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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

ERIC TAN, Individually and on Behalf of
All Others Similarly Situated,

Plaintiff,

v.

PACWEST BANCORP, MATTHEW P.
WAGNER, PAUL W. TAYLOR, BART
R. OLSON, and KEVIN LEWIS
THOMPSON,

Defendants.

Case No.

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

Plaintiff Eric Tan (“Plaintiff”), individually and on behalf of all others similarly situated, by and through Plaintiff’s attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, *inter alia*, the investigation conducted by Plaintiff’s counsel, which includes

1 without limitation: (a) review and analysis of regulatory filings made by PacWest
2 Bancorp (“PacWest” or the “Company”) with the United States (“U.S.”) Securities
3 and Exchange Commission (“SEC”); (b) review and analysis of press releases and
4 media reports issued and disseminated by PacWest; and (c) review of other publicly
5 available information concerning PacWest.
6

7 NATURE OF THE ACTION

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9 1. This is a class action on behalf of persons and entities that purchased
10 or otherwise acquired PacWest securities between February 28, 2022 and May 3,
11 2023, inclusive (the “Class Period”). Plaintiff pursues claims against the
12 Defendants under the Securities Exchange Act of 1934 (“Exchange Act”).
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14 2. PacWest operates as a holding company for its wholly-owned
15 subsidiary, Pacific Western Bank (“PWB”), a regional bank based in Los Angeles,
16 California. To support its operations, the Company depends primarily on deposits
17 and external financing sources. Accordingly, PacWest purports to offer “traditional
18 deposit products to businesses and other customers with a variety of rates and terms,
19 including demand, money market, and time deposits” to small, middle-market, and
20 venture-backed businesses.
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22 3. As the holding company of PWB, the value of PacWest’s deposit base
23 is dependent upon interest rates established by the U.S. Federal Reserve (the “Fed”)
24 for federal funds—*i.e.*, excess reserves that commercial banks and other financial
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1 institutions deposit at regional banks which can be then lent to customers.
2 Specifically, when the Fed raises interest rates for federal funds, the value of fixed
3 income securities declines. For example, beginning in March 2022, the Fed raised
4 interest rates approximately eight times over the course of a year, elevating the
5 federal fund rate from neatly zero to a target of 4.5% to 4.75%. As a result, by early
6 March 2023, the S&P U.S. Government Bond Index, which tracks the performance
7 of U.S. dollar-denominated U.S. Treasury and U.S. agency debt issued in the U.S.
8 domestic market, was down 6.4% over the preceding 12 months.
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12 4. Following the Fed's series of aggressive interest rate hikes, in early
13 March 2023 several small- to mid-size U.S. banks failed in rapid succession,
14 triggering a sharp decline in global bank stock prices and widespread depositor
15 concerns. In particular, regional banks Silvergate Bank ("Silvergate"), Silicon
16 Valley Bank ("SVB"), Signature Bank, and First Republic Bank ("First Republic")
17 each experienced severe liquidity crises that ultimately led to voluntary liquidation
18 and/or regulatory takeover.
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21 5. Taken together, the collapses of Silvergate, SVB, Signature Bank, and
22 First Republic, all of which were smaller banks with excessive concentration in
23 specific industries, highlighted the specific risks associated with banks with similar
24 concentration and liquidity profiles—*i.e.*, like PacWest, given its venture-focused
25 business model and primarily small- to middle-market business deposit base. What
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1 is more, Silvergate and SVB specifically cited the Fed’s aggressive interest rate
2 hikes as being a contributing factor to their collapse. Accordingly, in response to
3 the various bank failures, on March 10, 2023, PacWest issued a press release to
4 reiterate the supposed strength of the Company’s financial position, stating that
5 PWB is a “well-performing, well-diversified, full-service commercial bank with
6 more than twenty years of history.”
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9 6. However, on May 3, 2023, less than two months after PacWest
10 reassured investors of its financial strength, *Bloomberg* published an article entitled
11 “Regional Banks Sink as PacWest Weighs Strategic Options.” According to
12 *Bloomberg*, “PacWest Bancorp led a renewed slide in regional banks after a report
13 that it’s weighing strategic options including a sale heightened concerns that the
14 turmoil engulfing smaller lenders is far from over[,]” and “[t]he sector has been
15 under pressure as rising interest rates lowered the value of their longer-term
16 investments while increasing the cost of funding and spurring depositors to move
17 cash into higher-yielding money market funds.”
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21 7. Shortly thereafter, *Forbes* published an article entitled “PacWest Stock
22 Falls 39% After Federal Reserve’s Latest Interest Rate Hike.” The *Forbes* article
23 stated that “[h]igher interest rates intensify the spread of the latest bank failure virus
24 that drives deposits out of vulnerable banks, tanks their stock prices, and ultimately
25 prompts an FDIC-enabled rescue[,]” and “the big loss an acquirer would incur to
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1 mark down the value of some PacWest loans makes it unlikely a buyer will emerge
2 for the entire bank.”

3
4 8. Following the publication of the *Bloomberg* and *Forbes* articles,
5 PacWest’s stock price fell \$2.84 per share, or 44.17%, to close at \$3.59 per share
6 on May 4, 2023.

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8 9. Then, on May 11, 2023, PacWest disclosed in a Quarterly Report filed
9 on Form 10-Q with the SEC that that it had lost a significant percentage of its
10 deposits following the publication of the *Bloomberg* and *Forbes* reports.
11 Specifically, the Company stated that “the news headlines increased our customers
12 fears of the safety of their deposits. During the week ended May 5, 2023, our
13 deposits declined approximately 9.5%, with a majority of that decline occurring on
14 May 4th and May 5th after the news reports on the afternoon of May 3rd.”

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17 10. On this news, PacWest’s stock price fell \$1.38 per share, or 22.77%,
18 to close at \$4.68 per share on May 11, 2023.

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20 11. Finally, on July 25, 2023, it was announced that PacWest had entered
21 into an agreement to be purchased by Banc of California, Inc. (“Banc of
22 California”). Under the terms of the agreement, PacWest stockholders were to
23 receive 0.6569 of a share of Banc of California common stock for each share of
24 PacWest common stock.
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1 12. Throughout the Class Period, Defendants made materially false and/or
2 misleading statements, as well as failed to disclose material adverse facts about the
3 Company's business, operations, and prospects. Specifically, Defendants failed to
4 disclose to investors that: (i) PacWest had understated the impact of interest rate
5 hikes on PWB, a smaller bank with excessive concentration in specific industries;
6 (ii) accordingly, the Company had overstated the stability and/or sustainability of
7 its deposit base; (iii) as a result, PacWest was exceptionally vulnerable to excessive
8 deposit flows and/or a liquidity crisis; and (iv) as a result, Defendants' public
9 statements were materially false and/or misleading at all relevant times.
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13 13. As a result of Defendants' wrongful acts and omissions, and the
14 precipitous decline in the market value of the Company's securities, Plaintiff and
15 other Class members have suffered significant losses and damages.
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JURISDICTION AND VENUE

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18 14. The claims asserted herein arise under Sections 10(b) and 20(a) of the
19 Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated
20 thereunder by the SEC (17 C.F.R. § 240.10b-5).
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22 15. This Court has jurisdiction over the subject matter of this action
23 pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act (15 U.S.C. §
24 78aa).
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1 16. Venue is proper in this Judicial District pursuant to 28 U.S.C. §
2 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). PacWest is
3 headquartered in this Judicial District, Defendants conduct business in this Judicial
4 District, and a significant portion of Defendants’ actions took place within this
5 Judicial District.

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8 17. In connection with the acts, transactions, and conduct alleged herein,
9 Defendants directly and indirectly used the means and instrumentalities of interstate
10 commerce, including the U.S. mail, interstate telephone communications, and the
11 facilities of a national securities exchange.

12
13 **PARTIES**

14 18. Plaintiff, as set forth in the accompanying Certification, incorporated
15 by reference herein, purchased PacWest securities during the Class Period and
16 suffered damages as a result of the federal securities law violations and false and/or
17 misleading statements and/or material omissions alleged herein.

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20 19. Defendant PacWest is a Delaware corporation with principal executive
21 offices located at 9701 Wilshire Blvd., Suite 700, Beverly Hills, CA 90212.
22 PacWest’s common stock trades in an efficient market on the Nasdaq Global Select
23 Market (“NASDAQ”) under the ticker symbol “PACW.”
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1 20. Defendant Matthew P. Wagner (“Wagner”) served as PacWest’s Chief
2 Executive Officer (“CEO”) from prior to the start of the Class Period until January
3 2023.

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5 21. Defendant Paul W. Taylor (“Taylor”) has served as PacWest’s CEO,
6 President, and Director since January 2023.

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8 22. Defendant Bart R. Olson (“Olson”) served as PacWest’s Executive
9 Vice President (“V.P.”) and Chief Financial Officer (“CFO”) from prior to the start
10 of the Class Period until November 2022.

11
12 23. Defendant Kevin Lewis Thompson (“Thompson”) has served as
13 PacWest’s Executive V.P. and CFO since November 2022.

14 24. Defendants Wagner, Taylor, Olson, and Thompson (collectively, the
15 “Individual Defendants”), because of their positions with the Company, possessed
16 the power and authority to control the contents of the Company’s reports to the
17 SEC, press releases and presentations to securities analysts, money and portfolio
18 managers, and institutional investors, *i.e.*, the market. The Individual Defendants
19 were provided with copies of the Company’s reports and press releases alleged
20 herein to be misleading prior to, or shortly after, their issuance and had the ability
21 and opportunity to prevent their issuance or cause them to be corrected. Because
22 of their positions and access to material non-public information available to them,
23 the Individual Defendants knew that the adverse facts specified herein had not been
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1 disclosed to, and were being concealed from, the public, and that the positive
2 representations which were being made were then materially false and/or
3 misleading. The Individual Defendants are liable for the false statements pleaded
4 herein.
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6 25. PacWest and the Individual Defendants are collectively referred to
7 herein as “Defendants”.
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9 **SUBSTANTIVE ALLEGATIONS**

10 **Background**

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12 26. PacWest operates as a holding company for its wholly-owned
13 subsidiary, PWB, a regional bank based in Los Angeles, California.
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15 **Materially False and Misleading Statements Issued During the Class Period**

16 27. The Class Period begins on February 28, 2022, when PacWest filed an
17 Annual Report on Form 10-K with the SEC, reporting the Company’s financial and
18 operating results for the year ended December 31, 2021 (the “2021 10-K”). In
19 providing an overview of the Company’s business strategy, the 2021 10-K stated,
20 in relevant part:
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22 Our business strategy is to operate a client-focused, well-
23 capitalized and profitable nationwide bank dedicated to providing
24 personal service to our business and individual customers. We believe
25 that stable, long-term growth and profitability are the result of building
26 strong customer relationships while maintaining disciplined credit
27 underwriting standards. *We continue to focus on originating high-
28 quality loans and leases and growing our low-cost deposit base*

1 *through our relationship-based business lending.*¹ These principles
2 enable us to maintain operational efficiency, increase profitability,
3 increase core deposits, and grow loans and leases in a sound manner.

4 Our loan and lease portfolio consists primarily of real estate
5 mortgage loans, real estate construction and land loans, and commercial
6 loans and leases. We pursue attractive growth opportunities to expand
7 and enter new markets aligned with our business model and strategic
8 plans. Additionally, we focus on cultivating strong relationships with
9 venture capital and private equity firms nationwide, many of which are
10 also our clients and/or may invest in our clients.

11 Our reputation, expertise, and relationship-based business
12 banking model enable us to deepen our relationships with our
13 customers. We leverage our relationships with existing customers by
14 providing access to an array of our products and services, including
15 attracting deposits from and offering cash management solutions to our
16 loan and lease customers. We competitively price our deposit products
17 to meet the needs of our customers with a view to maximizing our share
18 of each customer's financial services business and prudently managing
19 our cost of funds.

20 Focusing on operational efficiency is critical to our profitability
21 and future growth. We carefully manage our cost structure and
22 continuously refine and implement internal processes and systems to
23 create further efficiencies to enhance our earnings.

24 28. Further, in discussing the Company's risk oversight and management,
25 the 2021 10-K stated, in relevant part:

26 We believe risk management is another core competency of our
27 business. We have a comprehensive risk management process that
28 measures, monitors, evaluates, and manages the risks we assume in
conducting our activities.

¹ All emphases included herein are added unless otherwise indicated.

1 Our risk framework is structured to guide decisions regarding the
2 appropriate balance between risk and return considerations in our
3 business. Our risk framework is based upon our business strategy, risk
4 appetite, and financial plans approved by our Board. Our risk
5 framework is supported by an enterprise risk management program.
6 Our enterprise risk management program integrates all risk efforts
7 under one common framework. This framework includes risk policies,
8 procedures, measured and reported limits and targets, and reporting.
9 Our Board approves our risk appetite statement, which sets forth the
10 amount and type of risks we are willing to accept in pursuit of achieving
11 our strategic, business, and financial objectives. Our risk appetite
12 statement provides the context for our risk management tools,
13 including, among others, risk policies, delegated authorities, limits,
14 portfolio composition, underwriting standards, and operational
15 processes.

16 29. Appended to the 2021 10-K as exhibits were signed certifications
17 pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by Defendants Wagner and
18 Olson, attesting that “the information contained in the 2021 10-K fairly presents, in
19 all material respects, the financial condition and results of operations of the
20 Company.”

21 30. On April 19, 2022, PacWest issued a press release announcing the
22 Company’s Q1 2022 results. The press release quoted Defendant Wagner, stating,
23 in relevant part:

24 “Although external events and the resulting volatility in the capital
25 market negatively impacted the first quarter, we continued to make
26 progress on our strategic priorities of increasing earning assets through
27 loan growth and growing net interest income while continuing to
28 improve asset quality. The increase in average loans and leases of
nearly \$2.1 billion and decreasing higher-rate wholesale deposits
during the first quarter resulted in an \$8.3 million increase in net interest
income and helped drive a 19 basis point increase in our net interest

1 margin compared to the fourth quarter. Loans grew by \$1.4 billion in
2 the first quarter to an all-time high of \$24.4 billion. ***With the 25 basis***
3 ***point increase by the Federal Reserve in market rates occurring late***
4 ***in the quarter, the increase had a minimal impact on first quarter***
5 ***results.*** Total deposits decreased by \$1.8 billion driven by a decrease
6 of \$1.5 billion in venture banking due to declines in capital market
7 activity, along with the planned reduction in maturing wholesale
8 deposits of \$0.5 billion, offset by deposit growth of \$180 million in
9 community banking.”

10 31. On July 20, 2022, PacWest issued a press release announcing the
11 Company’s Q2 2022 results. The press release quoted Defendant Wagner, stating,
12 in relevant part:

13 ***“Our organic loan growth during the second quarter was***
14 ***exceptionally strong as we continued to see high demand from our***
15 ***clients.*** Loans grew by \$2.1 billion in the second quarter to an all-time
16 high of \$26.5 billion. Given the high level of economic uncertainty and
17 interest rate volatility, we are taking a cautious approach and expect
18 slower loan growth in the second half of the year. On the deposits side,
19 we continued to see net outflows in the venture banking business as
20 private fundraising and capital market activities for late stage
21 companies continues to be muted. With venture banking deposits down
22 \$1.9 billion during the quarter, we used wholesale deposits to fund the
23 loan growth, which increased deposit costs.”

24 32. On October 19, 2022, PacWest issued a press release announcing the
25 Company’s Q3 2022 results. The press release quoted Defendant Wagner, stating,
26 in relevant part:

27 ***“We are pleased with the growth in our capital ratios during the third***
28 ***quarter of 2022. The increases in the ratios were due to strong earnings,***
the credit-linked notes transaction completed in late September, and
slower growth in loans and loan commitments. Capital remains a
primary focus area and we are targeting a CET1 ratio of 10% by the end
of 2023.”

1 “We were also pleased with the stabilization in venture banking
2 deposits, which grew by \$129 million to \$12.2 billion, contributing to
3 total deposits growing by \$228 million in the third quarter of 2022.
4 After exceptionally strong loan growth in the first half of 2022, loan
5 growth slowed in the third quarter of 2022 due to the expected impact
6 from higher interest rates and our decision to slow loan growth as part
7 of managing our balance sheet.”

8 33. On January 26, 2023, PacWest issued a press release announcing the
9 Company’s Q4 and full year 2022 results. The press release quoted Defendant
10 Wagner, stating, in relevant part:

11 “PacWest is a strong organization with extraordinary clients and has a
12 talented and loyal team. Credit quality remains strong as evidenced by
13 credit metrics such as nonperforming assets of 38 basis points and net
14 charge-offs of four basis points for the quarter and two basis points for
15 the year. *As we head into 2023, our priority is to refocus on core
16 relationship-based community banking, which is expected to result in
17 increased core deposits, increased capital ratios, and an improved
18 efficiency ratio, and allow us to maintain our credit quality at the
19 current favorable levels.*”

20 34. On January 27, 2023, PacWest hosted an earnings call with investors
21 and analysts to discuss the Company’s Q4 and full year 2022 results (the “Q4 2022
22 Earnings Call”). During the scripted portion of the Q4 2022 Earnings Call,
23 Defendant Taylor stated, in relevant part, “[t]here are real challenges ahead with
24 rising interest rates and a slowing economy, but there is [. . .] a significant
25 opportunity for PacWest to improve our performance and return to shareholders,
26 given our strong team, a great customer base and a plan to unlock additional value
27 for our shareholders and employees.”
28

1 35. On February 27, 2023, PacWest filed an Annual Report on Form 10-
2 K with the SEC, reporting the Company’s financial and operating results for the
3 year ended December 31, 2022 (the “2022 10-K”). The 2022 10-K contained
4 substantively similar descriptions of the Company’s business overview and risk
5 oversight and management as discussed, *supra*, in ¶¶ 27-28.
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8 36. Appended to the 2022 10-K were signed certifications pursuant to
9 SOX by Defendants Taylor and Thompson, attesting that “the information
10 contained in the [2022 10-K] fairly presents, in all material respects, the financial
11 condition and results of operations of the Company.”
12

13 37. In early March 2023, regional banks Silvergate, SVB, Signature Bank,
14 and First Republic failed in rapid succession, triggering a sharp decline in global
15 bank stock prices and widespread depositor concerns.
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17 38. Notwithstanding the bank failures, on March 10, 2023, PacWest issued
18 a press release entitled “PacWest Bancorp Issues Updated Financial Figures;
19 Reiterates Capital and Liquidity Strategy and Financial Position in Light of Industry
20 Developments.” The press release stated, in relevant part:
21

22 PacWest [. . .], a bank holding company with \$41 billion in assets, in
23 light of recent industry events, updates the following financial
24 (unaudited) information and reiterates its capital and liquidity strategy:

- 25 • *The Company’s wholly-owned subsidiary, Pacific Western*
26 *Bank (the “Bank”), is a diversified relationship-based*
27 *commercial bank focused on providing business banking and*
28 *treasury management services to small, middle-market, and*

1 *venture-backed businesses. The Bank has been, and continues*
2 *to be, focused on strengthening our core relationship-based*
3 *commercial bank, which we expect to result in stable core*
4 *deposits, increased capital ratios, and an improved efficiency*
5 *ratio, and will allow us to maintain our credit quality at*
6 *favorable levels.*

- 7 • We have a diversified deposit base that includes commercial,
8 community banking, homeowners associations, retail, and
9 venture deposits.
- 10 • As of 3/9/23, total deposits were \$33.2 billion compared with
11 \$33.9 billion as of 12/31/22.
- 12 • *We have taken numerous strategic steps over the past four*
13 *quarters to improve the balance sheet, including exiting non-*
14 *core products, executing bond sales, a preferred stock offering,*
15 *and a credit-linked notes transaction, and commenced a cost-*
16 *reduction initiative designed to increase earnings.*
- 17 • Our risk-based capital ratios, including CET1, have been
18 increasing for the past 3 quarters, including tier 1 risk-based
19 capital ratio of 10.61%, which is well in excess of regulatory
20 requirements, as of 12/31/22.
- 21 • Our liquidity position, with the following financial balances
22 (unaudited) as of 3/9/23, is:
 - 23 • Cash held on balance sheet of approximately \$1.9 billion
 - 24 • Fully collateralized credit facility from the Federal Home
25 Loan Bank of San Francisco of \$4.9 billion
 - 26 • Federal Reserve Discount Window availability of \$2.0
27 billion
 - 28 • Unpledged, liquid securities of approximately \$5.3 billion
 - Loan balances of \$28.3 billion, which are lower by \$384
million since year-end 2022, as the Bank executes on our

1 previously-announced strategy to slow loan growth and
2 strengthen our balance sheet

- 3 • Asset quality remains excellent, and we have experienced no
4 significant changes since year-end, including classified assets,
5 non-performing assets, and charge-offs.

6 *“Though the banking industry is experiencing significant volatility in*
7 *light of recent events, we want to reiterate that Pacific Western Bank*
8 *is a well-performing, well-diversified, full-service commercial bank*
9 *with more than twenty years of history. We have been a proven*
10 *partner to our customers through all economic cycles and are actively*
11 *adapting in the current economic environment,”* said [Defendant]
12 Taylor[.]

13 39. On March 17, 2023, PacWest issued a press release entitled “Pacific
14 Western Bank Issues End of Week Update” The press release stated, in relevant
15 part:

16 [PWB] [. . .] today issued the following statement reaffirming its
17 financial strength.

18 [PWB] continues to have solid liquidity, with over \$10.8 billion in
19 available cash as of March 17, 2023. Available cash exceeds total
20 uninsured deposits. Following the announcement of the [SVB] and
21 Signature Bank closures, the bank experienced elevated net deposit
22 outflows, concentrated primarily in our Venture Banking business line.
23 Since Monday, March 13, 2023, net outflows have fallen sharply, with
24 deposit balance fluctuations substantially stabilizing.

25 As of March 16, 2023, insured deposits exceed 62% of total deposits,
26 including accounts eligible for pass-through insurance. Additionally, as
27 of March 16, 2023, insured venture-specific deposits account for more
28 than 77% of total venture deposits, including accounts eligible for pass-
through insurance. *The bank continues to have a diversified deposit
base that includes commercial, community banking, homeowners
associations, retail, and venture deposits, with venture deposits*

1 *representing approximately 25% of total deposits as of March 16,*
2 *2023.*

3 As previously disclosed, our risk-based capital ratios, including CET1,
4 have been increasing for the past three quarters, including a tier 1 risk-
5 based capital ratio of 10.61%, which is well in excess of regulatory
6 requirements, as of December 31, 2022. Additionally, asset quality
7 remains excellent, and the bank has experienced no significant asset
8 quality changes since year-end, including classified assets, non-
9 performing assets, and charge-offs.

10 “After a challenging week, we are encouraged that much of the
11 volatility seems to have calmed over the past several days. *We have*
12 *taken numerous steps, including leveraging available collateral, over*
13 *the past week to enhance and fortify our liquidity during this time.*
14 *[PWB] remains a diversified bank prepared to continue delivering for*
15 *our customers,”* stated [Defendant] Taylor[.]

16 40. On March 22, 2023, PacWest issued a press release issued a press
17 release entitled “Pacific Western Bank Provides Further Update and Details on
18 Financial Strength.” The press release stated, in relevant part:

19 [PWB] today issues the following update regarding its financial
20 strength, including liquidity and deposits, as well as other recent
21 developments. Financial information is unaudited.

22 Consistent with its announcement on March 17, 2023, the Bank
23 continues to benefit from solid liquidity and stabilized deposit balances,
24 with over \$11.4 billion in available cash as of March 20, 2023, which
25 exceeds total uninsured deposits of \$9.5 billion as of March 20, 2023.

26 The Bank also continues to have a diversified deposit base that includes
27 commercial, community banking, homeowners associations, retail, and
28 venture customers.

1 “I am proud of the efforts the entire PacWest team has taken in these
2 challenging times to enhance our liquidity and preserve franchise
3 value,” said [Defendant]Taylor[.] “We have remained steadfast in our
4 commitment to our customers and our communities, and we are grateful
5 for their support and loyalty. As we look ahead, we have continued
6 confidence in the strength of PacWest and are encouraged by the
7 stability we have seen in our deposits and liquidity over the past week.
8 Additionally, we continue to be encouraged by the clear message from
9 government officials, regulatory agencies, and industry leaders,
10 including Secretary Yellen’s recent remarks regarding the protection of
11 smaller bank depositors. We look forward to continuing to sharpen our
12 strategic focus, bolster our balance sheet, and be a proven partner to our
13 customers.”

14 41. On April 25, 2023, PacWest issued a press release announcing the
15 Company’s Q1 2023 results. The press release quoted Defendant Taylor, stating,
16 in relevant part:

17 “Our strong banking franchise and our loyal, diversified customer base
18 have driven us through one of the most challenging recent periods in
19 the banking industry. Our deposits have stabilized with total insured
20 deposits increasing from 48% of total deposits at year-end to 71% of
21 total deposits at March 31, 2023. Importantly, deposits stabilized in the
22 latter part of March and rebounded nicely in April, increasing
23 approximately \$700 million subsequent to quarter-end. Moreover, in
24 light of the recent events, management took immediate steps to
25 maximize liquidity, including the exploration of strategic asset sales,
26 which has led to the transfer of our \$2.7 billion Lender Finance loan
27 portfolio to held for sale.”

28 ***

“As we look forward, we continue to execute on our overall strategy,
which includes managing the balance sheet around a stable and
diversified funding mix, emphasizing our core business, preserving
profitability with a strong asset base and reduced costs, and maintaining
our capital and liquidity positions while prudently managing risks. We
expect that our total assets will be closer to \$35 billion within the next

1 few months, after we complete certain asset sales and bring down
2 liquidity to more normal levels. These actions will improve our
3 liquidity position and are expected to increase our CET1 capital ratio to
4 above 10%. We are also expediting our operational efficiency strategy
5 to reduce facilities and vendors, optimize business processes, and
6 execute on other cost savings across the business to improve our
7 profitability. We will continue to prioritize our customer relationships,
8 which have been the bedrock of our success for more than twenty
9 years.”

10 42. The above statements identified in ¶¶ 27-36 and 38-41 were materially
11 false and/or misleading and failed to disclose material adverse facts about the
12 Company’s business, operations, and prospects. Specifically, Defendants failed to
13 disclose to investors that: (i) PacWest had understated the impact of interest rate
14 hikes on PWB, a smaller bank with excessive concentration in specific industries;
15 (ii) accordingly, the Company had overstated the stability and/or sustainability of
16 its deposit base; (iii) as a result, PacWest was exceptionally vulnerable to excessive
17 deposit flows and/or a liquidity crisis; and (iv) as a result, Defendants’ public
18 statements were materially false and/or misleading at all relevant times.

19 The Truth Begins to Emerge

20 43. On May 3, 2023, *Bloomberg* published an article entitled “Regional
21 Banks Sink as PacWest Weighs Strategic Options.” The article stated, in relevant
22 part:
23

24 PacWest Bancorp led a renewed slide in regional banks after a report
25 that it’s weighing strategic options including a sale heightened concerns
26 that the turmoil engulfing smaller lenders is far from over.
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1 The Beverly Hills-based lender plunged as much as 60% in postmarket
2 trading, while Western Alliance Bancorp fell as much as 38%. PacWest
3 has been working with a financial adviser and has also been considering
4 a breakup or a capital raise, according to people familiar with the
5 matter.

6 The upheaval that has claimed multiple banks and erased more than
7 75% from PacWest's share price since early March is persisting, despite
8 the lender reporting last month that deposits had stabilized. Federal
9 Reserve Chair Jerome Powell said Wednesday that bank conditions had
10 "broadly improved" since early March, though he noted that the
11 sector's strains "appear to be resulting in even tighter credit conditions
12 for households and businesses."

13 The sector has been under pressure as rising interest rates lowered the
14 value of their longer-term investments while increasing the cost of
15 funding and spurring depositors to move cash into higher-yielding
16 money market funds.

17 First Republic Bank, acquired by JPMorgan Chase & Co. on Monday
18 in a government-led deal, became the fourth US lender to collapse this
19 year, following Silvergate Capital Corp., SVB Financial Group's
20 Silicon Valley Bank and Signature Bank in March.

21 "This group faces huge earnings question marks going forward as
22 funding and deposit costs rise alongside provisions just as the
23 regulatory environment turns more stringent," Adam Crisafulli, analyst
24 at Vital Knowledge, said in a note. "However, it's important to
25 remember that Silicon Valley and First Republic were unique, and
26 investors shouldn't simply extrapolate what happened to them to the
27 whole regional landscape."

28 44. Shortly thereafter, *Forbes* published an article entitled "PacWest Stock
Falls 39% After Federal Reserve's Latest Interest Rate Hike." The press release
stated, in relevant part:

1 On May 2, PacWest stock fell 28%. May 3, its shares fell 60% after-
2 hours following a Bloomberg report the bank was weighing “strategic
3 options” — including putting itself up for sale.

4 In pre-market trading on May 4, its shares were down 38% —
5 recovering after PacWest said its “cash and available liquidity”
6 exceeded uninsured deposits.

7 Is the cascade of bank failures — bracketed by the March 10 collapse
8 of Silicon Valley Bank and JPMorgan’s May 1 takeover of First
9 Republic — over?

10 After the Federal Reserve Bank raised rates another 0.25 percentage
11 points on May 3, I do not think so.

12 Higher interest rates intensify the spread of the latest bank failure virus
13 that drives deposits out of vulnerable banks, tanks their stock prices,
14 and ultimately prompts an FDIC-enabled rescue.

15 ***

16 Look at four recent developments at PacWest — 18.24% of its float is
17 sold short, according to the *Wall Street Journal*.

18 Additionally, interviews with financial industry experts suggest
19 JPMorgan CEO Jamie Dimon’s comment that the bank’s First Republic
20 rescue marked the end of the recent market turbulence will not inoculate
21 the banking system from further consolidation.

22 Investors should consider whether PacWest — which said it added
23 deposits since SVB failed and has not suffered “out-of-the-ordinary”
24 deposit outflows since the First Republic rescue — will be able to find
25 a buyer willing to shoulder its losses.

26 ***

27 *A post-SVB deposit drop*

28 PacWest stock fell 17% on March 20 after it reported a 20% drop in
deposits to \$27.1 billion between the end of 2022 and March 20 of this

1 year — largely from venture banking clients that accounted for 24% of
2 its deposits that day, according to a press release.

3 PacWest raised nearly \$18 billion in financing in the wake of those
4 deposit withdrawals. This included borrowing \$3.7 billion from the
5 Federal Home Loan Bank System, \$10.5 billion from the Fed’s
6 discount window, \$2.1 billion from the Bank Term Funding Program
7 as of March 20, and \$1.4 billion “from a financing facility from Apollo
8 Global Management APO -1.9%-owned investment firm Atlas SP
9 Partners,” noted Bloomberg.

8 *A solid first quarter earnings report*

9
10 PacWest’s first quarter earnings report caused investors to cheer —
11 sending its stock up 14% on April 25. According to MarketWatch,
12 PacWest reported deposits increased \$1.1 billion between March 20
13 and March 31 and the bank added about \$700 million more in deposits
14 as of April 24.

15
16 Meanwhile PacWest’s adjusted earnings beat expectations while its net
17 interest income fell short. Specifically, PacWest’s adjusted earnings per
18 share of 66 cents were a penny above the FactSet consensus, while its
19 net interest income — revenue from loans less deposit and other
20 funding costs — totaled \$279.3 million, about \$12 million below the
21 consensus, *MarketWatch* reported.

18 *JPMorgan’s First Republic takeover*

19
20 PacWest shares lost 28% of their value on May 2, the day after
21 JPMorgan’s First Republic takeover.

22 While *CNBC* could not offer an explanation for PacWest’s plunge, one
23 analyst suggested that the stock price is the market’s way of signaling
24 which bank is the next one to require a government-assisted rescue.

25 Chris Whalen, chair of Whalen Global Advisors, told the *Financial*
26 *Times*, “They are going from the weakest bank to the weakest bank.
27 And it’s not just the short sellers but it’s the customers as well asking
28 if their deposits are safe. The market is focusing on the weakest links
and looking for banks that are vulnerable.”

1 I am thinking that Whalen’s comment is a more measured version of
2 what Calcanis tweeted about SVB in March.

3 *PacWest is considering strategic options*

4 Whalen’s comment seemed prescient after Bloomberg reported
5 PacWest was considering strategic options — sending its stock down
6 60% in May 3 after-hours trading.

7 PacWest later issued a statement that staunched the plunge in its stock
8 price — which traded down 38% in May 4 pre-market trading. “The
9 bank has not experienced out-of-the-ordinary deposit flows following
10 the sale of First Republic Bank and other news. Our cash and available
11 liquidity remains solid and exceeded our uninsured deposits,” noted the
12 statement.

13 Anonymous sources told *Bloomberg* PacWest has been considering a
14 breakup or a capital raise. They said the bank is open to a sale and has
15 not started a formal auction process. Meanwhile, the big loss an
16 acquirer would incur to mark down the value of some PacWest loans
17 makes it unlikely a buyer will emerge for the entire bank.

18 45. Following the publication of the *Bloomberg* and *Forbes* articles,
19 PacWest’s stock price fell \$2.84 per share, or 44.17%, to close at \$3.59 per share
20 on May 4, 2023.

21 46. Then, on May 11, 2023, PacWest disclosed in a Quarterly Report filed
22 on Form 10-Q with the SEC that that it had lost a significant percentage of deposits
23 after the publication of the *Bloomberg* report. Specifically, the Company stated, in
24 relevant part:

25 ***Impact of First Republic Bank Closure and Sale***

26 On May 1, 2023, First Republic Bank was closed by regulators
27 and immediately sold to J.P. Morgan Chase. This event heightened
28

1 market and customer fears of additional bank failures, including
2 PacWest. Our stock price declined approximately 41% from \$10.15 on
3 April 28, 2023, to \$5.96 on May 5, 2023. On the afternoon of May 3,
4 2023, PacWest was featured prominently in the financial news
5 headlines with reports that PacWest was “exploring all of its options
6 and having talks with potential investors and partners”. The news
7 headlines increased our customers fears of the safety of their deposits.
8 *During the week ended May 5, 2023, our deposits declined*
9 *approximately 9.5%, with a majority of that decline occurring on May*
10 *4th and May 5th after the news reports on the afternoon of May 3rd.*
11 PacWest funded this decline in deposits with available on-balance sheet
12 liquidity. As of May 10, 2023, immediately-available liquidity (on-
13 balance sheet liquidity and unused borrowing capacity) was \$15.0
14 billion, which exceeded uninsured deposits of \$5.2 billion, representing
15 a coverage ratio of 288%.

16 47. On this news, PacWest’s stock price fell \$1.38 per share, or 22.77%,
17 to close at \$4.68 per share on May 11, 2023.

18 48. Finally, on July 25, 2023, it was announced that PacWest had entered
19 into an agreement to be purchased by Banc of California. Under the terms of the
20 agreement, PacWest stockholders were to receive 0.6569 of a share of Banc of
21 California common stock for each share of PacWest common stock.

22 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

23 49. Plaintiff brings this action as a class action pursuant to Federal Rule of
24 Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and
25 entities that purchased or otherwise acquired PacWest securities during the Class
26 Period, and who were damaged thereby (the “Class”). Excluded from the Class are
27 Defendants, the officers and directors of the Company, at all relevant times,
28

1 members of their immediate families and their legal representatives, heirs,
2 successors, or assigns, and any entity in which Defendants have or had a controlling
3 interest.
4

5 50. The members of the Class are so numerous that joinder of all members
6 is impracticable. Throughout the Class Period, PacWest's shares actively traded on
7 the NASDAQ. While the exact number of Class members is unknown to Plaintiff
8 at this time and can only be ascertained through appropriate discovery, Plaintiff
9 believes that there are at least hundreds or thousands of members in the proposed
10 Class. Millions of PacWest shares were traded publicly during the Class Period on
11 the NASDAQ. Record owners and other members of the Class may be identified
12 from records maintained by PacWest or its transfer agent and may be notified of the
13 pendency of this action by mail, using the form of notice similar to that customarily
14 used in securities class actions.
15
16
17

18 51. Plaintiff's claims are typical of the claims of the members of the Class
19 as all members of the Class are similarly affected by Defendants' wrongful conduct
20 in violation of federal law that is complained of herein.
21

22 52. Plaintiff will fairly and adequately protect the interests of the members
23 of the Class and has retained counsel competent and experienced in class and
24 securities litigation.
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1 53. Common questions of law and fact exist as to all members of the Class
2 and predominate over any questions solely affecting individual members of the
3 Class. Among the questions of law and fact common to the Class are:
4

5 (a) whether the federal securities laws were violated by Defendants'
6 acts as alleged herein;
7

8 (b) whether statements made by Defendants to the investing public
9 during the Class Period omitted and/or misrepresented material facts about the
10 business, operations, and prospects of PacWest; and
11

12 (c) to what extent the members of the Class have sustained damages
13 and the proper measure of damages.
14

15 54. A class action is superior to all other available methods for the fair and
16 efficient adjudication of this controversy since joinder of all members is
17 impracticable. Furthermore, as the damages suffered by individual Class members
18 may be relatively small, the expense and burden of individual litigation makes it
19 impossible for members of the Class to individually redress the wrongs done to
20 them. There will be no difficulty in the management of this action as a class action.
21

22 **UNDISCLOSED ADVERSE FACTS**
23

24 55. The market for PacWest's securities was open, well-developed, and
25 efficient at all relevant times. As a result of these materially false and/or misleading
26 statements, and/or failures to disclose, PacWest's securities traded at artificially
27 inflated prices during the Class Period. Plaintiff and other members of the Class
28

1 purchased or otherwise acquired PacWest's securities relying upon the integrity of
2 the market price of the Company's securities and market information relating to
3 PacWest, and have been damaged thereby.
4

5 56. During the Class Period, Defendants materially misled the investing
6 public, thereby inflating the price of PacWest's securities, by publicly issuing false
7 and/or misleading statements and/or omitting to disclose material facts necessary to
8 make Defendants' statements, as set forth herein, not false and/or misleading. The
9 statements and omissions were materially false and/or misleading because they
10 failed to disclose material adverse information and/or misrepresented the truth
11 about PacWest's business, operations, and prospects as alleged herein.
12
13

14 57. At all relevant times, the material misrepresentations and omissions
15 particularized in this Complaint directly or proximately caused or were a substantial
16 contributing cause of the damages sustained by Plaintiff and other members of the
17 Class. As described herein, during the Class Period, Defendants made or caused to
18 be made a series of materially false and/or misleading statements about PacWest's
19 financial well-being and prospects. These material misstatements and/or omissions
20 had the cause and effect of creating in the market an unrealistically positive
21 assessment of the Company and its financial well-being and prospects, thus causing
22 the Company's securities to be overvalued and artificially inflated at all relevant
23 times. Defendants' materially false and/or misleading statements during the Class
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1 Period resulted in Plaintiff and other members of the Class purchasing the
2 Company's securities at artificially inflated prices, thus causing the damages
3 complained of herein when the truth was revealed.
4

5 LOSS CAUSATION

6 58. Defendants' wrongful conduct, as alleged herein, directly and
7 proximately caused the economic loss suffered by Plaintiff and the Class.
8

9 59. During the Class Period, Plaintiff and the Class purchased PacWest's
10 securities at artificially inflated prices and were damaged thereby. The price of the
11 Company's securities significantly declined when the misrepresentations made to
12 the market, and/or the information alleged herein to have been concealed from the
13 market, and/or the effects thereof, were revealed, causing investors' losses.
14

15 SCIENTER ALLEGATIONS

16 60. As alleged herein, Defendants acted with scienter since Defendants
17 knew that the public documents and statements issued or disseminated in the name
18 of the Company were materially false and/or misleading; knew that such statements
19 or documents would be issued or disseminated to the investing public; and
20 knowingly and substantially participated or acquiesced in the issuance or
21 dissemination of such statements or documents as primary violations of the federal
22 securities laws. As set forth elsewhere herein in detail, the Individual Defendants,
23 by virtue of their receipt of information reflecting the true facts regarding PacWest,
24 their control over, and/or receipt and/or modification of PacWest's allegedly
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1 materially misleading misstatements and/or their associations with the Company
2 which made them privy to confidential proprietary information concerning
3 PacWest, participated in the fraudulent scheme alleged herein.
4

5 **APPLICABILITY OF PRESUMPTION OF RELIANCE**
6 **(FRAUD-ON-THE-MARKET DOCTRINE)**

7 61. The market for PacWest's securities was open, well-developed, and
8 efficient at all relevant times. As a result of the materially false and/or misleading
9 statements and/or failures to disclose, PacWest's securities traded at artificially
10 inflated prices during the Class Period. Plaintiff and other members of the Class
11 purchased or otherwise acquired the Company's securities relying upon the
12 integrity of the market price of PacWest's securities and market information relating
13 to PacWest, and have been damaged thereby.
14

15 62. During the Class Period, the artificial inflation of PacWest's shares
16 was caused by the material misrepresentations and/or omissions particularized in
17 this Complaint causing the damages sustained by Plaintiff and other members of
18 the Class. As described herein, during the Class Period, Defendants made or caused
19 to be made a series of materially false and/or misleading statements about
20 PacWest's business, prospects, and operations. These material misstatements
21 and/or omissions created an unrealistically positive assessment of PacWest and its
22 business, operations, and prospects, thus causing the price of the Company's
23 securities to be artificially inflated at all relevant times, and when disclosed,
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1 negatively affected the value of the Company's shares. Defendants' materially false
2 and/or misleading statements during the Class Period resulted in Plaintiff and other
3 members of the Class purchasing the Company's securities at such artificially
4 inflated prices, and each of them has been damaged as a result.
5

6 63. At all relevant times, the market for PacWest's securities was an
7 efficient market for the following reasons, among others:
8

9 (a) PacWest's shares met the requirements for listing and were
10 listed and actively traded on the NASDAQ, a highly efficient and automated
11 market;
12

13 (b) As a regulated issuer, PacWest filed periodic public reports with
14 the SEC and/or the NASDAQ;
15

16 (c) PacWest regularly communicated with public investors via
17 established market communication mechanisms, including through regular
18 dissemination of press releases on the national circuits of major newswire services
19 and through other wide-ranging public disclosures, such as communications with
20 the financial press and other similar reporting services; and/or
21

22 (d) PacWest was followed by securities analysts employed by
23 brokerage firms who wrote reports about the Company, and these reports were
24 distributed to the sales force and certain customers of their respective brokerage
25
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28

1 firms. Each of these reports was publicly available and entered the public
2 marketplace.

3
4 64. As a result of the foregoing, the market for PacWest's securities
5 promptly digested current information regarding PacWest from all publicly
6 available sources and reflected such information in PacWest's share price. Under
7 these circumstances, all purchasers of PacWest's securities during the Class Period
8 suffered similar injury through their purchase of PacWest's securities at artificially
9 inflated prices and a presumption of reliance applies.

10
11
12 65. A Class-wide presumption of reliance is also appropriate in this action
13 under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United*
14 *States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded
15 on Defendants' material misstatements and/or omissions. Because this action
16 involves Defendants' failure to disclose material adverse information regarding the
17 Company's business, operations, and financial prospects—information that
18 Defendants were obligated to disclose—positive proof of reliance is not a
19 prerequisite to recovery. All that is necessary is that the facts withheld be material
20 in the sense that a reasonable investor might have considered them important in
21 making investment decisions. Given the importance of the Class Period material
22 misstatements and omissions set forth above, that requirement is satisfied here.
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NO SAFE HARBOR

1
2 66. The statutory safe harbor provided for forward-looking statements
3 under certain circumstances does not apply to any of the allegedly false statements
4 pleaded in this Complaint. The statements alleged to be false and misleading herein
5 all relate to then-existing facts and conditions. In addition, to the extent certain of
6 the statements alleged to be false may be characterized as forward looking, they
7 were not identified as “forward-looking statements” when made and there were no
8 meaningful cautionary statements identifying important factors that could cause
9 actual results to differ materially from those in the purportedly forward-looking
10 statements. In the alternative, to the extent that the statutory safe harbor is
11 determined to apply to any forward-looking statements pleaded herein, Defendants
12 are liable for those false forward-looking statements because at the time each of
13 those forward-looking statements was made, the speaker had actual knowledge that
14 the forward-looking statement was materially false or misleading, and/or the
15 forward-looking statement was authorized or approved by an executive officer of
16 PacWest who knew that the statement was false when made.
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COUNT I

**(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated
Thereunder Against All Defendants)**

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26 67. Plaintiff repeats and re-alleges each and every allegation contained
27 above as if fully set forth herein.
28

1 68. During the Class Period, Defendants carried out a plan, scheme, and
2 course of conduct which was intended to and, throughout the Class Period, did: (i)
3 deceive the investing public, including Plaintiff and other Class members, as
4 alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase
5 PacWest's securities at artificially inflated prices. In furtherance of this unlawful
6 scheme, plan, and course of conduct, Defendants, and each defendant, took the
7 actions set forth herein.
8
9

10 69. Defendants: (i) employed devices, schemes, and artifices to defraud;
11 (ii) made untrue statements of material fact and/or omitted to state material facts
12 necessary to make the statements not misleading; and (iii) engaged in acts,
13 practices, and a course of business which operated as a fraud and deceit upon the
14 purchasers of the Company's securities in an effort to maintain artificially high
15 market prices for PacWest's securities in violation of Section 10(b) of the Exchange
16 Act and Rule 10b-5 promulgated thereunder. All Defendants are sued either as
17 primary participants in the wrongful and illegal conduct charged herein or as
18 controlling persons as alleged below.
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22 70. Defendants, individually and in concert, directly and indirectly, by the
23 use, means, or instrumentalities of interstate commerce, and/or of the mails,
24 engaged and participated in a continuous course of conduct to conceal adverse
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1 material information about PacWest's financial well-being and prospects, as
2 specified herein.

3
4 71. Defendants employed devices, schemes, and artifices to defraud while
5 in possession of material adverse non-public information and engaged in acts,
6 practices, and a course of conduct as alleged herein in an effort to assure investors
7 of PacWest's value and performance and continued substantial growth, which
8 included the making of, or the participation in the making of, untrue statements of
9 material facts and/or omitting to state material facts necessary in order to make the
10 statements made about PacWest and its business operations and future prospects in
11 light of the circumstances under which they were made, not misleading, as set forth
12 more particularly herein, and engaged in transactions, practices, and a course of
13 business which operated as a fraud and deceit upon the purchasers of the Company's
14 securities during the Class Period.
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18 72. Each of the Individual Defendants' primary liability and controlling
19 person liability arises from the following facts: (i) the Individual Defendants were
20 high-level executives and/or directors at the Company during the Class Period and
21 members of the Company's management team, or had control thereof; (ii) each of
22 these Defendants, by virtue of their responsibilities and activities as a senior officer
23 and/or director of the Company, was privy to and participated in the creation,
24 development and reporting of the Company's internal budgets, plans, projections,
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1 and/or reports; (iii) each of these Defendants enjoyed significant personal contact
2 and familiarity with the other Defendants and was advised of, and had access to,
3 other members of the Company's management team, internal reports and other data
4 and information about the Company's finances, operations, and sales at all relevant
5 times; and (iv) each of these Defendants were aware of the Company's
6 dissemination of information to the investing public which they knew and/or
7 recklessly disregarded was materially false and misleading.
8

9
10 73. Defendants had actual knowledge of the misrepresentations and/or
11 omissions of material facts set forth herein, or acted with reckless disregard for the
12 truth in that they failed to ascertain and to disclose such facts, even though such
13 facts were available to them. Such defendants' material misrepresentations and/or
14 omissions were done knowingly or recklessly and for the purpose and effect of
15 concealing PacWest's financial well-being and prospects from the investing public
16 and supporting the artificially inflated price of its securities. As demonstrated by
17 Defendants' overstatements and/or misstatements of the Company's business,
18 operations, financial well-being, and prospects throughout the Class Period,
19 Defendants, if they did not have actual knowledge of the misrepresentations and/or
20 omissions alleged, were reckless in failing to obtain such knowledge by deliberately
21 refraining from taking those steps necessary to discover whether those statements
22 were false or misleading.
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1 74. As a result of the dissemination of the materially false and/or
2 misleading information and/or failure to disclose material facts, as set forth above,
3 the market price of PacWest's securities was artificially inflated during the Class
4 Period. In ignorance of the fact that market prices of the Company's securities were
5 artificially inflated, and relying directly or indirectly on the false and misleading
6 statements made by Defendants, or upon the integrity of the market in which the
7 securities trade, and/or in the absence of material adverse information that was
8 known to or recklessly disregarded by Defendants, but not disclosed in public
9 statements by Defendants during the Class Period, Plaintiff and the other members
10 of the Class acquired PacWest's securities during the Class Period at artificially
11 high prices and were damaged thereby.
12

13 75. At the time of said misrepresentations and/or omissions, Plaintiff and
14 other members of the Class were ignorant of their falsity and believed them to be
15 true. Had Plaintiff and the other members of the Class and the marketplace known
16 the truth regarding the problems that PacWest was experiencing, which were not
17 disclosed by Defendants, Plaintiff and other members of the Class would not have
18 purchased or otherwise acquired their PacWest securities, or, if they had acquired
19 such securities during the Class Period, they would not have done so at the
20 artificially inflated prices which they paid.
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1 76. By virtue of the foregoing, Defendants violated Section 10(b) of the
2 Exchange Act and Rule 10b-5 promulgated thereunder.

3
4 77. As a direct and proximate result of Defendants' wrongful conduct,
5 Plaintiff and the other members of the Class suffered damages in connection with
6 their respective purchases and sales of the Company's securities during the Class
7 Period.
8

9 **COUNT II**

10 **(Violations of Section 20(a) of the Exchange Act Against the Individual**
11 **Defendants)**

12 78. Plaintiff repeats and re-alleges each and every allegation contained
13 above as if fully set forth herein.

14
15 79. The Individual Defendants acted as controlling persons of PacWest
16 within the meaning of Section 20(a) of the Exchange Act as alleged herein. By
17 virtue of their high-level positions and their ownership and contractual rights,
18 participation in, and/or awareness of the Company's operations and intimate
19 knowledge of the false financial statements filed by the Company with the SEC and
20 disseminated to the investing public, the Individual Defendants had the power to
21 influence and control and did influence and control, directly or indirectly, the
22 decision-making of the Company, including the content and dissemination of the
23 various statements which Plaintiff contends are false and misleading. The
24 Individual Defendants were provided with or had unlimited access to copies of the
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1 Company's reports, press releases, public filings, and other statements alleged by
2 Plaintiff to be misleading prior to and/or shortly after these statements were issued
3 and had the ability to prevent the issuance of the statements or cause the statements
4 to be corrected.
5

6 80. In particular, the Individual Defendants had direct and supervisory
7 involvement in the day-to-day operations of the Company and, therefore, had the
8 power to control or influence the particular transactions giving rise to the securities
9 violations as alleged herein, and exercised the same.
10

11 81. As set forth above, Defendants each violated Section 10(b) of the
12 Exchange Act and Rule 10b-5 promulgated thereunder by their acts and omissions
13 as alleged in this Complaint. By virtue of their position as controlling persons, the
14 Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As
15 a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other
16 members of the Class suffered damages in connection with their purchases of the
17 Company's securities during the Class Period.
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20

21 **PRAYER FOR RELIEF**

22 **WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

23 A. Determining that this action is a proper class action under Rule 23 of
24 the Federal Rules of Civil Procedure;
25

26 B. Awarding compensatory damages in favor of Plaintiff and the other
27 Class members against all Defendants, jointly and severally, for all damages
28

1 sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial,
2 including interest thereon;

3
4 C. Awarding Plaintiff and the Class their reasonable costs and expenses
5 incurred in this action, including counsel fees and expert fees; and

6 D. Such other and further relief as the Court may deem just and proper.
7

8 **DEMAND FOR TRIAL BY JURY**

9 Plaintiff hereby demands a trial by jury.

10 Dated: September 11, 2023

Respectfully submitted,

11
12 POMERANTZ LLP

13 */s/ Jennifer Pafiti*

14 _____
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