ut ur Sverige, skriver Kent Werne som har kartlagt riskkapitalbolagen bakom den svenska välfärden. Ordfront Magasin, Nr 1, 2010

Jackpot in health care. Today a large part of the tax-funded welfare is private.

Werne K, Cullberg J. Vården i Stockholm – vinstmaskin för riskkapitalbolagen. Sjukvården har blivit en vinstmaskin för de ledande vårdbolagen och deras ägare. Förra året plockade de fem största aktörerna hem 350 miljoner på stockholmarnas skattepengar visar ETC Stockholms granskning. En stor del av vinsterna hamnar i skatteparadis. ETC Stockholm, 2010-09-10

The health care in Stockholm – a profit machine for the venture capital companies.

Westman M. Smälänningar ersätter silver - med silver. När riskerna med silver uppmärksammas allt mer hittade ett småländskt företag på ett nytt sätt att överlista bakterierna - med silver. Blandningen är superstabil, påverkas inte av kroppsvätskor och håller rent på sjukhus runt om i världen. Ny Teknik, 2007-03-21

Smålanders (people from the landscape Småland in Sweden) replaces silver – with silver. When more and more attention is given to the risks with silver a company from Småland found a new way to deceive the bacteria – with silver.

Winqvist L. "Vi är här för att stanna". Bactiguard frälser kommunen med 150 jobb. Norra Skåne, 2010-06-09

"We are here to stay". Bactiguard saves the municipality with 150 new jobs.

Wrede G. Investors miljardaffär ser ut som ett stödköp.

www.avanza.se (placera.nu), 2010-07-02

The billion SEK deal of Investor looks like a supporting purchase.

22 Index

- Adami, Johanna 83, 88
- Adhesive Technology (Ad Tech) Holdings Ltd 14, 47, 49, 52, 55, 60, 62, 65, 80, 90, 98, 117, 120, 123, 126, 136, 140, 144, 155, 158
- Adhesive Technology (Ad Tech) Licensing BV 16, 50, 52, 60, 62, 98, 117, 123, 145, 156
- AGA light houses 9, 20, 32
- Ahlenius, Inga-Britt 96
- Akzo Nobel 93
- Alalehto, Tage 147
- Aleris 150
- Almi Business Partner 13, 16
- Altor 150
- Ambea 151
- Amsino Inc 82, 85, 94, 108, 153, 160
- Andersson, Christer 86
- Antigua-Barbuda 30, 43
- Apax Partners 151
- Apoteket AB 149
- Apoteket Hjärtat 150
- Apoteket Omstrukturering AB 149
- Arrow International Inc 33
- Arrow Therapeutics 83
- Astra Meditech 21, 42
- Astra Zeneca 22, 41, 78, 83, 114
- Attendo 150
- Augustus International 151
- Bactiguard AB 7, 18, 72, 80, 83, 84, 89, 90, 91, 98, 106, 126, 136, 152, 158
- Bahamas 131
- Bain & Company 12, 21, 28, 40, 154
- Barclays Bank 17
- Base company 145
- Baxter International Inc 21, 33
- Bayh, Birch 21
- Bayh-Dole Act 21, 40
- Berglund, Ulrika 8
- Bergström, Axel 9, 20, 27, 32, 154
- Biozif Holdings Ltd 19, 89, 95, 98, 142, 158
- Björkholm, Kurt 26, 118
- Blackfields BV 19, 89, 98, 142, 158
- Borelius, Maria 133, 149
- Braithwaite, John 149
- British Virgin Islands 14, 17, 22, 49, 72, 82, 120, 124, 130, 138, 141, 145, 157
- Capio 150
- Carema 150
- Carlstedt-Duke, Jan 25, 26

Cayman Islands 131
 Celesio AG 74
 CellaVision 93
 Center for Medical Innovations, CMI 29
 China 8, 82, 85, 92, 108, 110, 153, 159
 Christensen, John 150
 Comhem 79
 Conduit company 144
 Consulting Pharmexx GmbH 74
 Cowleard, Jason Lee 138
 CR Bard Inc 10, 17, 21, 33, 43, 54, 60, 63, 104, 117, 126, 145, 152, 155, 159
 Cyprus 19, 90, 95, 143, 152, 158
 CytaCoat AB 29, 116
 Dalén, Gustaf 9, 20, 27, 32, 154
 Danderyd's Hospital, DS 25, 86
 Deeth, Astrid 13, 22, 30, 43, 48, 54, 60, 69, 82, 98, 124, 142, 155, 157
 Deeth, Peter J 43
 Dole, Bob 21
 Dometic 79
 Edberg, Agneta 83, 87
 Ekholm, Börje 150
 Ekman, Peter 11, 21, 37, 40, 101
 Elekta 88
 Engdahl, Oskar 132
 EPO – European Patent Office 15, 55, 155
 EQT 78, 89, 150, 158
 EQT Partners BV 78, 89, 150
 Equity Trust (BVI) Ltd 141
 Ericsson, Carl-Göran 86
 Eslöv 90, 108, 111, 153, 160
 Espacenet 17, 80, 90, 146, 158
 European Parliament 136
 European Business Register, EBR 79, 137
 Food and Drug Administration, FDA 15, 37, 48, 54, 60, 65, 117, 155
 FTC Trust BV 89
 G8 Group 143
 Garmong, Gregory 55
 GE Healthcare 83
 Germundsson, Bengt 96, 108,
 Glazier, Paul Howard 138
 Graf, Peter 86
 Granerfeldt, Staffan 122
 Grimshaw, John 138
 Guardian Trust & Securities Company Ltd 14, 17, 49, 124, 137, 140, 145, 157
 Guernsey 78, 89, 127, 130, 150, 158
 Harvard University 30, 97
 HealthCap 29, 116
 Health Technology Assessment (HTA) 87, 104, 105

Helperby Therapeutics 68
 Hode, Lars 9, 20, 31
 Hong Kong 143
 Huntingdon Research Centre Ltd 34,
 Hägglund, Göran 7, 28, 92, 97,
 107, 112, 113, 149, 153, 159,
 161
 IKEA 132
 IK Investment Partners 151
 Industrifonden 91
 Industrins Hållbarhetspris 93
 Investor AB 78, 150
 Investor Growth Capital Holding BV 79
 Investor Holding AB 78
 Isle of Man 131
 IVAX Corporation 74
 Jersey 14, 18, 22, 46, 49, 54, 63,
 72, 82, 90, 98, 120, 125, 131,
 136, 140, 150, 155, 158
 JF Nominees Ltd 46
 Kamprad 132
 Kanekrans, Peter 43
 Karolinska Institutet, KI 9, 20,
 24, 51, 116, 154
 Karolinska Hospital, KS 11, 21,
 24, 37, 101, 119
 Kaupthing Bank 18, 83, 89, 98,
 120, 123, 142
 Kenny, Janette 138
 Kinch, Christian 7, 18, 23, 73,
 81, 84, 89, 92, 96, 106, 112,
 119, 142, 152, 158
 Kinchard 74
 KKR 151
 Lagrell, Lars-Åke 27, 82, 91,
 159
 Larsson, Lena 16, 62
 Larsson, Maria 8, 93, 97, 107,
 159
 Lawson, Glenn 118
 Lemne, Carola 27
 Levi-Montalcini, Rita 24
 Liechtenstein 131
 Liedberg, Hans 11, 21, 37, 54,
 61, 65, 101, 116,
 Lind, Cecilia 109, 112,
 Linnarsson, Dag 22
 Littorin, Sverker 8
 Lundberg, Jan 22, 41
 Lundeberg, Thomas 9, 20, 24,
 31, 37, 43, 48, 54, 60, 80, 84,
 101, 116, 123, 136, 154
 Luxemburg 131, 143, 151
 Markaryd 8, 20, 27, 32, 66, 82,
 91, 94, 108, 154, 159, 160
 Marklund, Tommy 43
 McKinsey & Company 13, 31,
 43
 Meco trust/group 14, 23, 44,
 47, 54, 60, 67, 70, 100, 119,
 136, 148, 155

Medstop 150
 Medtech Investors Ltd 82, 126, 138, 140
 MedTech Magazine 8, 106, 107
 Meta-analysis 102, 105
 Metacot Production AB 14, 18, 28, 44, 47, 61, 72, 98, 120, 126, 155
 Metacot UK Ltd 14, 49, 60, 123, 142, 146, 156
 Metacot US Inc 14, 30, 49, 142, 156
 Ministry for Foreign Affairs 8
 Ministry of Enterprise, Energy and Communications 94, 95
 Ministry of Finance 96
 Ministry of Health and Social Affairs 7, 92, 96, 107, 112
 Model agreement 143
 Monaco 131
 Nautilus 137, 141
 Netherlands Antilles 99, 131
 Netpharma 74
 Nibe 9, 20, 27, 32, 43, 66, 116, 154
 Nilsson, Eva 121
 Noonday 18, 83, 88, 95, 98, 120, 123, 142, 153, 158, 160
 Nord, Michael 86
 Nordic Capital 151
 Nosocomial infections 11, 33, 102, 106, 159
 OECD 99, 132, 143, 146
 Offshore center, OFC 130, 136, 141, 145
 Olsson, Jörgen 88
 Osiris International Trustees Ltd 142
 Ottoson, David 24
 Patent and Registration Office, PRV 13, 43
 Patent and Trademark Office, USPTO 54, 60, 155
 Petrone Group 86
 Pharmexx Nordic 74
 Proceed Ltd 28
 Puusepp, Tomas 88
 Radcliffe College 30
 Rausing 132
 Redelaar, Susan 81
 Rilco Holding BV 75, 89, 158
 Roche 74
 Romney-Leue, Linda 82
 Ross, Steven J 68
 Ross School 68
 Rudling, Karin 27
 Sandvik AB 29
 San Francisco 13, 17, 30, 49, 69, 142, 145, 156
 Sefta Financial Services Ltd 47, 137
 Segulah 150
 Silvia, Queen 107
 Singapore 143

Sirona 79
 Sovereign Trust (Netherlands)
 BV 81
 Spokes, Andrew JM 90
 Stehlin, Bo 30, 69
 Stockholm BioScience 29
 Stockholm School of Economics
 67, 73, 78
 Stockholm Science City Foun-
 dation 29, 123
 Stålldal, Ewa 88, 109
 Sutherland, Edwin 134
 Sutton, Terry 10, 34, 36, 42, 45
 Svanlind, Jörgen 81, 88, 129
 Swecare 8, 92, 107
 Swecare Export Award 7, 92
 SwedenBio Award 93
 Sweden Medtech 8
 Swedish Companies Registra-
 tion Office 62, 90
 Swedish Economic Crime
 Authority, EBM 99, 118
 Swedish Laser-Medical Society,
 SLMS 20, 31
 Swedish Order of Freemasons
 77
 Swedish Trade Council 83, 92,
 107
 Switzerland 29, 127, 143
 Södervall, Billy 9, 20, 27, 31, 43,
 48, 54, 60, 66, 80, 82, 101,
 136, 154
 Tax haven 14, 17, 22, 45, 72, 78,
 90, 120, 126, 130, 136, 141,
 143, 145, 149
 Tax law 133
 Teknikhöjden AB 29, 116, 118,
 123
 Tetra Pak 132
 Tigrillo Ltd 46, 136, 155
 Tollstadius, Anita 88
 TomCo BV 19, 89, 98, 142, 158
 treaty-shopping-arrangement
 144
 Trademark 14, 18, 50, 63, 72,
 94, 126, 158
 Triton 151
 Tunér, Jan 31
 Urinary tract infection 9, 21,
 33, 101, 106
 Urinary catheter 10, 21, 27, 32,
 41, 48, 54, 63, 85, 101, 106,
 117, 152
 USPTO – United States Patent
 and Trademark Office 54,
 60, 155
 Uvnäs Moberg, Kerstin 26, 118
 Van der Ploeg, Gideon 89
 Van Wolfsvinkel, Ruurd 89
 Vicico BV 81, 127
 Von Koch, Thomas 18, 23, 72,
 74, 78, 81, 84, 89, 91, 120,
 142, 152, 158
 Vårdal Foundation 88

Walker, William 55

Wallberg-Henriksson, Harriet
25

Walstam, Gunnar 12, 21, 28,
40, 44, 48, 60, 67, 70, 81, 83, 98,
116, 120, 124, 129, 136, 142, 154,
157

Walstam & Partners 13, 42, 44

Walton, Miles 82, 138, 141

Waring, Elin 147

Weisbrud, David 147

Wennergren, Bertil 25

Wigzell, Hans 25, 29, 116, 117,
118, 123

Worthy Nominees Ltd 46,

Worthy Secretaries Ltd 46, 137

Åhlund, Mats 121