

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

(202) 225-2011

November 13, 2008

Robert E. Feldman
Executive Secretary
Federal Deposit and Insurance Corporation
550 17th Street NW
Washington, DC 20429

Attn: Comments RIN #3064-AD37

Dear Mr. Feldman:

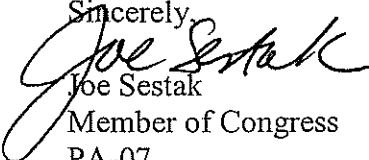
I write to request your consideration of changes to the interim rules related to the treatment of Interest on Legal Trust Accounts (IOLTA) under the Temporary Liquidity Guarantee Program (TLGP).

My office has received a number of concerns from constituents regarding the proposed implementation of the TLGP – which will have the unintended consequence of sharply reducing funding for civil legal aid for the poor. As it has been described to me, the FDIC and the Federal Reserve have provided exceptions that have allowed IOLTA accounts to be eligible for coverage on interest bearing accounts in excess of \$100,000 in recognition of the unique nature of IOLTA and its charitable purposes.

As I understand it, IOLTA is a program that exists in many states, including Pennsylvania, as a funding vehicle for free civil legal aid to low-income Americans. Under this program, interest earned on client trust accounts is paid by the banks into a state fund that provides annual grants, in our case, to the Pennsylvania Legal Aid Network, the state funding conduit for all local civil legal services programs. Unfortunately, it seems that the proposed legislation puts organizations in the positions of foregoing the interest on IOLTA and thereby reducing the available funding or managing the complexities of multiple account balances. Because this exemption was previously provided by the FDIC and the Fed, it is unclear why this would not carry forward.

I strongly request that you allow IOLTA to be included as non-interest bearing transaction accounts under TLGP, or provide an explicit exception within the final rules confirming that funds in IOLTA have unlimited deposit insurance coverage.

Thank you for the opportunity to comment on the regulations and your consideration.

Sincerely,

Joe Sestak
Member of Congress
PA-07

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