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CHAIRMAN'S
CORRESPONDENCE UNIT

July 24, 2008

The Honorable Christopher Cox, Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Mr. Cox,

Thank you so much for taking the recent steps to publicly enforce the SEC rule against 'naked' short selling for the nineteen large institutions. As a much smaller but public bank, we also saw them running for cover.

Several very informed sources have recently told me that these aggressive short sellers of smaller institutions have one goal in mind, that is, to short many small banks into a depositor run. As you know, the financial condition of the bank to a depositor without financial sophistication does not matter, rumors related to continued declining stock value of a bank can do the job.

Our bank is well capitalized (9.83% tier 1 leverage, 10.94% tier 1 risk-based, and 12.19% total risk-based) and historically very profitable. Our stock however, was just two weeks ago was selling at 25% of tangible book value. My calculation is that the Board and staff own 32% of stock. Family, friends, and long time shareholder (private) owned approximately 26%, four long-term institutionals owned somewhere between 20-25% and yet the short position reported as of June 30, 2008 by NASDAQ is over 20%.

The question is where are the 'naked' shorts getting the cooperation to borrow the stock? Could it be that some of the banks' market makers are lending the same shares to multiple short position holders? In an attempt to make a profit, these people collectively are bending SEC rules and may very well break the U.S. banking system.

When a large institution is getting shorted, it is of course, very visible. Appropriate governmental agencies will have enough time to respond to rescue or to stabilize the situation. But when a deposit run happens on a small bank, there is very little time and because of the institution's size, very little visibility to those agencies which can intervene. The FDIC will just come in and take over. We have all seen the fear of the situation with Indymac in the Los Angeles area. What if a number of small banks in a given market all have depositor runs? The effect to the main–street community is

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immeasurable. The cost to U.S. taxpayer will be high and the possibility of a domino effect is very real.

I urge and beg for your attention in this matter. As the Chairman of a financial institution in the Los Angeles area whose stock is under intense pressure, I have seen the effect of stock prices on the mentality of depositors who lack the financial sophistication to understand what makes a bank safe and sound. Please consider expanding SEC enforcement action to all public financial institutions. America's banking system needs to be protected and predatory naked short selling must be stopped. We are fortunate to have a high insider ownership which grants us some level of protection but many small banks are very vulnerable or even defenseless to this type of activity.

Should you have any questions or comments, I am available at 213-891-1188. Thank you for your consideration of this request.

Very truly yours,

Li Yu
Chairman, President & CEO

LY/ejc

CC: Sheila Bair
Federal Deposit Insurance Corporation