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### Grand jury investigating Vernon official's business deal with wife

October 18, 2010 | 4:28 pm

Current and former Vernon employees testified Monday before a grand jury investigating the financial dealings of the city's former top manager.

The testimony came several days after the official, Donal O'Callaghan, resigned under pressure from a job that made him one of the highest-paid public employees in the state.

He was placed on paid leave in August after The Times inquired about consulting fees paid to him through a company headed by his wife, Kimberly McBride O'Callaghan, and about her work as a contract employee under his supervision.

The grand jury investigation marks a major step forward in the case, which was opened several weeks ago when Los Angeles County prosecutors began looking into the couple's financial dealings with the industrial city in September.

On Monday, a Vernon employee said she was interviewed by a grand jury about O'Callaghan but would not elaborate.

City Councilman Richard Maisano also confirmed the grand jury probe but said he was not called to testify.

"I'm aware the investigation is going on — that's all I can say," Maisano said.

O'Callaghan's attorney said his client had decided to leave under fire from Vernon officials.

"I would characterize this as a forced resignation," Mark Werksman told The Times. "We feel the city has turned their back on Donal and pushed him out the door.... He is being forced out by the same people who reviewed, oversaw and approved the hiring of his wife."

A separation agreement reached between the two sides last week said the city's position was that O'Callaghan "engaged in willful misconduct by participating in the the formation and administration of city contracts involving his spouse."

Werksman vehemently disputed that contention, saying that O'Callaghan's hiring decisions were reviewed and approved by city officials, including then-City Administrator Eric T. Fresch, who "knew Donal and his wife" and the circumstances surrounding her work for Vernon.

"At every step of the way he was reassured that what he was doing was reasonable, appropriate and lawful and in the best interest of the city of Vernon," Werksman said of his client. "It's a betrayal of his goodwill and hard work for the city fathers to now claim that he committed crimes when everything

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he did was at their behest and for their benefit.”

Werkman said O’Callaghan is being unfairly penalized for a salary scandal that erupted in nearby Bell this summer after The Times reported that City Administrator Robert Rizzo and others had been collecting huge paychecks, although none bigger than those paid to some Vernon officials.

“I think he’s being scapegoated because of a hypersensitivity that is a direct result of the scandal in neighboring Bell,” he added.

Fresch did not immediately respond to calls seeking comment.

Vernon City Administrator Mark Whitworth confirmed O’Callaghan’s resignation in a brief statement but did not comment on the grand jury investigation.

“Donal O’Callaghan resigned from the city of Vernon on Oct. 14,” he said. “The parties have agreed to arbitrate any remaining disputes they have over monies Mr. O’Callaghan claims he may be owed (which the city denies).”

-- Sam Allen, Kim Christensen and Hector Becerra

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