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Congress of the United States
House of Representatives

November 13, 2008

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC

Comments RE: RIN# 3064-AD37

Dear Mr. Feldman:

I am writing to provide comments on the October 23 Interim Rule establishing the Temporary Liquidity Guarantee Program (TLGP). As you develop your final rule, I would urge you to consider the inclusion of Interest on Lawyer Trust Accounts (IOLTAs) in the Transaction Account Guarantee Program through which the FDIC will guarantee certain non-interest bearing accounts.

IOLTAs are interest-bearing client fund accounts that allow lawyers to hold funds on behalf of their clients. These funds are usually nominal in amount or are held for short periods of time and cannot earn interest for the client. Bank fees are paid from the interest earned by these accounts and remaining interest earned is directed to IOLTA programs which distribute funds to support legal education and legal aid programs. The Alabama State Bar established the Alabama Law Foundation for this purpose and the program has awarded over \$13.7 million in IOLTA grants since 1989.

Under the Temporary Liquidity Guarantee Program (TLGP) Interim Rule, IOLTA accounts which pay interest would not be eligible for unlimited FDIC insurance. If the interim rule was made permanent, lawyers would be encouraged to place client funds exceeding the \$250,000 limit in non-interest bearing transaction accounts in order to secure FDIC insurance, depriving many worthy programs from much needed aid.

Given the public benefit generated by IOLTAs and the fact that the interest they pay is dedicated only to third-party non-profit programs and not to attorneys or their clients, I would encourage you to consider providing an exception in the Final Rule specifying that IOLTA accounts are guaranteed unlimited deposit insurance through the TLGP.

Thank you for your consideration of this matter.

Sincerely,

Artur Davis
Member of Congress

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