From: Tracy Daniel [mailto:tdaniel@alfinc.org]
Sent: Thursday, November 13, 2008 2:52 PM
To: Comments
Subject: FDIC RIN 3064-AD37

Comments submitted on behalf of J. Mark White, President, Alabama State Bar.

I appreciate the opportunity to comment on the Temporary Liquidity Guaranty Program rules. I am president of the Alabama State Bar, which has 16,000 members. Since 1987, Alabama's IOLTA program has been the largest in-state funding source for organizations providing free legal assistance to the poor in civil cases. Alabama has consistently ranked last in the nation in terms of per poor person legal aid funding. Any decrease in IOLTA funding would be devastating to us.

For that reason, I urge the FDIC to consider extending unlimited deposit insurance to the full balances of IOLTA accounts, either by construing IOLTA accounts as non-interest bearing transaction accounts, or by granting an exception for IOLTA accounts that states funds in IOLTA accounts will have unlimited deposit insurance. The American Bar Association has previously provided detailed information on this issue.

The unintended consequence of the TLGP is that individual client funds are only covered up to $250,000. This places lawyers in a quandary because they are required by the Alabama Rules of Professional Conduct to place client funds that cannot otherwise earn interest for individual clients in an IOLTA account, but they are fiduciaries with the duty to keep client funds safe. In Alabama, only 4% of IOLTA accounts have total balances greater than $250,000. Providing unlimited deposit insurance on IOLTA accounts would keep lawyers from converting their IOLTA accounts to non interest-bearing accounts out of fear, costing our grantees funds they so desperately need.

Thank you for your consideration of this important matter.

Sincerely,

J. Mark White, President
Alabama State Bar