THE MISSOURI BAR

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DATE: November 10, 2008

TO: FDIC

FROM: The Missouri Bar

RE: RIN #3064-AD37

The Missouri Bar writes to object to the failure of the Temporary Liquidity Guarantee Program (TLGP) to provide full coverage for Interest on Lawyer Trust Accounts (IOLTA).

- IOLTA accounts are similar to other covered transaction accounts because they act as clearing accounts for pooled client funds. Such accounts cannot earn interest for an individual client. Typical funds held by an attorney on behalf of a client include court filing fees, real estate escrows, settlements and retainer fees.

- FDIC and Federal Reserve exceptions permit banks to pay interest on these otherwise similar transaction accounts.

- TLGP coverage is vital for IOLTA accounts, which may hold funds for a client that could exceed the $250,000 coverage limit. IOLTA accounts may hold large amounts of client funds for short periods of time, such as real estate transactions and large settlements for multiple clients prior to distribution.

- This is not the time to force lawyers to abandon a program that provides much needed revenue for legal aid for the poor, especially now with increases in foreclosures and evictions.

- Failure to provide full insurance coverage for IOLTA accounts places Missouri attorneys in a position of ethical conflict: Supreme Court rules require that client funds be placed in an interest bearing account; however, if such accounts are not fully insured, the attorney may be placing funds that belong to the client in jeopardy.