

LEGAL ASSISTANCE OF WESTERN NEW YORK, INC.

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SENT VIA EMAIL AND FIRST CLASS MAIL

November 12, 2008

Robert Feldman, Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

RE: Proposed 12 CFR Part 370 – Temporary Liquidity Guarantee Program

Dear Mr. Feldman:

Pursuant to the notice published by the Federal Deposit Insurance Corporation (FDIC) in the Federal Register on October 29, 2008, Legal Assistance of Western New York, Inc. (LAWNY) submits these comments regarding proposed 12 CFR Part 370, establishing the Temporary Liquidity Guarantee Program (TLGP). I write to strongly urge the FDIC to expressly include Interest on Lawyer Trust Accounts (IOLTA, known in New York State as IOLA), which are transactional accounts, in the TLGP which is being created.

As you may know, IOLTA accounts generate interest to third party non-profit IOLTA programs. IOLTA programs provide grants for legal aid, administration of justice and legal education. Without full insurance coverage, in this uncertain economy attorneys may feel the need to move their clients' funds from IOLTA accounts to fully insured non-interest bearing accounts. This unintended consequence of not expressly including IOLTA accounts in the TLGP may result in a devastating effect on legal aid programs throughout the United States.

I believe that the scenario that would unfold for LAWNY typifies what would occur throughout the United States. LAWNY is a 501(c)(3) not-for-profit corporation which provides free legal services to low-income people who have civil legal problems who cannot afford an attorney. With extremely limited resources, LAWNY already has



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established strict priorities regarding the types of cases that we can evaluate for representation. Our practice areas include housing, government benefits and family law -- areas in which, without representation, our clients often face homelessness, economic instability and domestic violence.

Presently, funding for LAWNY from New York's Interest on Lawyer Account Fund (IOLA) accounts for 15% of our revenue. We provide services to the low-income residents of 14 counties in western New York through seven staffed offices.

In 2007, we closed 5,469 cases. 14,052 people benefited from our services. As noted above, our practice areas include housing, income maintenance, family law and consumer law. The loss of IOLA revenue would cause LAWNY to have to reduce our staff by 8.0 full-time equivalent attorneys. The number of cases that we handle would decrease by between 825 – 1,000 cases. This would occur at a time when there is an unfettered demand among low-income people for the services which civil legal aid programs can provide, particularly from low-income homeowners facing foreclosure as a result of subprime or unconventional mortgages.

I urge the FDIC to decide to include IOLTA accounts in the TLGP program.

Thank you for your attention to these comments. If anyone has any questions about this letter, or needs additional information from me, please feel free to contact me at your convenience. I can be reached at (315)781-1465 x1713 or at kperri@lawny.org.

Very truly yours,



C. Kenneth Perri
Executive Director

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