

# Interest on Lawyer Account Fund of the State of New York

*Funding civil legal assistance for low-income New Yorkers since 1984*

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November 10, 2008

**Via e-mail to [comments@fdic.gov](mailto:comments@fdic.gov) and Federal Express**

Sheila C. Bair, Chair  
Robert E. Feldman, Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, D.C. 20429

Comments on Interim Rule, RIN #3064-AD37

Dear Chair Bair and Executive Secretary Feldman:

This responds to the publication by the Federal Deposit Insurance Corporation (FDIC) of its Interim Rule governing the Temporary Liquidity Guarantee Program (TLGP) in the Federal Register of October 29, 2008, with request for comments.

I am Chair of the Board of Trustees of the Interest on Lawyer Account Fund of New York and I write to urge the FDIC to include IOLTA accounts ("IOLA" in New York) in the unlimited insurance coverage created by the TLGP for non-interest bearing transaction accounts.

Without this protection, attorneys may conclude that the traditional FDIC insurance coverage that now applies to the client funds they hold in IOLA trust accounts is inadequate and transfer the funds to non-interest bearing accounts. The effect would be to reduce greatly the availability of civil legal aid for the poor.

The IOLA Fund is the recipient of the interest generated by client funds deposited by New York's lawyers into their IOLA attorney trust accounts. These accounts do not earn interest for clients or lawyers. They can best be described as unique, non-interest bearing transaction accounts.

**IOLA**

**11 East 44th Street Suite 1406 New York, N.Y. 10017-0055**  
**(646) 865-1541 (800) 222-IOLA Fax (646) 865-1545 [iolaf@iola.org](mailto:iolaf@iola.org)**

Under statutory and regulatory law in New York, lawyers use their IOLA accounts when they receive funds to be held in trust that the lawyer determines are too small or are to be held too briefly to earn interest for a client, net of bank fees and related costs.

The Fund has but one purpose: to provide financial support to non-profit organizations in New York that deliver civil legal assistance to low-income people. The Fund's sole source of revenue is interest from IOLA accounts.

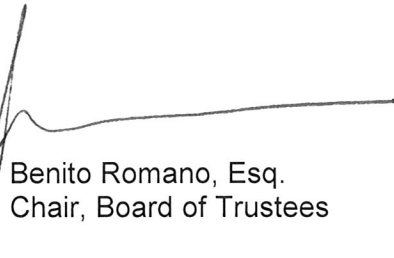
In the current year, the Fund has awarded grants totaling \$25 million. Since it was established 25 years ago, the Fund has awarded more than \$250 million in grants. In 2007, the Fund's grantees served nearly 430,000 clients. IOLA funding is an important component of the grantees' budgets, not only because of the amount provided, but because IOLA funds may be used for all types of civil legal issues that the poor face.

New York's legal aid organizations, like those in the rest of the country, have never had funding sufficient to serve all who needed civil legal assistance. A loss, or even a reduction of IOLA support, would make the situation much worse.

The consequences for poor people who cannot obtain legal help can be severe: an illegal eviction can result in homelessness, improper denial of Food Stamps can mean hunger, inability to obtain protection from domestic abuse can have tragic consequences. These are but a few of the many types of legal needs that New York's legal aid lawyers meet – with the help of IOLA funding.

On behalf of the Fund, its grantees and the clients they serve, I ask the FDIC to explicitly extend the TLGP's unlimited insurance coverage to the IOLA accounts of New York and IOLTA accounts elsewhere. At a time of economic crisis, there can be no doubt that we must do everything we can to maintain society's safety net. Civil legal aid is a vital part of that protection.

Very Truly Yours,



Benito Romano, Esq.  
Chair, Board of Trustees