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Robert Klein  
Chairman  
California Institute of Regenerative Medicine  
210 King St.  
San Francisco, CA  
94107

April 21, 2006

Dear Mr. Klein:

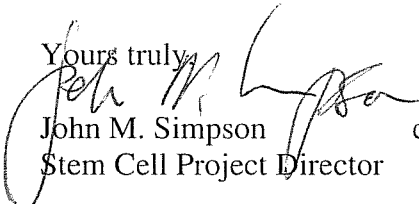
Thank you for your letter dated April 12 responding to my concerns about the "Reach for Tomorrow, Research Today" gala to benefit CIRM. You have written that you, Dr. Ed Penhoet and Dr. Zach Hall have no "fiscal responsibility, control, or decision-making authority over the gala event." Your response misses the point.

The appearance of your names as honorary co-chairs and the fact that top level donors are being offered a "private scientific briefing" that I understand will involve CIRM scientific staff, leaves the inevitable impression that major donors can buy access to CIRM's top three officials. There is a strong likelihood these donors will represent the very entities that receive Proposition 71 stem cell research grants. CIRM is a state agency and you three are its top public officials. You have placed yourselves in an unseemly position, that undermines CIRM's integrity and troubles all of us who believe in stem cell research and good government.

The three of you should resign from the gala committee. There should be no "private scientific briefings." The names of the donors and amounts of donations must be released publicly before CIRM accepts money from the gala. In addition, fundraising activities need to be fully discussed in public at ICOC meetings when they are proposed. You will find that a number of ICOC members share my concern about this fundraising event.

I agree that in other circumstances you would be, as you put it, "in very good company" if you joined Sen. Barbara Boxer, Sen. Dianne Feinstein, Rep. Nancy Pelosi, Mayor Gavin Newsom, Former Mayor Willie Brown, Charlotte Mailliard Shultz, Dr. Paul Berg, Dr. Jeffrey Bluestone and Dr. Irv Weissman, the other honorary co-chairs. But the three of you are the top public officials of the state agency distributing \$3 billion in taxpayer funds for stem cell research. They are not. And that makes all the difference.

Yours truly,

  
John M. Simpson  
Stem Cell Project Director

cc: Independent Citizens' Oversight Committee

# CIRM

CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

Robert Klein, Esq., *Chairman*  
*President, Klein Financial Corporation*  
Ed Penhoet, Ph.D., *Vice Chairman*  
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*President, CEO & Co-Founder, Genoptix, Inc.*  
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*Professor, Department of Neurosciences, UCSD*  
Wayne Wilson  
*President and Director, Gilboa Sciences*  
Robert S. Wright, M.D., F.A.C.C.  
*President, American College of Cardiology*

April 12, 2006

John Simpson  
Stem Cell Project Director  
The Foundation for Taxpayer and Consumer Rights  
1750 Ocean Park Boulevard, #200  
Santa Monica, CA 90405-4938

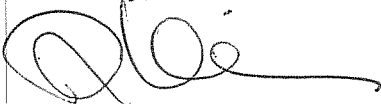
Dear Mr. Simpson:

I am writing in response to your letter of April 12, 2006 regarding the "Reach for Tomorrow, Research Today" gala to benefit CIRM. As you note, Zach Hall, Ed Penhoet, and I are honorary co-chairs of the event. We are in good company as U.S. Senators Barbara Boxer and Dianne Feinstein, Congresswoman Nancy Pelosi, San Francisco Mayor Gavin Newsom, former San Francisco Mayor Willie L. Brown, Charlotte Mailliard Shultz, Nobel Laureate Dr. Paul Berg, Dr. Jeffrey Bluestone, and Dr. Irv Weissman round out the list of honorary event co-chairs.

We are very appreciative of the efforts of the Event Chair, Ms. Deborah Strobin, to raise funds for CIRM as we continue to implement Proposition 71 – as mandated by 59% of California voters - with limited resources and few staff during this period of litigation. I would like to clarify that Dr. Hall, Dr. Penhoet, nor I have any fiscal responsibility, control, or decision-making authority over the gala event. Ms. Strobin and her dedicated events committee maintain full control of this event.

Any funds received from the gala event will be accepted subject to the Policy and Procedure on Accepting Real and Personal Property and Naming passed at the April 6, 2006 meeting of the ICOC in Los Angeles. I have enclosed the policy for your reference.

Sincerely,



Robert Klein  
Chairman