Regental Action Required Under the State of Michigan Conflict of Interest Statute

Authorization for the University to enter into an agreement with Hammzoco Technologies, LLC d/b/a Hamztec, LLC (University of Michigan Employee, Joseph A. Himle, Ph.D., Partial Owner)

Background:

The University of Michigan Pediatric Surgery Department seeks approval to enter into an agreement with Hammzoco Technologies, LLC d/b/a Hamztec, LLC ("Hamztec") to fund the development of an advanced prototype of a wearable sensor system for use in the treatment of acute sufferers of Trichotillomania, the assessment of the commercial viability of the device and fabrication of five prototypes of the device for use in a clinical validation study.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Joseph A. Himle, Ph.D. is a University employee as Associate Dean for Research and Professor of Social Work in the School of Social Work and Professor of Psychiatry in the Department of Psychiatry within the Medical School and would be a party to the agreement as a Partial Owner of Hamztec.

However, the Statute allows the University to enter into such agreements if the following conditions are met:

a) The public servant promptly discloses any pecuniary interest in the contract to the official body which has power to approve the purchase, which disclosure shall be a matter of record in its official proceedings.

b) The purchase is approved by a vote of not less than 2/3 of the full membership of the approving body in open session without the vote of the public servant making the disclosure.

c) The official body discloses the following summary information in its official minutes:

i) The name of each party involved in the contract.

ii) The terms of the purchase, including duration, financial consideration between the parties, facilities or services of the public entity included in the purchase, and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.

iii) The nature of any pecuniary interest.
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

i) The parties to the contract are the Regents of the University of Michigan and its Pediatric Surgery Department and Hamztec.

ii) The agreement is to provide a $45,800 grant from the Michigan Pediatric Device Consortium ("M-PED") which is an association operated by the University of Michigan and funded by the Food and Drug Administration P50 Grant program established for the purpose of the advancement and commercialization of new pediatric devices. The agreement will be used to cover the costs of an external engineering and design firm, a digital marketing agency, and the efforts of two consultants with expertise in life science technology, engineering and advanced manufacturing. The agreement performance period is estimated to cover the months September 1, 2015 through September 30, 2016.

iii) The pecuniary interest arises from the fact that University of Michigan employee, Joseph A. Himle, Ph.D. is a Partial Owner of Hamztec. Joseph A. Himle, Ph.D. has met state law requirements with the disclosure of his pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable under the Medical School’s or OVPR’s Conflict of Interest Committee’s procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the agreement between the University of Michigan and Hamztec subject to requirements, if any, that either the Medical School’s or OVPR’s Conflict of Interest Committee may impose.

Respectfully submitted,

Kevin P. Hegarty  
Executive Vice President  
and Chief Financial Officer

May 2016