

Contact: Andrea Anania

**CONFLICT OF INTEREST VENDORS**

**Action Requested:** Consider approval of the following vendors with a potential conflict of interest:

UNIVERSITY OF IOWA

- 3-D Dental Studio LLC
- Berg Auto Sales
- Bio::Neos, Inc.
- Lydia M. Diemer
- Electrical Connection Company
- MH Advertising Specialties
- Mobile Xpress Productions, LLC
- Lawrence Yerkes Bookbinder

**Executive Summary:** Vendors at the Regent institutions with a potential conflict of interest are required by statute to be approved by the Board.

**3-D DENTAL STUDIO LLC** is a dental laboratory specializing in technical artistry involving the design and fabrication of dental prosthetics and is located in Coralville, Iowa. Ms. Patricia G. Husemann is the Chief Operating Officer. Her husband and son are both employed in the College of Dentistry. Her husband, Henry Husemann, is a full-time Instructional Resource Associate in the Department of Prosthodontics and her son, Dustin R. Husemann, is a part-time student delivery person for Dental Facilities Services.

The University reports that:

- Payments totaling \$1,622 were made to 3-D Dental Studio LLC during FY 2006. These payments were discovered through the strengthened conflict of interest review process;
- Neither Henry Husemann or Dustin R. Husemann have any authority to issue purchase orders or approve payments for their departments nor have they been issued procurement cards;
- Henry Husemann does not participate in purchase decisions as an Instructional Resource Associate nor does Dustin Husemann as a part-time student delivery person; and
- The Department of Prosthodontics does not use the services of 3-D Dental Studios LLC.

**BERG AUTO SALES** is a vehicle sales and rental business. Daniel Berg owns the business, which is located in Iowa City, Iowa. His wife, Jeanne M. Berg, is employed on a 75% basis as a Secretary II for the Rehabilitation Therapies Department at the University of Iowa Hospitals and Clinics (UIHC).

The University reports that Jeanne Berg does not have any authority to issue purchase orders or approve payments for her department, nor has she been issued a procurement card.

**BIO::NEOS, INC.** is a bioinformatics software and consulting company. Terry Braun, Thomas Casavant, and Todd Scheetz all have a 5% interest in the company, which is located in Iowa City, Iowa.

All three are employed full-time at the University of Iowa: Terry Braun and Todd Scheetz as Assistant Professors in the Department of Ophthalmology and Visual Sciences in the College of Medicine and in the Department of Biomedical Engineering in the College of Engineering; and Thomas Casavant as Professor in the Departments of Electrical and Computer Engineering and Biomedical Engineering in the College of Engineering, and in the Center for Bioinformatics and Computational Biology.

The University reports that:

- Terry Braun does not have any authority to issue purchase orders or approve payments for his department. He has been issued a procurement card and all purchases are reviewed and approved by the Dean's Office Administrator in the College of Engineering;
- Todd Scheetz does not have any authority to issue purchase orders or approve payments for his department, nor has he been issued a procurement card; and
- Thomas Casavant has the authority to issue purchase orders and approve payments for his departments, and has been issued a procurement card. All of his purchase orders, payment requests, and procurement card purchases are reviewed and approved by the Dean's Office Administrator in the College of Engineering.

**LYDIA M. DIEMER** is an artist and is located in Iowa City, Iowa. She is employed in a temporary part-time position as the Visual Art Coordinator in the Project Art program at UIHC.

The University reports that:

- Payments totaling \$1,500 were made to Lydia M. Diemer during FY 2006. These payments were discovered through the strengthened conflict of interest review process; UIHC CEO, Donna Katen-Bahensky, approved the payments;
- Ms. Diemer does not have any authority to issue purchase orders or approve payments for her department, nor has she been issued a procurement card; and
- Donna Katen-Bahensky approves purchase and payment requests from the Project Art Program to Lydia M. Diemer.

**ELECTRICAL CONNECTION COMPANY** is an electrical construction and repair business. Shirley and Nate Phillips own the company, which is located in Sigourney, Iowa. Shirley is Nate's mother and is employed on an 80% basis as a Staff Nurse I in the UIHC Family Care Center, Family Medicine.

The University reports that Shirley Phillips does not have any authority to issue purchase orders or approve payments for her department, nor has she been issued a procurement card.

**MH ADVERTISING SPECIALTIES** is an imprinting advertising business. Michael A. Hatcher is the sole proprietor of the business, which is located in Cedar Rapids, Iowa. His wife, Regina Hatcher, is a full-time Secretary II for the College of Business Pomerantz Career Center.

The University reports that payments were made to MH Advertising Specialties and were discovered through the strengthened conflict of interest review process. The payments include \$963 for FY 2005 and \$2,016 for FY 2006, \$1,530 of which were from the Pomerantz Career Center.

The University reports that Regina Hatcher does not have any authority to issue purchase orders or to approve payments for her department, nor has she been issued a procurement card.

**MOBILE XPRESS PRODUCTIONS, LLC** is a video production and video system integration and installation company, which is located in Cedar Rapids, Iowa. James Berg is one of three equal share owners in the business and also owns Focus Productions, Inc. of Iowa City, Iowa (an approved conflict of interest vendor.) Rausch Productions, Inc. of Swisher, Iowa, and Metro Studios, Inc. of Hiawatha, Iowa, are the other two equal share owners.

James Berg's wife, Karen J. Berg, is a full-time Nurse Clinician Specialist for the University of Iowa Heart Care Center at UIHC.

The University reports that Karen J. Berg does not have any authority to issue purchase orders or to approve payments for her department, nor has she been issued a procurement card.

**LAWRENCE YERKES BOOKBINDER** is a book binding business. Lawrence Yerkes is the sole proprietor of the business, which is located in Iowa City, Iowa. His wife, Barbara H. Yerkes, is employed as a full-time Assistant to the Dean in the College of Liberal Arts and Sciences.

The University reports that Barbara H. Yerkes, does not have any authority to issue purchase orders or to approve payments for her department, nor has she been issued a procurement card.

**Background:**

The Iowa Code [68B]:

- Does not alleviate the requirement for institutions to obtain competitive bids and provide public notice.
- Prohibits an official or employee of a regulatory agency from selling, either directly or indirectly, goods or services to the agency of which the individual is an official or employee, except when certain conditions are met.
- Requires all regulatory agencies to adopt rules specifying the method by which employees may obtain agency consent for exception.

The Iowa Administrative Code [681-8.9]:

- Precludes individuals with potential conflicts from being directly involved in the purchasing decisions or authorizing of any such contracts making material changes to such contracts.
- Requires Board authorization when a single purchase from a conflict of interest vendor (Regent employee) exceeds \$1,000 or a fiscal year's cumulative purchases exceed \$2,000.

Once a vendor with a potential conflict of interest is approved by the Board, any Regent institution is authorized to purchase from the vendor.