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

Action Requested: Authorization for the University to enter into an agreement with Arcascope Inc. (University of Michigan Employee, Olivia Walch, Stockholder, Owner, Director, Employee; and University of Michigan Employee, Daniel Forger, Stockholder, Director).

Background:

The University of Michigan Department of Neurology seeks approval to enter into an agreement with Arcascope Inc. for the use of a proprietary algorithm created by Arcascope that is able to analyze the output sleep and cardiac data collected and generated by an Apple watch.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Olivia Walch is a University employee as an Adjunct Research Investigator with the Department of Neurology and would be party to the agreement as stockholder, owner, director, and employee of Arcascope Inc., and Daniel Forger is a University employee as Professor with the Department of LSA Mathematics and Medical School and would be party to the agreement as stockholder and director of Arcascope Inc.

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 the 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 Department of Neurology and Arcascope Inc.

ii) The agreement is for a duration of seven (7) years at a total cost not to exceed $2,050.00. Arcascope Inc. will supply all the necessary resources and personnel to fulfill this contract.

iii) The pecuniary interest arises from the fact that University of Michigan employee Olivia Walch is a stockholder, owner, director, and employee of Arcascope Inc., and University of Michigan employee Daniel Forger is a stockholder and director of Arcascope Inc.

Olivia Walch and Daniel Forger have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable by the supervisor of Olivia Walch and Daniel Forger 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 Arcascope Inc. subject to requirements, if any, that the supervisor of Olivia Walch and Daniel Forger or the Medical School’s or OVPR’s Conflict of Interest Committee may impose.

Respectfully submitted,

Geoffrey S. Chatas  
Executive Vice President and Chief Financial Officer

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