

From: George Cauthen [mailto:george.cauthen@nelsonmullins.com]
Sent: Sunday, November 09, 2008 11:31 AM
To: Comments
Cc: Shannon Scruggs; Frank Knowlton; senator@lgraham.senate.gov
Subject: TLGP & IOLTA

Dear Sir or Madam:

I am writing to offer my comments in support of extending the unlimited FDIC insurance to IOLTA accounts (Temporary Liquidity Guarantee Program, TLGP). I am a member of the Board of Directors for South Carolina Legal Services.

I have copied the Executive Director of the South Carolina Bar Foundation and its current President. I have also copied our senior Senator, Sen. Graham, who is a lawyer and understands the importance of IOLTA accounts.

Reasons why unlimited FDIC insurance should be extended to IOLTA accounts:

- **Current economy:** Unemployment is up, and South Carolina now suffers from a 7.3% unemployment rate, 46th in the nation (Thank God for Mississippi, 49th worst). The number of South Carolina's poor is on the increase, and is expected to get worse. IOLTA accounts have a direct impact on alleviating the legal needs of South Carolina's poor. Yet if this insurance is not extended to IOLTA accounts, there will be less legal relief available to the increasing number of South Carolina's poor.
- **IOLTA accounts are down:** Because there are less business transactions going on in South Carolina, the dollar amounts in lawyers trust accounts are down, and so there is less money for IOLTA interest to be collected from. The number of 'big deals' has decreased dramatically, commercial real estate deals are down in number, and all of this means less money being held in IOLTA accounts. If TLGP is not extended to IOLTA accounts, lawyers are less likely to make deposits to such accounts, in order to protect their client's interest.
- **Balance on the bail out:** So far the Federal Government has focused on bailing out banks and investment bankers; there has been no similar relief for individuals. If unlimited FDIC insurance is not extended to IOLTA accounts, it will compress and reduce the amount of funding available to IOLTA grantees, thus making the current economy worse for the nation's poor.
- **Under funded legal services for the poor:** I have been practicing law for 31 years; Legal Services has never been adequately funded during those years. In South Carolina at this time South Carolina Legal Services can only represent one out of five eligible indigents. South Carolina Legal Services is closing three offices due to the current reduction in IOLTA funding; if unlimited FDIC insurance is not extended to IOLTA accounts, there will continue to be dramatic reductions in IOLTA funds available to South Carolina Legal Services.

Thank you for considering these comments.