



Boston Bar

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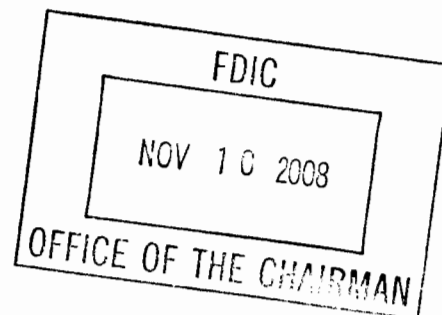
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October 30, 2008

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Chair, Federal Deposit Insurance Corporation
550 17th Street, NW
Room 6028
Washington, D.C. 20429



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Re: Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program (TLGP)

Dear Chairwoman Bair:

I am writing on behalf of the Boston Bar Association (BBA) to raise our concerns about the potential unintended consequences on legal aid to the poor from the creation of the FDIC's Temporary Liquidity Guarantee Program (TLGP) on the Interest on Lawyers Trust Account program (IOLTA). We respectfully urge you to ensure that the TLGP does not adversely affect the critical resources generated by the IOLTA for legal representation of the neediest Americans.

When IOLTA was created, the FDIC carved out an exception to Regulation D (prohibiting the payment of interest on demand accounts) recognizing the unique nature of IOLTA accounts and their charitable purposes. The exception made the establishment of IOLTA possible. We are asking once again for an exception, this time to preserve this important program.

As presented in the draft interim Rule published with request for comment on October 24, 2008, the TLGP includes the "Transaction Account Guarantee Program." Under this program, "non-interest bearing transaction accounts" are afforded full FDIC deposit insurance, while other interest bearing accounts, including those from which the interest is paid to non-profit, philanthropic, or government entities, are limited to standard insurance amounts. In many states a significant portion of the interest on IOLTA accounts is generated by large amounts of client funds held by attorneys for very short periods of time, such as funds held for real estate transactions and for large settlements for multiple clients prior to distribution. IOLTA accounts act as clearing accounts for such funds. If not extended to include IOLTA accounts, the TLGP has the potential to greatly reduce the interest income received by IOLTA, because attorney account

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holders concerned with ensuring the protection of their clients' funds may divert funds to accounts protected by TLGP.

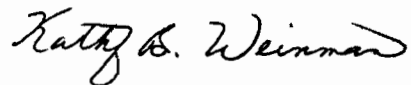
Because the interest on IOLTA accounts cannot inure to the benefit of either the client or attorney, neither lawyer account holders nor the ever-changing list of clients whose funds are in IOLTA accounts have any expectation of earning interest. Instead, IOLTA accounts produce interest on the aggregate of funds that could not otherwise benefit, for the benefit of low-income individuals who receive free civil legal aid.

IOLTA funds are essential because they provide more than 50% of revenues for legal aid programs in the Commonwealth of Massachusetts. Since its inception in 1986, the IOLTA Committee has distributed more than \$219 million dollars. This year the funding is projected at \$15 million. The need has never been greater. The recession has boosted unemployment and exacerbated problems in housing, health care and education. In addition, government budget cuts are significantly affecting programs that protect the poor. During these challenging economic times the demand for assistance with critical legal problems is growing. Without sufficient funds from IOLTA, thousands of Massachusetts residents will be left without hope and help in the face of eviction, abuse, fraud and other crises.

The FDIC has asked whether the Transaction Guarantee Program should be extended to NOW accounts held by sole proprietorships, non-profit religious, philanthropic, charitable organizations and governmental units for the deposit of public funds. IOLTA accounts would appear to be included in such an extension.

Please let me know if you need further information or clarification.

Sincerely,

A handwritten signature in cursive script that reads "Kathy B. Weinman".

Kathy B. Weinman
President