



Department of Justice

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FORMER HARRISBURG BUSINESSMAN SENTENCED TO 37 MONTHS' IMPRISONMENT FOR DEFRAUDING COLLEGE FACULTY UNION

HARRISBURG – The United States Attorney’s Office for the Middle District of Pennsylvania announced that the former owner/operator of a Harrisburg based dental and vision claims processing business, Michael Timothy Buchanan, age 69, currently a resident of Fishers, Indiana, was sentenced to 37 months’ imprisonment followed by three years of supervised release on February 26, 2020, by Senior U.S. District Court Judge Sylvia H. Rambo, for defrauding a trust fund established by the Association of Pennsylvania State College and University Faculties (APSCUF) out of \$1,493,629.

According to United States Attorney David J. Freed, Buchanan pleaded guilty in May 2019 to a criminal information charging him with one count of health care fraud. Buchanan executed a scheme to defraud the Pennsylvania Faculty Health and Welfare Fund (The Fund) between 2007 and 2017 by his submission of false, inflated invoices for the services his company, Actuaries, Consultants and Administrators, Inc. (ACA), provided The Fund in connection with the processing of dental and vision claims submitted by members of the APSCUF Union.

The Fund paid ACA \$5.20 for each vision claim it processed and \$8.10 for each dental claim it processed. Buchanan routinely and artificially inflated the number of claims it allegedly processed for The Fund between 2007 and 2017 that resulted in a \$1,493,629 overpayment to ACA.

“Citizens have a right to expect that the hard-earned dollars they contribute towards ever increasing health care costs will be protected by the stewards of those funds,” said U.S. Attorney Freed. “When such funds are misappropriated via fraud, we in federal law enforcement will step in to hold the fraudsters accountable. We are pleased that Judge Rambo’s sentence recognized the serious nature of the defendant’s conduct, and that he has been ordered to pay back what he stole.”

“For a decade, Buchanan orchestrated the overbilling of the faculty union,” said Tara A. McMahon, Acting Special Agent in Charge of the FBI’s Philadelphia Division. “His company

deliberately and repeatedly submitted one false claim after the next, resulting in the theft of nearly \$1.5 million. With this sentence, he'll begin to answer for such brazen fraud.”

“In an effort to personally enrich himself, Michael Buchanan stole more than \$500,000 from union members’ health benefits through his scheme of submitting inflated invoices to the union trust fund,” said Derek Pickle, Acting Special Agent-in-Charge, Philadelphia Region, U.S. Department of Labor Office of Inspector General. “We will continue to work with our law enforcement partners to protect the financial integrity of labor organizations,”

Judge Rambo ordered Buchanan to pay \$1,493,629 in restitution to the Fund, to forfeit his interest in \$1,493,629 in U.S. currency, and six Fidelity Brokerage Services retirement accounts. Judge Rambo also ordered Buchanan to commence service of his sentence on April 20, 2020.

The case was investigated by the Harrisburg Office of the FBI and the U.S. Department of Labor, Office of Inspector General. Assistant United States Attorney Kim Douglas Daniel prosecuted the case.

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