

LEGAL AID BUREAU, INCORPORATED

THE CHARLES H. DORSEY, JR. BUILDING

500 EAST LEXINGTON STREET

BALTIMORE, MARYLAND 21202

(410) 951-7777 Office

(410) 951-7818 Facsimile

www.mdlab.org

WARREN S. OLIVERI, JR. PRESIDENT

WILHELM H. JOSEPH, JR, EXECUTIVE DIRECTOR

November 12, 2008

Sheila C. Bair
Chair, Federal Deposit Insurance Corporation
550 17th Street, NW
Room 6028
Washington, D.C. 20429

Re: RIN#3064-AD37

Dear Chairperson Bair:

As the largest civil legal services provider to persons of low-income in Maryland, and as one that derives much of its revenue from Interest on Lawyers Trust Accounts (IOLTA), we request your immediate action to provide full coverage, regardless of dollar amount, for these unique and critically important interest-bearing deposit transaction accounts.

As the American Bar Association has indicated, these accounts are effectively the same as the covered transaction accounts addressed by the proposed rule; FDIC and Federal Reserve exceptions permit banks to pay interest on these otherwise similar transaction accounts; the guarantee is vital for IOLTA accounts; and it is untimely to put into play forces that undermine support for accounts that effectively assist persons facing evictions, foreclosures, bankruptcy and a host of economic crises that ripple through many economic sectors.

As a state where placement of client escrow monies into IOLTA accounts is mandatory, Maryland lawyers additionally face a legal and ethical challenge. Attorneys are fiduciaries and want to give the client funds in their care as much protection as possible. Those holding significant client funds are in a quandary whether to continue to use their IOLTA account, or find ways to place their client funds in a non-interest bearing deposit transaction account in order to qualify for the new insurance.

Additionally, we add the following:

- In 2007, IOLTA funds accounted for \$7.4 million, one-third of our revenue;
- In 2007, we combined this with federal, state, and local government money and private contributions to assist 53,269 low-income Maryland residents;
- Statewide, our IOLTA program provided \$10.9 million in grants to 34 legal services providers;

- Despite this, and the efforts of other legal services providers, the need for legal representation outpaces the demand by a ratio of 10:1 for persons of low-income.

We urge the FDIC to construe IOLTA as non-interest bearing transaction accounts under the Temporary Liquidity Guarantee Program (TLGP). Alternatively, we urge the FDIC to grant an exception in the TLGP rules explicitly stating that funds in IOLTA accounts have unlimited deposit insurance coverage regardless of dollar amounts.

We appreciate your consideration and are available to answer any questions or provide additional information.

Sincerely,

Wilhelm H. Joseph, Jr.
Executive Director