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SECURITIES AND EXCHANGE COMMISSION
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Information Required of Brokers and Dealers

Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/08 **AND ENDING** 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Pacific Crest Securities LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS:

(Do not use P.O. Box No.)

111 S.W. Fifth Avenue, 42nd Floor

(No. and Street)

Portland OR Washington, DC 97204

(City)

SEC Mail
Mail Processing
Section

MAR 02 2009

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Daniel R. Shank, Chief Financial Officer (503) 248-0721

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
(Name - if individual, state last, first, middle name)

KPMG LLP

1300 S.W. Fifth Avenue, Suite 3800 Portland OR 97201
(ADDRESS) Name and Street City State Zip Code

CHECK ONE:

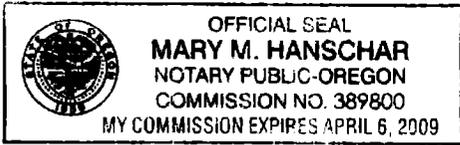
- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a 5(e)(2).

Handwritten initials/signature

OATH OR AFFIRMATION

I, Daniel Shank, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pacific Crest Securities LLC, as of 12/31/08, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.



Daniel R Shank

Daniel R. Shank
Chief Financial Officer

Dated 2-27-09

Mary M. Hanschar
Notary Public

MY COMMISSION EXPIRES 4-6-09

This report contains (check all applicable boxes):**

- | | | |
|-------------------------------------|-----|---|
| <input checked="" type="checkbox"/> | (a) | Facing page |
| <input checked="" type="checkbox"/> | (b) | Statement of Financial Condition |
| <input checked="" type="checkbox"/> | (c) | Statement of Operations |
| <input checked="" type="checkbox"/> | (d) | Statement of Cash Flows |
| <input checked="" type="checkbox"/> | (e) | Statement of Changes in Stockholder's Equity of Partners' or Sole Proprietor's Capital |
| <input type="checkbox"/> | (f) | Statement of Changes in Liabilities Subordinated to Claims of Creditors |
| <input checked="" type="checkbox"/> | (g) | Computation of Net Capital |
| <input type="checkbox"/> | (h) | Computation for Determination of Reserve Requirement Pursuant to Rule 15c3-3 |
| <input type="checkbox"/> | (i) | Information Relating to the Possession or Control Requirements under Rule 15c3-3 |
| <input type="checkbox"/> | (j) | A Reconciliation, including appropriate explanation, of the Computation of Net Capital under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-3 |
| <input type="checkbox"/> | | Schedule of Segregation Requirements and Funds in Segregation pursuant to Commodity with respect to methods of consolidation |
| <input type="checkbox"/> | (k) | A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation |
| <input checked="" type="checkbox"/> | (l) | An Oath or Affirmation |
| <input type="checkbox"/> | (m) | A Copy of the SIPC Supplemental Report |
| <input type="checkbox"/> | (n) | A Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit |
| <input checked="" type="checkbox"/> | (o) | Independent Auditors' Report on Internal Control Structure |

****For Conditions of confidential treatment of certain portions of this filing, see Section 240.17a-5(e)(3)**



PACIFIC CREST SECURITIES LLC
(formerly Pacific Crest Securities Inc.)

Statement of Financial Condition

December 31, 2008

(With Independent Auditors' Report Thereon)

PACIFIC CREST SECURITIES LLC
(formerly Pacific Crest Securities Inc.)

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KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

The Board of Directors
Pacific Crest Securities Holdings Inc.:

We have audited the accompanying statement of financial condition of Pacific Crest Securities LLC (the Company) as of December 31, 2008. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Pacific Crest Securities LLC as of December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, effective February 1, 2008, the Company converted from an S Corporation to a single member LLC.

KPMG LLP

Portland, Oregon
February 27, 2009

PACIFIC CREST SECURITIES LLC
(formerly Pacific Crest Securities Inc.)

Statement of Financial Condition

December 31, 2008

Assets	2008
Cash and cash equivalents	\$ 12,203,744
Deposit with clearing organization	100,000
Securities owned:	
Marketable	7,413
Nonmarketable	1,750
Due from clearing agent	2,664,763
Prepaid expenses and other	414,395
Notes receivable from employees	65,129
Receivables from noncustomers, net	509,914
Property and equipment, net	1,270,744
Deferred tax asset	945,064
	<u>\$ 18,182,916</u>
Liabilities and Member Equity	
Accounts payable and accrued expenses	\$ 1,811,201
Market value of securities sold, not yet purchased	490
	<u>1,811,691</u>
Commitments and contingencies	
Member equity:	
Member equity	6,603,191
Notes receivable from stockholders	(996,818)
Retained earnings	10,764,852
	<u>16,371,225</u>
	<u>\$ 18,182,916</u>

See accompanying notes to financial statement.

PACIFIC CREST SECURITIES LLC
(formerly Pacific Crest Securities Inc.)

Notes to Financial Statement

December 31, 2008

(1) General Information and Significant Accounting Policies

Pacific Crest Securities LLC (the Company) is a registered broker dealer in securities under the Securities and Exchange Act of 1934. The Company is primarily engaged in a single line of business as a full service investment bank, providing research, principal and agency transactions, underwriting, and other corporate finance services. The Company, like other securities firms, is directly affected by general economic and market conditions, including fluctuations in volume and price levels of securities, changes in interest rates and demand for investment banking, and securities brokerage services, all of which have an impact on the Company's financial condition.

(a) Corporate Reorganization

Effective February 1, 2008, the Company completed a corporate reorganization through a series of transactions, pursuant to which, the Company (formerly, an Oregon corporation) became a Delaware limited liability company and a wholly owned subsidiary of newly formed Pacific Crest Securities Holdings Inc. (Holdings). The series of transactions was accounted for as an as-if pooling as all entities involved were under common control. The former stockholders of the Company became stockholders of Holdings. Following completion of the reorganization, Holdings issued preferred stock in the amount of \$17,000,000 and entered into a debt financing agreement of \$13,000,000. Contemporaneously with the consummation of the preferred stock and debt transaction, Holdings used a substantial portion of the proceeds to repurchase and redeem certain shares of Holdings common stock. The preferred stock represents 36.2% of the ownership of Holdings and existing common stockholders of the Company own 63.8%.

The Company is a single member LLC, treated as a disregarded division of Holdings for federal, state, and local income tax purposes. The federal, state, and local tax income taxes related to the Company will be paid to the various tax authorities by Holdings. Since the Company funds the payment of these taxes from its operations, the Company has provided for income taxes on these stand-alone financial statements.

(b) Revenue Recognition

Brokerage transactions in equity securities and the related commission income and trading gains and losses are recorded on a settlement date basis, generally the third business day following the transaction date. The impact of using settlement date accounting approximates the results that would have been achieved under trade date accounting. Brokerage revenue also includes fees paid to the Company for equity research. These fees are recognized in income as earned. Investment banking revenues, which include underwriting and advisory fees, are recorded when services for the transactions are completed under the terms of each engagement. Non-refundable investment banking retainer fees are recognized as payments are received as opposed to recognizing the fees when they are earned. The use of the cash basis to recognize investment banking retainer fees has not had a material impact on the financial statements.

(c) Income Taxes

Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of

PACIFIC CREST SECURITIES LLC
(formerly Pacific Crest Securities Inc.)

Notes to Financial Statement

December 31, 2008

existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the enactment date.

Prior to February 1, 2008, the Company was an S Corporation as defined under Section 1362 of the Internal Revenue Code, whereby, the income of the S Corporation was taxed to the stockholders of the corporation rather than to the corporation itself.

(d) *Securities Valuation*

Marketable securities owned and securities sold, but not yet purchased consist of corporate stock and are stated at market value, with changes therein reflected in the results of operations.

Securities not readily marketable include investment securities (a) for which there is no market on a securities exchange or no independent publicly quoted market, (b) that cannot be publicly offered or sold unless registration has been effected under the Securities Act of 1933, or (c) that cannot be offered or sold because of other arrangements, restrictions, or conditions applicable to the securities or to the Company. The Company monitors these securities for impairment and makes appropriate reductions in carrying value when an other-than-temporary decline is evident. At December 31, 2008, not readily marketable securities consist of warrants and stock at an estimated fair value of \$1,750.

(e) *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash and highly liquid investments with initial maturities of 90 days or less.

As of December 31, 2008, \$2,355,409 of the Company's cash balance was held with the Company's clearing agent in interest-bearing accounts. The remaining cash and cash equivalent balance of \$9,848,335 was held at other financial institutions.

(f) *Due from Clearing Agent*

The Company's customers' transactions are introduced to the clearing agent for execution, clearance, and settlement. Customers are required to complete their transactions on settlement date, generally three business days after the trade date. The amount due from clearing agent represents amounts receivable in connection with the clearance of customer securities transactions. The Company believes that all amounts are collectible and, therefore, has not recorded an allowance for doubtful accounts. No amounts were written off as a result of nonpayment of amounts due from clearing agent during the year ended December 31, 2008. The Company does not have any off-balance-sheet credit exposure related to its customers.

PACIFIC CREST SECURITIES LLC
(formerly Pacific Crest Securities Inc.)

Notes to Financial Statement

December 31, 2008

(g) Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, generally 3 to 7 years. Leasehold improvements are amortized using the straight-line method over the lesser of the lease term or the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

(h) Receivables from Noncustomers

Receivables from noncustomers relate to transactions derived from investment banking activity. Amounts due from noncustomers are recorded at the invoiced amount and do not bear interest. The Company continually evaluates its receivables for collectibility. Additionally, this account includes \$142,500 related to research services provided to customers. During 2008, the Company recorded an unspecified \$50,000 reserve for bad debt based on trends in the current business environment. Historically, the Company has successfully collected the originally invoiced amounts.

(i) Stock Option Plan

The Company accounts for share-based compensation at fair value, in accordance with provisions under Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment*. For stock-based awards granted after January 1, 2006, the Company would recognize compensation expense based on estimated grant date; fair value using the Black-Scholes option-pricing model.

The Company did not grant any stock-based awards during 2008.

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Exemption from Rule 15c3-3

The Company is exempt from Rule 15c3-3 of the Securities Exchange Act of 1934 under subparagraph (k)(2)(ii) as all customer transactions are cleared through a clearing agent on a fully disclosed basis. The agreement with the clearing agent provides for payment of an agent clearing fee.

(3) Net Capital

The Company is subject to the Securities and Exchange Commission (SEC) Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2008, the Company had net capital, as defined by the SEC Uniform Net Capital Rule 15c3-1, of \$13,003,013,

PACIFIC CREST SECURITIES LLC
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Notes to Financial Statement

December 31, 2008

which was \$12,821,893 in excess of its required net capital of \$367,500. The Company's ratio of aggregate indebtedness to net capital was 0.14 to 1 at December 31, 2008.

(4) Profit Sharing Plans

The Company has two qualified profit sharing and 401(k) plans (the Plans). Eligible employees may make voluntary contributions to the Plans up to 100% of their total compensation within the IRS guidelines. The Company matches 25% of the employee's contribution up to 4% of total compensation. In addition, the Company may make annual profit sharing contributions.

(5) Leases

The Company has noncancelable operating leases, which expire at various dates during the next three years, including leased premises for its Portland, Boston, Connecticut, California, New York, and Taiwan operations and equipment leases.

Future minimum lease payments under noncancelable operating leases with initial or remaining lease terms in excess of one year as of December 31, 2008 are as follows:

Year ending December 31:	
2009	\$ 1,076,944
2010	648,984
2011	<u>77,935</u>
	<u>\$ 1,803,863</u>

(6) Phantom Stock Awards

Under the terms of the Directors Compensation Program, certain directors are awarded shares of phantom stock. Each share provides the holder the opportunity to earn a cash award equal to the fair market value of the Company's stock. The shares vest only upon sale of the Company, thus no compensation expense has been recognized on the awards to date. As of February 1, 2008, the phantom stock awards were transferred to Holdings.

(7) Notes Receivable from Stockholders

The Company previously sold shares of common stock for notes receivable. These notes are due and payable at various dates and bear interest at various rates. The notes are full recourse notes. The majority of the notes are from employees and contain forgiveness provisions if the employee is still employed by the Company on certain dates. Upon forgiveness, the Company records compensation expense for the amount forgiven. As of December 31, 2008, the principal balance of the notes was \$996,818.

(8) Stock Option Plan

In March 1997, the Company adopted the 1997 Stock Option Plan (the Plan) whereby a total of 2,000,000 shares of common stock have been reserved for the grant of stock options to employees. Options granted pursuant to the Plan may be either incentive stock options as defined in Section 422 of the Internal

PACIFIC CREST SECURITIES LLC
(formerly Pacific Crest Securities Inc.)

Notes to Financial Statement

December 31, 2008

Revenue Code, or nonqualified stock options, at the discretion of the Board. Under the Plan, options generally vest over five years with 25% of the options granted becoming exercisable after two years, and the remaining 75% vesting ratably over the following three years. Options granted under the Plan must be exercised within three months of the optionee's termination of employment and within ten years of the date of the grant. Option prices are generally equal to the fair market value of the shares at the date of grant.

As of February 1, 2008, in conjunction with the Corporate Reorganization, the Plan was terminated and a new plan was adopted by Holdings. There were no options outstanding at December 31, 2008.

(9) Concentrations of Credit Risk

As a securities broker and dealer, the Company is engaged in various securities trading and brokerage activities servicing a diverse group of investors. A substantial portion of the Company's transactions are executed with and on behalf of investors, including other brokers and dealers, commercial banks, U.S. governmental agencies, mutual funds, and financial institutions and are generally collateralized. The Company's exposure to credit risk associated with the nonperformance of these customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile securities markets, credit markets, and regulatory changes.

(10) Commitments and Contingencies

(a) *Litigation*

The Company is involved in various legal actions in the normal course of its business. In the opinion of management, based in part on discussions with counsel, the ultimate disposition of such matters will not have a material effect on the financial position, results of operations or liquidity of the Company.

(b) *Letter of Credit*

The Company has a standby letter of credit for performance under a lease for office space with a bank in the amount of \$50,133.

PACIFIC CREST SECURITIES LLC
(formerly Pacific Crest Securities Inc.)

Notes to Financial Statement

December 31, 2008

(11) Income Taxes

The components of deferred tax assets and liabilities as of December 31 are as follows:

	<u>2008</u>
Deferred tax asset:	
Accrued severance	\$ 16,800
Allowance for bad debt	30,641
Deferred compensation	937,552
Total deferred tax asset	<u>984,993</u>
Deferred tax liability:	
Property, plant, and equipment	<u>(39,929)</u>
Total deferred tax liability	<u>(39,929)</u>
Net deferred tax asset	<u>\$ 945,064</u>

The Company is a single member LLC, treated as a division of Holdings for federal, state, and local income tax purposes. The federal, state, and local tax income taxes related to the Company will be paid to the various tax authorities by the parent company. Since the Company funds the payment of these taxes from its operations, the Company has provided for income taxes on these stand-alone financial statements.

The Company had elected to be taxed as an S Corporation through January 31, 2008, when the election was terminated. This election caused the results of operations being reported on the federal and state income tax returns of the individual shareholders.

Pursuant to SFAS No. 109, *Accounting for Income Taxes*, we considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon future taxable income during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income, projections for future taxable income over the periods in which the deferred tax assets are deductible, and available tax-planning strategies, we believe it is more likely than not that we will realize the benefits of these deductible differences. At December 31, 2008, we have not recorded any valuation allowance on deferred tax assets.

PACIFIC CREST SECURITIES LLC
(formerly Pacific Crest Securities Inc.)

Notes to Financial Statement

December 31, 2008

(12) Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2008</u>
Furniture and equipment	\$ 2,464,705
Leasehold improvements	<u>972,754</u>
	3,437,459
Less accumulated depreciation and amortization	<u>(2,166,715)</u>
	\$ <u>1,270,744</u>

(13) Subordinated Borrowings

Subordinated borrowings are available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. At December 31, 2008, the Company had no subordinated borrowings outstanding.

(14) Notes Receivable from Employees

Notes receivable from employees in the amount of \$14,766 as of December 31, 2008 represents a loan to one employee to assist in funding the purchase of the Company's stock from their self-directed 401(k) plan. The notes receivable from employees are secured by all common stock of the Company owned. In addition, the Company has full recourse to the employees for payment. The note is due in 2010 and bear interest at 4%, payable annually. As of December 31, 2008, the principal balance of the note was \$14,306 and accrued interest was \$460. The note calls for annual principal payments related by formula to dividend distributions made by the Company.

Notes receivable from employees in the amount of \$25,000 as of December 31, 2008 represents a loan to an employee which contains a forgiveness provision if the employee is still employed by the Company at note maturity. Upon forgiveness, the Company will record compensation expense for the amount forgiven. The note is due in 2010 and bears interest at 6%.

The remaining balance of \$25,363 represents a short-term loan to an employee which was repaid in January 2009.