



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Issued 3/25/2015

Bureau of Special Investigations

2nd Quarter Report – FY 2015

October 01, 2014 – December 31, 2014

BUREAU OF SPECIAL INVESTIGATIONS

The Bureau of Special Investigations (BSI) continues to serve an important and necessary function in the State Auditor's Office by diligently protecting public assistance programs from fraud and recovering taxpayer dollars from those who choose to cheat the system, thereby maximizing resources for those citizens truly in need of services. BSI has embraced State Auditor Bump's resolve to help government work better by instituting and enhancing several initiatives and organizational changes, focused around this simple, yet vital, mission: to ensure that taxpayer dollars are spent as properly and as efficiently as possible.

It is important to keep in mind, however, that fraud is not endemic to public benefits programs, the amount of identified fraud is a small fraction of the billions of dollars spent on public benefits, and finding fraud in public benefits programs helps to make the funds available to help those Massachusetts residents who are truly in need.

Working under the provisions of M.G.L. Chapter 11, Section 17, BSI examiners operate from five offices across the state, investigating referrals from the Department of Transitional Assistance (DTA), MassHealth, law enforcement agencies, and the general public. BSI examiners participate in joint investigations and serve on task forces that focus on preventing and combating fraudulent activities, and interact with numerous agencies including the Federal Bureau of Investigation, the U.S. Food and Drug Administration, the U.S. Health and Human Services, the U.S. Attorney's Office, the Office of the Attorney General, the State Police, District Attorneys' Offices, local police, and administering agencies.

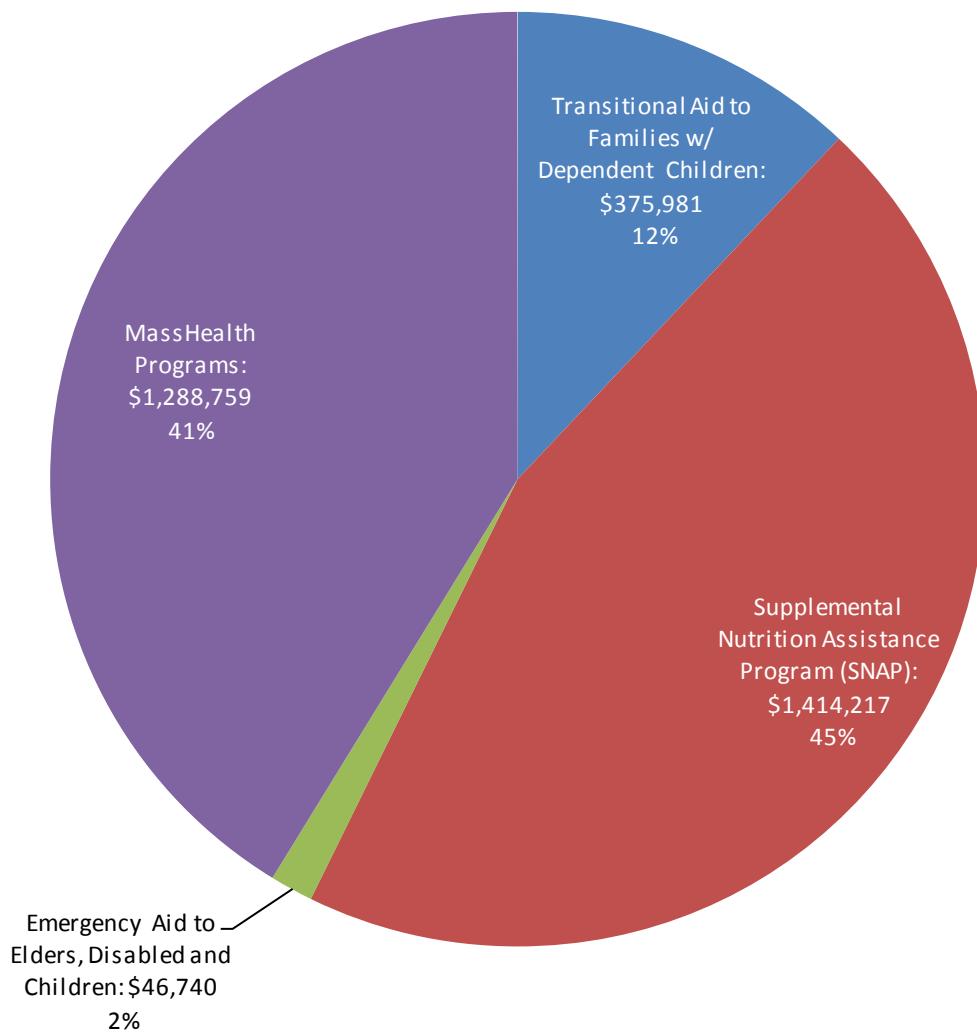
Under Auditor Bump's leadership in bringing in an experienced prosecutor to direct BSI's operations, BSI not only investigates potential fraud in public benefits programs, but also prosecutes criminal cases that arise out of those investigations.

2ND QUARTER ACTIVITIES AND ACCOMPLISHMENTS

During the 2nd quarter of FY 2015, BSI received 2,512 complaints of suspected fraud in public assistance programs. Of the investigations BSI examiners completed, they identified over \$3.1 million in fraudulent claims which are subject to civil recovery or prosecution by the Commonwealth.

\$3,125,697

IN FRAUD IDENTIFIED 2ND QUARTER FY 2015



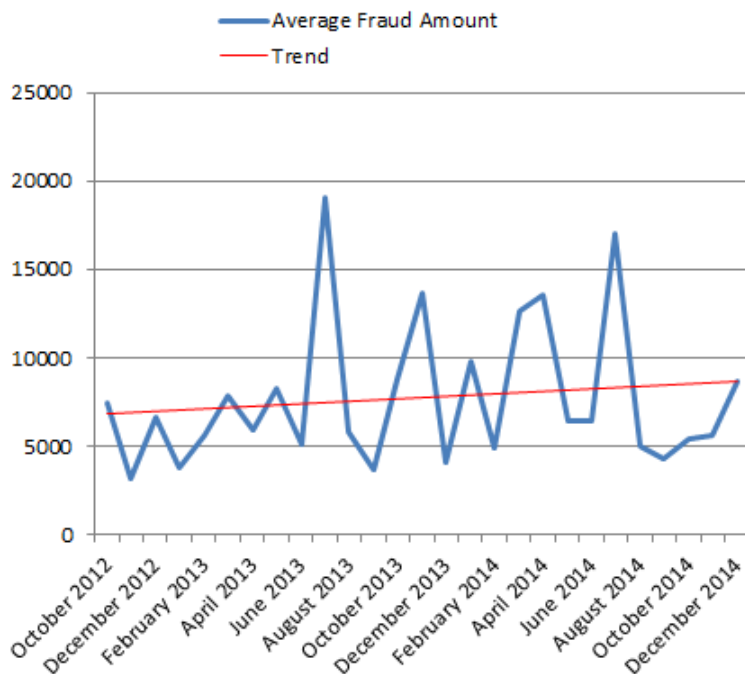
CASE SUMMARY 2ND QUARTER FY 2015

Investigations where examiners document fraudulent receipt of benefits are reviewed for potential prosecution, or sent to the appropriate administering agency responsible for recoupment of fraudulently obtained funds, establishing restitution payments, and for the collection of settlement amounts.

	Child Care	Mass Health	DTA	Hotline	Other	Total Case Counts
Beginning Balance	2	539	3023	1	6	3571
New Investigations	0	207	2301	0	4	2512
Completed w/o Fraud	0	120	2444	0	1	2565
Completed w/ Fraud	1	58	324	0	2	385
Ending Balance	1	568	2556	1	7	3133

At the end of the previous quarter, BSI’s caseload included 3,571 cases in various stages of investigation. BSI received 2,512 new allegations of fraudulently obtained public assistance benefits and services between October 01, 2014 and December 31, 2014. BSI ended the 2nd quarter of FY 2015 with a case load of 3,133. During this quarter, BSI examiners completed a total of 2,950 investigations.

MONTHLY AVERAGE CASE FRAUD AMOUNT AND TREND



Of those cases completed, 385 were associated with fraudulent claims, which equates to an average of \$8,118.69 in identified fraud per case.

DTA RECOVERIES THROUGH 2ND QUARTER FY 2015

To provide a better understanding of the fiscal impact of BSI's investigations, DTA submits monthly reports on the payments received through court order and civil recovery as the result of BSI investigations.

Month	Collected Amount	# of Payments
October 2014	\$54,365	908
November 2014	\$34,749	764
December 2014	\$49,864	862
Quarter Total	\$138,978	2,534

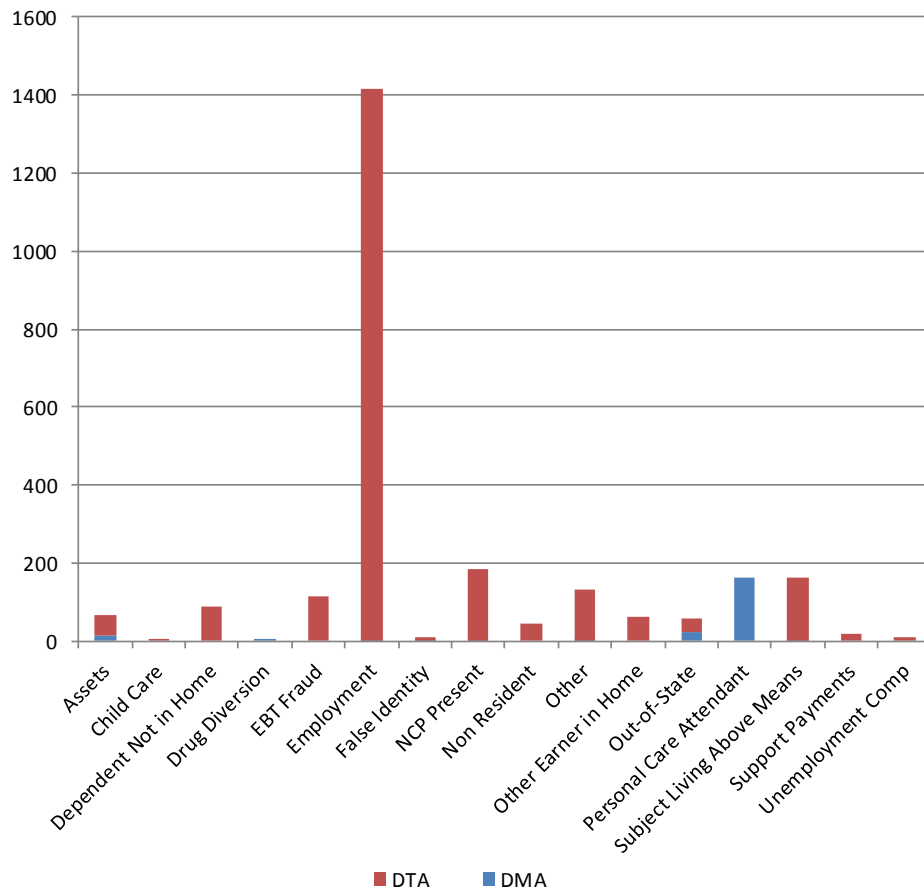
MASSHEALTH AND DEPARTMENT OF TRANSITIONAL ASSISTANCE- PROGRAM SUMMARY

The majority of fraud referrals we receive from our agency partners involve eligibility issues, such as unreported assets and income, and false identities.

BSI examiners this quarter identified fraud in:

- 17 cases totaling \$46,740.26 in Emergency Aid to Elders, Disabled and Children benefits
- 78 cases totaling \$1,288,758.68 in MassHealth Programs benefits
- 313 cases totaling \$1,414,216.66 in Supplemental Nutrition Assistance Program (SNAP) benefits
- 77 cases totaling \$375,981.14 in Transitional Aid to Families w/ Dependent Children benefits

CASES REFERRED BY ALLEGATION TYPE



BSI PROSECUTIONS

Commonwealth v Christina Gallagher, Commonwealth v Lawrence Gallagher *(Docket numbers 1401CR6430 & 1401CR6431)*

One of BSI's investigations demonstrated that Lawrence and Christina Gallagher fraudulently collected \$28,130.48 in Department of Transitional Assistance (DTA) Transitional Aid to Families with Dependent Children (TAFDC) and \$38,169.00 in Supplemental Nutritional Assistance Program (SNAP) between November 6, 2009 and December 7, 2013, by intentionally withholding Lawrence Gallagher's income. Lawrence and Christina Gallagher continued their scheme by making false representations to DTA, claiming only Christina Gallagher's income. Evidence proved that Lawrence Gallagher was self-employed and had income from his business, AC Unlimited, from 2010 to 2013. Lawrence Gallagher made false statements on fourteen (14) DTA forms between November 6, 2009 and May 5, 2013, when he completed and signed the forms claiming the household of six's only income was his spouse's, Christina Gallagher, from the Town of Carver. Christina Gallagher also made false statements on one (1) DTA form on December 20, 2010, claiming the household of six's only income was from her employment with the Town of Carver.

The defendants were arraigned in the Boston Municipal Court on November 14, 2014 and scheduled for a pre-trial hearing on April 17, 2015.

While the bulk of cases BSI investigates are referred from state agencies and law enforcement, the general public also plays a vital role in reporting fraud. The State Auditor's Office has an [online form to report public assistance fraud](#). Citizens can also utilize our fraud reporting hotline: (617)727-6771. All complaints are kept confidential.