



M E M O R A N D U M

To: Independent Citizens' Oversight Committee

From: C. Randal Mills, Ph.D. – President and CEO

Date: September 3, 2014

Subject: Prospective Employment Policy

At the last board meeting, Dr. Michael Friedman suggested that CIRM consider adopting a policy governing CIRM employees engaged in negotiations with a CIRM grantee or current applicant for CIRM funds. The aim of the policy would be to provide CIRM employees a pathway to employment from CIRM affiliates while preventing the occurrence of an inadvertent conflict of interest.

After considering the topic, I agree. In response to Dr. Friedman's suggestion, we've drafted a policy for the Board's consideration.

As Dr. Friedman recognized, CIRM has a highly talented team. It is therefore understandable that California institutions, including those that receive CIRM funds, would be interested in recruiting them. Currently, there is no prohibition on CIRM team members accepting employment from CIRM funded institutions, however I believe additional clarity regarding this topic would help avoid potential conflict of interest occurrences.

Under the proposed policy, CIRM team members would remain free to pursue other employment opportunities, including with CIRM-funded institutions. To prevent inadvertent violations of California's conflict of interest laws and to ensure the integrity of CIRM's decision-making process, however, the policy would request that CIRM employees notify CIRM legal counsel when the employee begins employment discussions with a CIRM grantee or current applicant. CIRM's legal counsel will maintain the confidentiality of this information and advise the employee of the steps he or she needs to take to remain in compliance with the law. Thus, the policy balances the privacy interests of CIRM employees with the need to protect the integrity of CIRM's decisions.

I look forward to discussing the proposed policy with you at next week's Board meeting.

CIRM POLICY REGARDING NEGOTIATING PROSPECTIVE EMPLOYMENT

CIRM has recruited a highly talented and effective team. As a result, prospective employers, including institutions funded by CIRM, may attempt to recruit CIRM team members. While CIRM is committed to retaining its employees, we recognize that some employees may choose to pursue new opportunities. Under these circumstances, it is critical that we protect the public trust by ensuring that employees who are considering employment opportunities with companies or institutions that have received or are currently applying for CIRM funds refrain from making, participating in making, or attempting to influence a CIRM decision relating to that entity.

California law does not restrict former state employees from accepting employment after leaving state service, even if the employment is with an entity with which the former employee's agency has a contract or grant. Therefore, it is permissible under state law for a CIRM employee to accept a position with a company or institution that has received or applied for funding from CIRM. However, to prevent conflicts of interest, state law prohibits employees from making, participating in making, or attempting to influence any decision directly relating to any entity with whom the employee is negotiating, or has any arrangement, concerning prospective employment. (Gov. Code, § 87407.)

To prevent even the appearance of a conflict of interest, CIRM employees should contact CIRM's general counsel or deputy general counsel if the employee has begun discussions with a prospective employer that has received or is currently applying for CIRM funding. CIRM's attorneys will maintain the confidence of this information and advise the employee of his or her obligations under state law, and the employee will be precluded from participating in any decisions relating to the prospective employer.