

STERLING FINANCIAL CORP /WA/

Form 8-K

February 22, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K  
CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): February 19, 2008**

**STERLING FINANCIAL CORPORATION**  
(Exact name of registrant as specified in its charter)

**Washington**  
(State or other jurisdiction of  
incorporation or organization)

**0-20800**  
(Commission File Number)

**91-1572822**  
(I.R.S. Employer  
Identification No.)

**111 North Wall Street, Spokane, Washington 99201**

(Address of principal executive offices) (Zip Code)

**(509) 458-3711**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events

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EXHIBIT 99.1

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**INFORMATION TO BE INCLUDED IN THE REPORT**

**Item 8.01. Other Events.**

On February 19, 2008, the U.S. Court of Federal Claims (the Court ) issued its decision awarding damages to Sterling Savings Bank (the Bank ), a wholly-owned subsidiary of Sterling Financial Corporation ( Sterling ) in the Bank s case against the U.S. Government for breach of contractual obligations owed by the U.S. Government to the Bank with respect to the Bank s acquisition of three failing thrifts during the 1980s. In its recent order, the Court ruled that the U.S. Government is liable to the Bank for \$1.05 million. Although the decision made an affirmative award of money damages in Sterling s favor, the amount of the award was lower than the amount of damages Sterling believes it actually suffered as a result of the breach. Sterling is evaluating its options as to whether to take further legal steps in pursuit of additional relief. A copy of the Court s decision is included as Exhibit 99.1 to this report.

**Item 9.01. Financial Statements and Exhibits.**

(d) The following exhibit is being furnished herewith:

Exhibit No.	Exhibit Description
99.1	U.S. Court of Federal Claims opinion and order dated February 19, 2008.

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**S I G N A T U R E**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**STERLING FINANCIAL CORPORATION**

(Registrant)

February 22, 2008

Date

By: /s/ Daniel G. Byrne

**Daniel G. Byrne**

Executive Vice President, Assistant Secretary,  
and Principal Financial Officer

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