

PACWEST BANCORP
Form 11-K
June 25, 2010

Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ý **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2009 or

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission File No. 00-30747

A. **FULL TITLE OF THE PLAN AND THE ADDRESS OF THE PLAN, IF DIFFERENT FROM THAT OF THE ISSUER NAMED BELOW:**

PacWest Bancorp 401(k) Plan

**PacWest Bancorp
120 Wilshire Blvd.
Santa Monica, California 90401**

B. **NAME OF THE ISSUER OF THE SECURITIES HELD PURSUANT TO THE PLAN AND THE ADDRESS OF ITS PRINCIPAL EXECUTIVE OFFICE:**

PacWest Bancorp

**401 West "A" Street
San Diego, California 92101**

Table of Contents

PacWest Bancorp 401(k) Plan

Index

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	<u>2</u>
<u>Statements of Net Assets Available for Benefits December 31, 2009 and 2008</u>	<u>3</u>
<u>Statement of Changes in Net Assets Available for Benefits Year ended December 31, 2009</u>	<u>4</u>
<u>Notes to Financial Statements</u>	<u>5</u>
<u>Supplemental Schedule</u>	
<u>Schedule H, Line 4i Schedule of Assets (Held at End of Year) December 31, 2009</u>	<u>11</u>
All other schedules are omitted because they are not required or applicable pursuant to the Employee Retirement Income Security Act of 1974 (ERISA) and Department of Labor regulations.	

Table of Contents

Report of Independent Registered Public Accounting Firm

The 401K Committee
PacWest Bancorp 401(k) Plan

We have audited the accompanying statements of net assets available for plan benefits of the PacWest Bancorp 401(k) Plan (the "Plan") as of December 31, 2009 and 2008, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2009. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits as of December 31, 2009 and 2008 and the changes in net assets available for the plan benefits for the year ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of (1) assets (held at end of year) as of December 31, 2009 are presented for the purpose of additional analysis and are not required part of the basic 2009 financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2009 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic 2009 financial statements taken as a whole.

/s/ Squar, Milner, Peterson, Miranda & Williamson, LLP

Newport Beach, California
June 23, 2010

Table of Contents

PacWest Bancorp 401(k) Plan

Statements of Net Assets Available for Benefits

December 31, 2009 and 2008

	2009	2008
ASSETS:		
Investments at fair value:		
Cash and cash equivalents	\$ 3,931,272	\$ 3,230,389
Mutual funds	20,424,138	13,624,367
Common stock	1,918,004	2,002,761
Participant loans	687,904	595,497
Total investments	26,961,318	19,453,014
Receivables:		
Employer contributions	479,296	989,727
Participant contributions	110,756	103,089
Total receivables	590,052	1,092,806
Net assets available for benefits	\$ 27,551,370	\$ 20,545,820

See accompanying notes to financial statements.

Table of Contents**PacWest Bancorp 401(k) Plan****Statement of Changes in Net Assets Available for Benefits****Year ended December 31, 2009**

Additions:	
Investment income:	
Interest and dividends	\$ 447,018
Net appreciation in fair value of investments	3,949,768
Total investment income	4,396,786
Contributions:	
Employer	456,957
Participants	3,470,255
Total contributions	3,927,212
Total additions	8,323,998
Deductions:	
Benefits paid to participants	1,299,278
Deemed distribution of loans	2,489
Administrative expenses	16,681
Total deductions	1,318,448
Increase in net assets	7,005,550
Net assets available for benefits:	
Beginning of the year	20,545,820
End of the year	\$ 27,551,370

See accompanying notes to financial statements.

Table of Contents

PacWest Bancorp 401(k) Plan

Notes to Financial Statements

December 31, 2009 and 2008

(1) Description of the Plan

The following description of the PacWest Bancorp 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan which provides retirement benefits for eligible employees of PacWest Bancorp and its subsidiaries (the Company) that have agreed to participate in the Plan. The Plan is administered by PacWest Bancorp (the Sponsoring Employer) who acts by and through its administrative committee, the 401(k) Committee. The 401(k) Committee is presently comprised of seven officers of the Sponsoring Employer and Pacific Western Bank, a subsidiary of the Sponsoring Employer. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

In 2007, the Plan was amended to limit contributions into PacWest Bancorp common stock. The amendment limits contributions into PacWest Bancorp common stock to no more than 25% of either the future contributions made or total participant account balance. No changes were made to any participant account if, on the date of the amendment, the participant that had balances in PacWest Bancorp common stock in excess of the 25% limit, though future contributions were limited to no more than 25% of the total contribution. The amendment also imposes an exchange restriction that prohibits exchanges into PacWest Bancorp common stock if a participant's balance in PacWest Bancorp common stock exceeds 25% of the participant's total account balance. PacWest Bancorp is aware that certain transactions involving real time traded PacWest Bancorp common stock can bypass the 25% restriction.

In 2008, the Plan was renamed the PacWest Bancorp 401(k) Plan.

(b) Contributions

Employees of the Company who are at least 21 years of age are eligible to participate in the Plan beginning the first day of the month following their hiring date. Participants can contribute, under a salary reduction agreement, up to 60% of their eligible compensation, as defined, but not to exceed the dollar amount allowed by law, which was \$16,500 for 2009 and \$15,500 for 2008. The Company's Board of Directors determines the discretionary matching contribution on an annual basis. For the 2009 plan year, the matching contribution was determined to be a maximum amount of 25% of the first 6% of covered compensation. Participants may also contribute amounts representing distributions (rollovers) from other tax favored plans, and participants age 50 and over may make unmatched "catch-up" contributions up to \$5,500 in accordance with Internal Revenue Code (IRC) regulations and limitations.

Participants direct the investment of their contributions into various investment options offered by the Plan. Company contributions are invested at the participant's discretion in the same manner as the salary reduction contributions.

(c) Participant Accounts

Each participant account is credited with the participant's contributions, allocations of the Company's matching contribution and profit sharing contribution (if any), and earnings or losses. Earnings of the various funds are allocated to the participant balances according to the ratio that a

Table of Contents**PacWest Bancorp 401(k) Plan****Notes to Financial Statements (Continued)****December 31, 2009 and 2008****(1) Description of the Plan (Continued)**

participant's account balance or shares held in a given fund bears to the total of all account balances or shares held in the fund.

(d) Vesting

Participant contributions are immediately fully vested. For the Company's matching contributions, participants who were hired before July 1, 2004 are immediately fully vested in employer contributions as well. Participants who were hired after July 1, 2004 shall vest in matching contributions in accordance with the following schedule:

Years of service	Vested percentage	%
Less than 1 year		
1	20	
2	40	
3	60	
4	80	
5	100	

Any nonvested amounts in a terminated participant's account will be forfeited in accordance with plan provisions. At December 31, 2009 and 2008, forfeited nonvested accounts totaled \$27,288 and \$39,629, respectively.

(e) Benefit Payments

A participant may receive a distribution of his or her entire vested accrued benefit only upon the participant's termination of employment. While employed, a participant may receive a distribution of his or her rollover account and employee contribution deferrals for reason of financial hardship, in accordance with Plan provisions. Withdrawal of previously contributed employee after-tax contributions is also permitted in accordance with Plan provisions.

For distributions other than for financial hardship, the method of payment shall be based on the participant's election and may be made in one or a combination of the following methods: a single lump sum; installments (if eligible as defined by the Plan); or direct transfer to an Individual Retirement Account (IRA) or tax favored plan that accepts the transfer. Distribution shall be made in cash or in-kind, in accordance with the participant's election and Plan provisions.

(f) Participant Loans

Loans to participants may be made, in an amount not less than \$1,000 and not to exceed the lesser of 50% of the participant's vested account balance or \$50,000 reduced by the highest outstanding loan balance in the participant's account during the prior 12-month period. Participants may only have one loan outstanding at a time. Such loans are collateralized by the participant's vested balance in the Plan and bear the prevailing interest rate used by lending institutions for loans made under similar circumstances. The terms of these loans cannot exceed five years, except if the loan is used to purchase

Table of Contents

PacWest Bancorp 401(k) Plan

Notes to Financial Statements (Continued)

December 31, 2009 and 2008

(1) Description of the Plan (Continued)

the principal residence of the participant in which case the loan term may be extended for up to a period of ten years. Principal and interest are paid ratably through payroll deductions.

(2) Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Investments are presented at fair value.

(b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the statements of net assets available for benefits along with the additions and deductions presented in the statement of changes in net assets available for benefits, as well as the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

(c) Investments

The Plan's investments in mutual funds, money market funds, and common stock are carried at fair value based on the published market quotations. The Plan's investments in participant loans are valued at cost, which approximates fair value. Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

(d) Payment of Participant Benefits

Participant benefits are recorded when paid.

(e) Administrative Expenses

Administrative expenses of the Plan are paid by the Company, except for loan fees and maintenance fees for ex-employees, which are charged to the applicable participant accounts. The Company is also a party in interest and the trustee charges fees for processing loan application transactions. The administrative fees paid by the Plan in 2009 totaled \$16,681.

(f) Risks and Uncertainties

The Plan provides for various investment options in money market funds, mutual funds, common stocks, corporate debt, and government securities. Investment securities are exposed to various risks such as interest rate, market, and credit. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the various risk factors, in the near term, could materially affect participants' account balances and the amounts reported in the financial statements.

Table of Contents**PacWest Bancorp 401(k) Plan****Notes to Financial Statements (Continued)****December 31, 2009 and 2008****(2) Significant Accounting Policies (Continued)****(g) Concentration of Credit Risk**

Investment in the common stock of PacWest Bancorp comprises approximately 7% and 10% of the Plan's investments as of December 31, 2009 and 2008, respectively. During 2007, the Plan was amended regarding the maximum amount any participant may have in PacWest Bancorp common stock. Generally, participants may not allocate more than 25% of their contributions into PacWest Bancorp common stock.

(3) Investments

The following table presents the fair value of individual investments representing 5% or more of the Plan's net assets available for benefits as of December 31, 2009 and 2008:

	Investment	2009	2008
Fidelity	Contrafund	\$ 1,373,962	\$ 838,223*
Fidelity	Diversified International Fund	1,807,380	1,225,111
Fidelity	Freedom 2020 Fund	1,607,611	1,100,089
Vanguard	Total Bond Market Index Fund	1,587,990	
Fidelity	Retirement Money Market Portfolio	3,931,272	3,230,389
PacWest Bancorp	Common stock	1,918,004	2,002,761

*

Less than 5% as of the respective year-end, presented for comparison purposes only.

During the year ended December 31, 2009, the Plan's investments (including investments bought, sold and held during the year) appreciated as follows:

Investment	2009
Mutual funds	\$ 4,319,673
PacWest Bancorp common stock	(369,905)
Total	\$ 3,949,768

4. Fair Value Measurements

On January 1, 2008, the Plan adopted a new accounting standard regarding disclosure of fair value measurements. This new standard establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets for identical assets or liabilities; Level 2, inputs other than level one that are either directly or indirectly observable such as quoted prices for identical or similar assets or liabilities on markets that are not active; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Table of Contents**PacWest Bancorp 401(k) Plan****Notes to Financial Statements (Continued)****December 31, 2009 and 2008****4. Fair Value Measurements (Continued)***Mutual funds*

Mutual funds are valued at quoted market prices in an exchange and active markets, which represent the net asset values of shares held by the Plan at year end, and are classified as Level 1 investments.

Participant loans

Participant loans are valued at their outstanding balances, which approximate fair value and are classified as Level 3.

Common Stock

Common stock held in participant-directed accounts are stated at the fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the Plan year and are classified as Level 1 investments.

The following table set forth by level, within the fair value hierarchy, the Plan's assets at fair value at December 31, 2009:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 3,931,272	\$	\$	\$ 3,931,272
Mutual funds	20,424,138			20,424,138
Common stock	1,918,004			1,918,004
Participant loans			687,904	687,904
Total assets at fair value	\$ 26,273,414	\$	\$ 687,904	\$ 26,961,318

The following table set forth by level, within the fair value hierarchy, the Plan's assets at fair value at December 31, 2008:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 3,230,389	\$	\$	\$ 3,230,389
Mutual funds	13,624,367			13,624,367
Common stock	2,002,761			2,002,761
Participant loans			595,497	595,497
Total assets at fair value	\$ 18,857,517	\$	\$ 595,497	\$ 19,453,014

Table of Contents**PacWest Bancorp 401(k) Plan****Notes to Financial Statements (Continued)****December 31, 2009 and 2008****4. Fair Value Measurements (Continued)**

Changes in the fair value of the Plan's Level 3 investments during the year ended December 31, 2009 were as follows:

Balance as of December 31, 2008	\$ 595,497
Purchases, issuances, and settlements, net	92,407
Balance as of December 31, 2009	\$ 687,904

(5) Party-in-Interest Transactions

Certain Plan investments are shares of mutual funds managed by Fidelity. Fidelity is the custodian as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Certain Plan investments are shares of common stock of PacWest Bancorp company stock, and thus, these are party-in-interest transactions.

(6) Income Taxes

The Company received a favorable tax determination letter on October 9, 2003 from the Internal Revenue Service stating that the Plan is qualified under IRC Section 401(a) and that the Trust is exempt from federal income taxes under provisions of Section 501(a). Although the Plan has been amended and restated, the plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

(7) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 and 2008 to the Form 5500's:

	2009	2008
Net assets available for benefits per the financial statements	\$ 27,551,370	\$ 20,545,820
Less contributions receivable	(590,052)	(1,092,806)
Net assets available for benefits per the Form 5500	\$ 26,961,318	\$ 19,453,014

The following is a reconciliation of changes in net assets available for benefits per the financial statements for the year ended December 31, 2009 to the Form 5500:

	2009
Change in net assets available for benefits per the financial statements	\$ 7,005,550
Add prior year contributions receivable	1,092,806
Less current year contributions receivable	(590,052)
Net increase per the Form 5500	\$ 7,508,304

Edgar Filing: PACWEST BANCORP - Form 11-K

Table of Contents

PacWest Bancorp 401(k) Plan

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2009

Employer Number 33-0885320

Plan Number: 001

Identity of issue, borrower, or similar party	Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	Number of shares	Current value(a)
Cash and cash equivalents:			
(b) Fidelity	Retirement Money Market Portfolio		\$ 3,931,272
Total cash and cash equivalents			3,931,272
Mutual funds:			
(b) Fidelity	Contrafund	23,575	1,373,962
(b) Fidelity	Equity-Income Fund	23,828	932,631
(b) Fidelity	Value Fund	14,132	804,698
(b) Fidelity	Capital Appreciation Fund	55,943	1,198,856
(b) Fidelity	Diversified International Fund	64,549	1,807,380
(b) Fidelity	Small Cap Stock Fund	82,163	1,309,685
(b) Fidelity	Freedom Income Fund	16,915	181,667
(b) Fidelity	Freedom 2000 Fund	16,177	183,608
(b) Fidelity	Freedom 2005 Fund	6,434	64,535
(b) Fidelity	Freedom 2010 Fund	73,955	925,176
(b) Fidelity	Freedom 2015 Fund	78,968	822,847
(b) Fidelity	Freedom 2020 Fund	128,096	1,607,611
(b) Fidelity	Freedom 2025 Fund	100,953	1,048,905
(b) Fidelity	Freedom 2030 Fund	53,976	668,761
(b) Fidelity	Freedom 2035 Fund	33,741	346,182
(b) Fidelity	Freedom 2040 Fund	42,749	306,085
(b) Fidelity	Freedom 2045 Fund	12,504	105,911
(b) Fidelity	Freedom 2050 Fund	23,217	193,860
(b) Fidelity	Intermediate Government Income Fund	89,873	959,841
Vanguard	Total Band Market Index Fund	153,429	1,587,990
Oakmark	Fund Class I	13,550	501,885
Artisan	Mid Cap Fund	28,966	740,379
Royce	Low Priced Stock Fund	48,280	678,333
Spartan	US Equity Index Fund	25,442	1,003,195
American Funds	Growth Fund of America Class R4	39,475	1,070,155
Subtotal mutual funds			20,424,138
Common stock:			
(b) PacWest Bancorp	Common stock	95,116	1,918,004
Participant loans:			
(b) The Plan	110 Participant loans, interest rates from 5.00% to 8.85%		687,904
Total investments held at end of year			\$ 26,961,318

- (a) Historical cost information is not required for participant directed funds.
- (b) Party-in-interest for which statutory exception exists.

See accompanying report of independent registered public accounting firm.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

PACWEST BANCORP
401(K) PLAN

Date: June 25, 2010

/s/ JEFFREY T. KRUMPOCH

Jeffrey T. Krumpoch
Authorized Signer
401(k) Plan Committee

12
