

**From:** John A. Owens [mailto:jowens@theowensfirm.com]  
**Sent:** Friday, November 07, 2008 6:16 PM  
**To:** Comments  
**Subject:** FDIC coverage for IOLTA Accounts

Dear Sir or Madam,

I practice law in Alabama and participate in the IOLTA program of The Alabama State Bar and its Alabama Law Foundation.

The Temporary Liquidity Guarantee Program (TLPG) does not provide full coverage for Interest on Lawyer's

Trust Accounts (IOLTA) because they are interest bearing. However the interest does not go to the lawyers who are the depositors but to IOLTA programs. Most of this money is granted to Legal Services Corporation for legal services for the poor or is otherwise used for legal services to the poor. In Alabama it is required that our trust accounts be IOLTA (with certain exceptions for those which, due to the amount or the length of time it will be held could earn interest for the client).

We now have a dilemma when these accounts exceed \$250,000.00. Our Supreme Court will soon consider whether to lift the mandatory nature of IOLTA. If the FDIC coverage does not fully cover IOLTA I feel the Court will suspend mandatory IOLTA. This will be bad for legal services for the poor because if it is lifted then out of concern for our liability, most lawyers having accounts which exceed \$250,000.00 will not put this money into IOLTA.

I believe the matter could easily be handled by regulation since I do not think Congress had IOLTA in mind when excluding interest bearing accounts over \$250,000 from full coverage. This is strictly pass through money which serves a vital public service and it should be fully covered.

Sincerely

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