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DEFENDANT IN EFI FRAUD SCHEME PLEADS GUILTY

Joseph M. Braas, 45, of Lititz, PA, pleaded guilty today to one count of conspiracy and two counts of mail fraud for his role in a sophisticated loan fraud scheme that caused losses of approximately \$53 million at Equipment Finance, LLC ("EFI"), announced United States Attorney Zane David Memeger. Braas was indicted November 18, 2010, with seven co-defendants. EFI was a logging industry lender that was based in Lititz, Pennsylvania. The company provided funding for the purchase of forestry and land clearing equipment. In March 2002, EFI was acquired by Sterling Financial Corporation ("Sterling"), a former financial services company that was headquartered in Lancaster, Pennsylvania. At that time, EFI became a wholly owned subsidiary of the Bank of Lancaster County, N.A., which in turn was a wholly owned subsidiary of Sterling.

It was alleged in the indictment that as far back as 2001, before EFI was acquired by Sterling, the defendants, five of whom were former EFI employees, were engaging in a systematic fraud that included looting accounts and falsifying EFI's books. Braas was EFI's Chief Operating Officer and was one of the leaders of the conspiracy. He and a co-defendant directed other employees of the company to make false entries in EFI's books, create false documents for EFI's files, and undermine the audit process conducted by Sterling's inside and outside auditors. As a result of the scheme, EFI was made to appear more profitable than it actually was. The scheme also included creating numerous bogus loans, forging EFI loan documents and auditor confirmation letters, and paying nominal borrowers to sign false EFI loan documents.

A sentencing hearing for Braas is scheduled for March 9, 2011. He is facing a total statutory maximum sentence of 65 years in prison, mandatory restitution, plus a possible fine and forfeiture.

The case was investigated by the Federal Bureau of Investigation and the United States Postal Inspection Service. It is being prosecuted by Assistant United States Attorney Nancy Potts.

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