

SENT VIA EMAIL AND FIRST CLASS MAIL



November 12, 2008

Robert Feldman, Executive Secretary  
Attn: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> 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 Services NYC 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) in the TLGP which is being created.

Legal Services NYC is the largest organization in the United States exclusively devoted to providing free civil legal assistance to low-income people— with 18 community-based offices and numerous outreach sites throughout all five boroughs of New York City. We provide legal help on a full range of civil matters to tens of thousands of New Yorkers living in poverty. For the past 40 years, we have maintained a singular, overriding mission: to provide expert legal assistance that improves the lives and communities of low-income New Yorkers. Through our citywide programs, we provide critical legal assistance in approximately 20,000 cases each year. In addition to our traditional areas of expertise - housing, government benefits, and family law - we have extensive services in the areas of language access, disability, education, immigration, bankruptcy, employment, consumer and foreclosure prevention. In this time of economic crisis, the demand for our services is increasing enormously.

IOLTA programs are a critical resource for addressing the enormous need for civil legal assistance for low-income individuals and families— a need which still goes largely unmet. The federal Legal Services Corporation has concluded that, nationally, the majority of low-income people who need legal help don't receive it because there are not enough legal services providers to meet the need. We at Legal Services NYC know that

**Legal Services NYC**  
350 Broadway, 6<sup>th</sup> Floor New York, NY 10013  
Phone: 646-442-3600 Fax: 212-966-9571 [www.LegalServicesNYC.org](http://www.LegalServicesNYC.org)  
**Andrew Scherer**, Executive Director & President  
**Fern Schair**, Board Chair



is a vast understatement of the need that exists here in New York City. And we also know that our clients' needs for legal help will only increase as the economy worsens – particularly in those areas that we provide expertise and services: housing (including foreclosure prevention), government benefits, consumer, employment and family law. Without legal representation, our clients are at grave risk of homelessness and economic and family instability.

By generating interest and distributing it to third party non-profit programs, IOLTA funds provide critical support for legal aid, administration of justice and legal education programs. However, by not expressly including IOLTA accounts in the TLGP, a very unfortunate consequence will be that attorneys will be likely to move their clients' funds from IOLTA accounts to fully insured non-interest bearing accounts. The loss of this interest income would have a nothing short of a devastating effect on legal services programs throughout the United States, and would be an entirely unintended consequence of the proposed rule.

In 2007, funding for Legal Services NYC from New York's Interest on Lawyer Account Fund (IOLA) accounted for over 10% of our revenue. The loss of IOLA revenue would cause Legal Services NYC to have to reduce our staff and services – and by extension, the number of clients we are able to serve – by significant proportions. This reduction would occur at a time when our clients and their communities need our services more desperately than ever.

I urge the FDIC to take the steps necessary to include IOLTA accounts in the TLGP program.

Thank you for your attention to these comments. Please do not hesitate to contact me if you have questions or need additional information. I can be reached at (646) 442-3606 or at [ascherer@ls-nyc.org](mailto:ascherer@ls-nyc.org).

Sincerely,



Andrew Scherer  
Executive Director and President