

**+THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION**

ACTION REQUEST

Subject: Sponsored Activity Agreement between the University of Michigan and Verge Therapeutics, Inc.

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Research and Sponsored Projects while reviewing the Proposal Approval Form which then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by the Board and agreed to by the parties involved.

This proposed sponsored activity agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professor Jonathan Sexton is an employee of the University of Michigan (“University”), and a partial owner of Verge Therapeutics, Inc. The law permits such an Agreement provided it is disclosed to the Board of Regents (“Regents”) of the University of Michigan and approved in advance by a 2/3 vote.

Background:

Dr. Jonathan Sexton, an Assistant Professor in the Department of Internal Medicine – Gastroenterology, is a partial owner of a for-profit company called Verge Therapeutics, Inc. (the “Company”). The Company wishes to fund a sponsored activity related to an NIH SBIR Phase II project entitled, “A novel class of anti-acne therapeutics” (ORSP #21-PAF01312) in the Department of Internal Medicine – Gastroenterology under the direction of Dr. Sexton. The purpose of this agreement is to determine if select novel small molecules have efficacy for human acne by utilizing an animal model.

Agreement Terms:

The terms of the Agreement conform to University policy. The period of performance for the project is approximately one (1) year. The amount of funding support will not exceed \$89,250. Since research projects are often amended, this agreement includes provisions for changes in time and scope. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Impact of the Agreement:

The Agreement will support an effort by Dr. Sexton to use his expertise and University laboratory, as well as other University resources, to evaluate the efficacy of novel molecules in reducing oil produced by the skin, which could demonstrate potential for the development of a new drug for acne.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the University's entering into this Agreement with Verge Therapeutics, Inc.

Respectfully submitted,



Rebecca Cunningham  
Vice President for Research

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