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Former Prosecutor to Investigate Santa Monica Council

City hires John Hueston to look into allegations of retaliatory firing

By America Hernandez
Daily Journal Staff Writer

The city of Santa Monica has hired John C. Hueston, a former white collar prosecutor and co-founder of the commercial litigation and criminal defense boutique Hueston Hennigan LLP, to investigate allegations of retaliatory firing after the city settled with a former employee for \$710,000 in July.

“This is an engagement that requires a truly independent review and set of recommendations in order to restore confidence in the people of Santa Monica that the city government is abiding by the highest standards of ethics,” Hueston said.

“Questions have been left unanswered, like why the city did not refer the case to the district attorney’s office before the statute of limitations expired, and whether some issues have been, not buried, but may have been put to rest by virtue of the large payment [to the plaintiff] in the civil lawsuit,” he added.

In April 2014, Elizabeth Riel was offered and accepted the position of communications and public affairs officer for the city after beating out more than 200 applicants, according to the complaint. *Riel v. City of Santa Monica et al.*, 2:14-cv-04692 (W.D. Cal., filed Jun. 18, 2014).

After the city announced Riel’s hiring, then-City Manager Rod Gould approached Riel about a newspaper column she had written in 2006 criticizing the city for not responding to Public Records Act requests for information regarding redevelopment plans for Santa Monica Place.

Gould also cited Riel’s monetary contribution to a local nonprofit which mailed a flyer to residents questioning City Councilwoman Pamela O’Connor for accepting thousands of dollars in campaign contributions from the Santa Monica Place developers while a vote on the project was pending, court documents from both parties show.

O’Connor, who became mayor of Santa Monica, told Gould in emails that became public that she did not trust Riel due to her “contribution to a hit piece” eight years prior. The city subsequently announced another candidate had been hired, prompting Riel to sue for violation of her First Amendment rights.

U.S. District Judge Beverly R. O’Connell of the Central District denied the city’s motion to dismiss, saying Riel’s First Amendment claims were valid, and the city settled in July.

Riel was represented by employment attorney Steven J. Caplan. The city hired Bird, Marella, Boxer, Wolpert, Nessim, Dooks, Lincenberg & Rhow PC as outside counsel.

The independent investigation will build on the material already



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gathered in the civil litigation and include witness interviews and a final report of recommendations, all of which Hueston said will be made public.

“My job is not just to get to the bottom of what happened, but also to report publicly what sort of best practice changes can be implemented to ensure good governance, any amendments to municipal laws so that the city is able to operate at the highest level it aspires to be at,” Hueston said.

In 2009, Hueston was hired as independent counsel for San Bernardino County to investigate allegations of corruption among members of its board of supervisors, which resulted in the indictment of four public employees for extortion, bribery, and other offenses. A grand jury was subsequently empaneled to investigate the alleged bribery scheme in 2011.

As an assistant U.S. attorney, Hueston was co-lead trial prosecutor in the 2006 fraud and insider trading cases against Kenneth Lay and Jeffrey Skilling, former CEO and COO of Enron Corp., respectively.

Hueston has received commendations from the Federal Bureau of Investigation, the Internal Revenue Service, U.S. Customs, and other government agencies for his work prosecuting public corruption, tax fraud, and other white collar crime.

While he often does investigations for private companies seeking to assess their regulatory compliance, Hueston said such assignments from government entities was rare.

The city of Santa Monica has not set a budget or scope of the investigation, preferring to leave it to Hueston to define.

“It is rare for a city or county government to make that kind of investment in order to ensure its people have full confidence in it, in the spirit of independence,” Hueston said. “That really underscores their desire to be a leader in governance and create the best model.”

The investigation should be concluded within three months, according to Hueston’s initial proposal to the city.

Santa Monica City Hall was closed Friday and officials did not respond to requests for comment.

Attorneys for Riel declined to comment on Hueston’s appointment to the investigation.