

October 15, 2026

Via Electronic Mail

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Re: Pandemic Funding Oversight Report – Calendar Year 2026, 3rd Quarter

Dear Governor Healey and Commonwealth Leaders:

This letter serves as the Office of the Inspector General's (OIG) Pandemic Funding Oversight Report for the third quarter of Calendar Year 2026. Pursuant to Section 54 of Chapter 77 of the Acts of 2023, the OIG will continue to file quarterly reports on its pandemic funding oversight expenditures, activities, and findings through the end of Fiscal Year 2027.

On August 26, I joined U.S. Attorney Leah B. Foley; Tom Demeo, Special Agent in Charge of the Internal Revenue Service's Criminal Investigations in Boston; Ted E. Docks, Special Agent in Charge, Federal Bureau of Investigation, Boston Division; and Anthony D'Esposito, Inspector General, Department of Labor, in a press conference to announce the arrest and indictment of Massachusetts State Representative Francisco Paulino of Methuen. The eight counts of wire fraud and three counts of money laundering against Paulino relate to alleged fraudulent applications for federal pandemic relief funds.

The Paulino announcement followed the arrest earlier in August of Lawrence Mayor Brian DePena, who allegedly obtained over \$1.5 million in COVID small-business loans and used those monies to fund his campaign account, pay personal taxes, and pay off over \$880,000 in mortgages on various properties he owned in Lawrence.

The OIG investigated these cases in cooperation with the Federal Bureau of Investigation, the Internal Revenue Service, the Department of Labor, and the U.S. Attorney's Office.

During the third quarter, the OIG continued its reviews of programs supported with federal pandemic relief funds. In July, the OIG issued a letter to MassDevelopment regarding its distribution and oversight of \$75 million for the Hotel & Motel Relief Grant Program and \$3 million for the Independent Movie Theater Grant Program. The OIG recommended that MassDevelopment ensure that eligibility criteria in applications match funding language and that MassDevelopment conduct more timely assessments of grant programs. In a letter to the OIG in response, MassDevelopment agreed with the recommendations and provided more context for the OIG's findings.

Additionally, in July, the OIG issued a letter to the Massachusetts Clean Energy Center (MassCEC) seeking information about \$20 million in federal pandemic relief funds that were allocated for the redevelopment of the Brayton Point Commerce Center. MassCEC provided information about its plan for the unspent appropriation, including information about where funds are kept, attendant fund restrictions, and documentation.

Through its OIG Academy, the OIG provides training to employees of state agencies, local governments, school districts, and other public entities related to federal pandemic awards and the associated rules and best practices to administer that funding. In the third quarter, the OIG delivered three class sessions on these topics:

- “Managing Risk, Measuring Success” (July and September) – Provides practical considerations for conducting program risk assessments and measuring and reporting on program success.
- “Preparing for the Next Emergency Now” (August) – Recommends practical actions that public entities should consider in planning for future public emergencies.

Since delivering its first pandemic funding-related training in March 2022, the OIG has trained over 1,000 attendees.

In 2026's third quarter, the OIG spent \$81,441.75 from the reserve fund on salary costs. Since funding was made available, the OIG has spent \$1,177,196.76.

If you have any questions or concerns about the OIG pandemic funding oversight program or this report, please reach out to me. Thank you.

Sincerely,



Jeffrey S. Shapiro, Esq., CIG
Inspector General

cc (by email):

The Hon. Lt. Gov. Kimberley Driscoll
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