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November 13, 2008

Robert E. Feldman
 Executive Secretary
 Attention: Comments
 Federal Deposit Insurance Corporation
 550 17th Street, N.W.
 Washington DC 20429

Re: RIN # 3064-AD37

Dear Mr. Feldman,

As a member of the Judiciary Committee, I have already signed a joint letter asking that Interest on Lawyers Trust Accounts (IOLTA) be included in the unlimited insurance coverage offered under the Temporary Liquidity Guarantee Program (TLGP). I write this additional letter on behalf of the 161,000 active attorney members in California, and the critical importance of the IOLTA program in California to provide civil legal aid to the indigent, seniors and persons with disabilities.

California Business & Professions Code Section 6213 provides that attorneys must deposit client funds in qualifying IOLTA accounts that bear interest or dividends. Therefore, unless the TLGP is interpreted to include IOLTA, under current California law, an attorney who wishes to protect client funds that exceed the \$250,000 FDIC coverage limit for the short period of time in which the funds are held must consider whether to divide the deposit into multiple accounts in different financial institutions. Splitting client funds into deposits at several financial institutions is impractical because a deposit exceeding \$250,000 is often held only long enough for the check to clear. It also would unduly complicate the attorney's fiduciary responsibility with respect to account handling and tracking as mandated by the State Bar of California. Approximately 64,000 attorneys hold 37,000 IOLTA accounts in California.

To include IOLTA accounts as qualifying for unlimited FDIC coverage under the TLGP is consistent with the goals of the TLGP. IOLTA accounts function much the same as the non-interest-bearing transaction accounts. IOLTA accounts are opened by lawyers who pool client funds that cannot earn net interest for the client because the client funds individually are either too small or held too briefly to net a positive return for the client. Lawyers are ethically prohibited from benefiting from those client funds, so neither the lawyer nor the client has any expectation of receiving interest, and instead the interest earned on those accounts is remitted to the State Bar for the charitable purpose of providing access to justice for millions of Californians.

Since inception of the IOLTA program in California 25 years ago, over \$300 million in IOLTA revenue has been granted to nonprofit organizations that provide civil legal aid to those who need it most. IOLTA grants this year will total almost \$13 million. There currently are 97 legal aid programs that are supported by the IOLTA program. These legal aid programs form part of an extensive delivery system that works with local government, the courts, community-based and other organizations.

Legal aid helps families escape domestic violence, avoid homelessness, obtain needed mental health care, access basic support services and resolve many other problems that threaten the well-being of families and their children. While the direct impact of these services is apparent, it is also important to note that legal aid providers have an impact far beyond what is immediately evident, reducing the need for many state social services and increasing public trust and confidence in the court system and other branches of government.

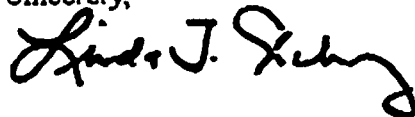
According to a 2004 report by the Public Policy Institute of California, after adjusting for the cost of living, California has one of the highest poverty rates in the nation -- 4.8 million Californians (13.3% of the state's population) live below the poverty threshold. Approximately 31% of California families living below the poverty threshold have at least one full-time worker, and 19% of those in poverty are children.

While the 2004 poverty statistics are bleak, there is no doubt that the picture is even worse today. For example, seven of the top sixteen metropolitan areas with the highest foreclosure rates in the nation are in California. The foreclosure rate in California increased more than 35% in the last quarter and increased almost 250% from September 2006 to September 2007. Foreclosure has a ripple effect on renters in foreclosed housing, affecting whole communities in many parts of California. Sadly, it is a cruel twist that whenever a bleak economy threatens our most vulnerable society members, that same harsh economy threatens the economic well-being of the nonprofits that serve them. With decreases in government, foundation and private funding, the IOLTA program is even more significant.

Please help attorneys safeguard their client trust funds, and protect access to justice for vulnerable citizens in California and nationally, by including IOLTA accounts among those receiving full FDIC insurance coverage regardless of dollar amount under the TLG Program.

Thank you.

Sincerely,



Congresswoman Linda Sanchez
U.S. House of Representatives