



U.S. Department of Justice

United States Attorney

Eastern District of Pennsylvania

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July 25, 2011

**ALABAMA MAN PLEADS GUILTY IN MULTI-MILLION DOLLAR FINANCIAL FRAUD**

**Scheme Involved Lancaster County Based Lender**

PHILADELPHIA - John Wiley Spann, 50, of Andalusia, Alabama, pleaded guilty today to conspiracy to commit mail fraud, mail fraud, and money laundering, arising out of a massive, sophisticated loan fraud scheme that caused losses of approximately \$53 million at Equipment Finance, LLC (“EFI”), announced United States Attorney Zane David Memeger.

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.

Indicted with Spann were Joseph M. Braas, Michael J. Schlager, Mary C. Stankiewicz, Misty L. Kroesen, Curtis A. Kroesen, Harold W. Young, and John S. Tomberlin.

From 2001 through 2007, Spann, a logging equipment dealer based in Alabama, participated in the loan fraud scheme in a number of ways, including assisting the employees of EFI - Braas, Schlager, Stankiewicz, and the Kroesens - in creating numerous bogus loans, forging EFI loan documents and auditor confirmation letters, and paying nominal borrowers to sign false EFI loan documents. For helping to manage the EFI loan fraud, Spann stole from EFI “compensation” of between \$80,000 to \$100,000 per year and used additional EFI funds to pay off numerous personal debts. Tomberlin, co-owner of an insurance company in Andalusia, Alabama, is alleged to have signed a bogus EFI loan contract in exchange for a payment from Spann of \$10,000.

Young and Tomberlin are also alleged to have assisted Spann in looting EFI’s insurance escrow account. Although no EFI borrower had purchased insurance from their company, South Central Agency, Young and Tomberlin allegedly permitted Spann to create bogus SCA insurance invoices and send them to EFI. EFI then mailed checks to SCA, which were deposited into SCA’s accounts. In total, over \$1 million was sent from EFI to SCA for these nonexistent policies. For allowing Spann to use their invoices and accounts, Young and Tomberlin allegedly charged Spann 20% of the EFI money that flowed through their accounts. Young disbursed the rest of the stolen money at Spann’s direction.

Sentencing is scheduled for December 15, 2011. Spann faces a statutory maximum sentence of 45 years in prison, restitution of \$7.6 million, a fine that could exceed \$2 million, supervised release, and a \$300 special assessment.

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

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