



Consumer Federation of America

VIA EMAIL
November 13, 2008

Ms. Sheila Bair
Chair, Federal Deposit Insurance Corporation
550 17th Street, NW
Room 6028
Washington, DC 20429

Re: REVISED: Comment on Temporary Liquidity Guarantee Program (TLGP); RIN # 3064-AD37

Dear Chairperson Bair:

Consumers Union, the nonprofit publisher of *Consumer Reports*,[®] National Consumer Law Center (NCLC), and Consumer Federation of America (CFA) respectfully request that the FDIC clarify the Interim Rule for the Temporary Liquidity Guarantee Program (TLGP) to include Interest on Lawyer Trust Accounts (IOLTA) funds.

The Interim Rule may have a major hole which could endanger interest on lawyers trust account (IOLTA) programs. These programs support legal services programs for the poor.

The Interim Rule seeks to “strengthen confidence and encourage liquidity in the banking system” by extending FDIC insurance to “non interest bearing transaction deposit accounts.” IOLTA accounts bear interest payable to the state’s IOLTA program, which distributes the funds to legal services. These accounts are not interest bearing to the lawyer account holder. Rather the funds and any accrued interest on these accounts support legal services programs for the poor. The Interim Rule as currently drafted, should be clarified to extend the benefits of the no-cap deposit insurance to IOLTAs. In order to get the full insurance coverage, IOLTA funds exceeding \$250,000 may have to be placed in “non interest bearing transaction deposit accounts,” but that step would cut funds vital to the continuation of legal services programs.

Thus, we request that the FDIC clarify that the TLGP includes IOLTA funds, or to include IOLTA accounts in the definition of “non interest bearing transaction deposit accounts” as to avoid the unintended consequences of cutting a large source of funding to vital legal service programs.

Sincerely,

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