



STATE OF NEW YORK
UNIFIED COURT SYSTEM
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Chief Administrative Judge

JUANITA BING NEWTON
Deputy Chief Administrative Judge
for Justice Initiatives
Administrative Judge
Criminal Court of the City of New York

November 13, 2008

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Dear Mr. Feldman:

On behalf of the New York State Unified Court System, I write to urge your consideration of changes to the Interim Rule on the Temporary Liquidity Guarantee Program (TLGP) to ensure that Interest on Lawyers Trust Accounts (IOLTA) are provided the same unlimited insurance coverage that the TLGP has created for non-interest bearing accounts.

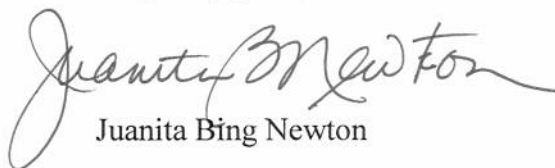
We in the Judiciary are too well aware of the justice gap that exists nationwide due to the insufficiency of funding for civil legal services for the poor, as daily we see greater numbers of litigants appearing in our courthouses without the benefit of legal representation. IOLTA programs were created to help address this gap by providing essential funding to improve and expand access to legal services. Today, IOLTA funding is the second largest source of civil legal services funding in the country. In New York, our IOLTA program (known as IOLA), provided \$25 million in funding for the current fiscal year, which enabled the provision of legal services to approximately 430,000 clients. This funding ensures that legal services programs have the capacity to meet the on-going legal needs of the poor as well as respond to new and emerging issues, such as the foreclosure crisis that is sweeping the nation and our state.

Given the current economic downturn, with its financial implications for all levels of government as well as our citizens, the need for IOLTA programs has never been greater. Despite this, the Interim Rule has the potential to greatly diminish the income of these programs by not providing extending TLGP unlimited coverage to IOLTA accounts and thus forcing lawyers to abandon IOLTA accounts to protect clients' funds.

In states such as New York, lawyers are required to place qualifying clients' funds in IOLTA accounts, pursuant to high court rule or legislation. Under the Interim Rule, this obligation now must be balanced against the lawyers paramount fiduciary duty to maintain the security of the clients funds. Lawyers holding significant client funds will have no choice but to place their clients funds in fully-insured, non-interest bearing deposit transaction accounts to receive coverage under the TLGP. The potential consequences for IOLTA programs could be devastating.

Given the dramatic unforeseen consequences of the Interim Rule on IOLTA programs, we urge the FDIC to extend the TLGP to include IOLTA accounts. If I could be of further assistance, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script that reads "Juanita Bing Newton". The signature is written in black ink and is positioned above the printed name.

Juanita Bing Newton

JBN/bm