

# State of Connecticut

RICHARD BLUMENTHAL  
ATTORNEY GENERAL



Hartford

November 12, 2008

Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429  
Attn: Comments; RIN #3064-AD37

Dear Mr. Feldman:

I am submitting comments to the Proposed Interim Rule regarding the Temporary Liquidity Guarantee Program (TLG Program) and urge the Federal Deposit Insurance Corporation (FDIC) to amend the Interim Rule to provide full insurance coverage for interest on Lawyer Trust Accounts (IOLTA) in the same manner as non-interest bearing deposit transaction accounts.

IOLTA accounts provide a significant source of desperately-needed funding for legal assistance for the poor in Connecticut. Legal assistance provides civil legal advice, establishes law-related education programs, and preserves equal access to justice. The dramatic reduction in interest rates payable on these types of bank accounts and the contraction in housing sales have resulted in a staggering drop in critical source of revenue for legal assistance programs -- an amount less than half of the 2007 funding level.

The Interim Rule exclusion of IOLTA accounts from full insurance coverage inadvertently provides a significant disincentive for placing funds in IOLTA accounts as attorneys -- seeking to protect their clients' funds from loss -- may transfer their funds to a non-interest bearing FDIC insured account.

The FDIC should extend full insurance coverage to IOLTA accounts. These accounts are very similar to other pooled accounts such as payroll accounts that are already FDIC insured. FDIC insurance is necessary because the balance in many of these accounts greatly exceed the current insurance limit of \$250,000.

Very truly yours,

  
RICHARD BLUMENTHAL

RB/pas