

STERLING FINANCIAL CORP /WA/
Form 4
October 26, 2010

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DEPILLO DAVID S

2. Issuer Name and Ticker or Trading Symbol
STERLING FINANCIAL CORP /WA/ [STSA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
111 NORTH WALL STREET

(Street)

3. Date of Earliest Transaction (Month/Day/Year)
10/22/2010

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Chief Credit Officer

SPOKANE, WA 99201

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock | 10/22/2010 | | C | 13,800,000 A | 15,000,000 | I | The DePillo Family Trust |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Convertible Participating Voting Preferred Stock, Series D | (1) (2) | 10/22/2010 | | C | 30,000 | (2) | (2) | Common Stock | 13,800,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| DEPILLO DAVID S 111 NORTH WALL STREET SPOKANE, WA 99201 | | | Chief Credit Officer | |

Signatures

/s/ Robert G. Butterfield,
attorney-in-fact

10/26/2010

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Prior to the transaction reported herein, The DePillo Family Trust was the holder of 1,200,000 shares of Common Stock and 30,000 shares of Convertible Participating Voting Preferred Stock, Series D, no par value with a liquidation preference of \$4.60 per share (the "Series D Stock"). On October 21, 2010, "Stockholder Approval" (as defined below) was obtained and, as a result, on October 22, 2010, each share of Series D Preferred Stock automatically converted into 460 shares of Common Stock. The DePillo Family Trust's 30,000 (1) shares of Preferred Stock, Series D, converted into 13,800,000 shares of Common Stock. "Stockholder Approval" refers to the approval by the stockholders of STSA on October 21, 2010 to increase the number of authorized shares of Common Stock to at least 10,000,000,000 shares or a larger number that the Board of Directors determines in its reasonable judgment is necessary to permit STSA to comply with its obligations under agreements entered into in connection with certain recapitalization transactions that occurred on August 26, 2010.

Since Stockholder Approval was obtained on October 21, 2010, each share of the Series D Preferred Stock automatically converted into (2) 460 shares of Common Stock on October 22, 2010, in accordance with the terms of the Series D Preferred Stock. No consideration for this conversion was required.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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