



TO: Chairman Thomas and Members of the ICOC

FROM: C. Scott Tocher, General Counsel

DATE: March 13, 2018

RE: Initiation of biennial CIRM conflict of interest code review.

Executive Summary

Over the last few years the CIRM team has undergone a reorganization, including the creation of new positions and modification of existing roles. As a result, CIRM must amend its conflict of interest code to reflect these changes in personnel. Because CIRM's code exists as a regulation, CIRM must initiate the formal rulemaking process overseen by the Office of Administrative Law to effect these changes.

Initiation of Rulemaking Process

As required by the Political Reform Act ("PRA"), the Governing Board adopted a Conflict of Interest Code for CIRM in 2005. The Code describes the types of financial interests that members of the Governing Board and CIRM employees must disclose on their annual statements of economic interests (Form 700), and it is one of the means by which members and employees identify potential conflicts of interest. This process is overseen by the Fair Political Practices Commission, the body that reviews state agency COI codes.

The PRA also requires every state agency to review its conflict of interest code to examine and amend the code to accurately reflect the current organization of the agency and to determine the appropriate level of disclosure of financial interests in light of the duties and responsibilities of the employees of the agency and the members of its governing board.

Over the last few years the CIRM team has undergone a reorganization, including the creation of new positions and modification of existing roles. As a result, CIRM must amend its conflict of interest code to reflect these changes in personnel. Because CIRM's code exists as a regulation, CIRM must initiate the formal rulemaking process overseen by the Office of Administrative Law to effect these changes. With the Board's approval, the CIRM team will initiate this process along with the assistance of our code reviewing

body, the Fair Political Practices Commission, and will return to the Board for final approval of the code amendments.

Requested Action: The CIRM team requests the ICOC's approval to initiate the rulemaking process to update CIRM's conflict of interest code.