

United States Senate

WASHINGTON, DC 20510

November 13, 2008

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

ATTN: Comments RIN #3064-AD37

Dear Mr. Feldman:

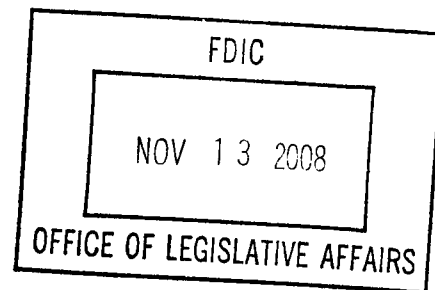
We are writing to provide comments on the October 23 Interim Rule establishing the Temporary Liquidity Guarantee Program (TLGP). Specifically, we urge you to ensure that the Transaction Account Guarantee Program, through which the FDIC will guarantee certain noninterest-bearing accounts, also covers Interest on Lawyer Trust Accounts (IOLTAs).

Created by various state supreme courts and state legislatures, and made possible by changes in federal banking and IRS laws, IOLTA programs provide an essential public good at no cost to taxpayers. These programs currently operate in all fifty states and in the District of Columbia and the Virgin Islands, and they are mandated in 37 states. Client funds that are too small in amount or held for too brief a period to earn interest for the client, net of bank charges or administrative fees, are placed in a pooled interest-bearing trust account, termed an IOLTA.

Bank fees are paid from the interest earned on these pooled accounts, and the remainder of the interest generated by IOLTA accounts is distributed through local grant processes to not-for-profit organizations in each state, funding invaluable legal aid services for victims of domestic violence, families facing foreclosure, those affected by consumer fraud, and others, as well as legal education programs. According to the American Bar Association, IOLTA grants totaled \$240 million in 2007.

However, because IOLTAs do pay interest, the TLGP Interim Rule as issued on October 23 would not extend unlimited FDIC insurance to these accounts. We believe however, that the public benefit generated by IOLTAs, and the fact that the interest they pay is dedicated only to third-party non-profit IOLTA programs, rather than to attorney account holders or their clients, merits an exception in the final rule.

We are concerned that should the interim final rule not be modified to guarantee IOLTAs under TLGP, lawyers would instead place their client funds exceeding \$250,000 in non-interest bearing deposit transaction accounts in order to secure FDIC insurance,




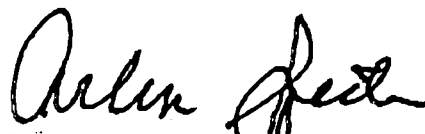
and that the much-needed public service activities funded by IOLTA-generated interest would suffer.


To preserve the benefits of the IOLTA program, we strongly urge you to provide an exception in the Final Rule specifying that IOLTA accounts are guaranteed unlimited deposit insurance through TLGP.

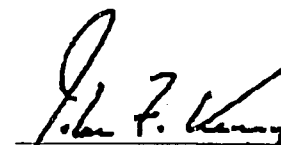
Thank you for your consideration of this matter.


Sincerely,

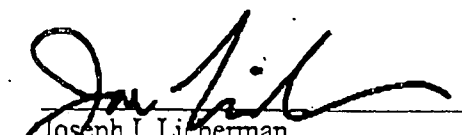

Benjamin L. Cardin
United States Senator

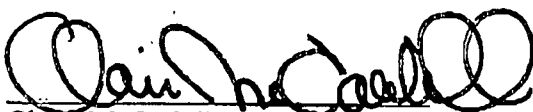

Arlen Specter
United States Senator

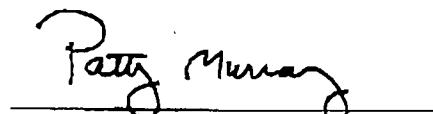

Bernard Sanders
United States Senator



John F. Kerry
United States Senator



Tom Harkin
United States Senator

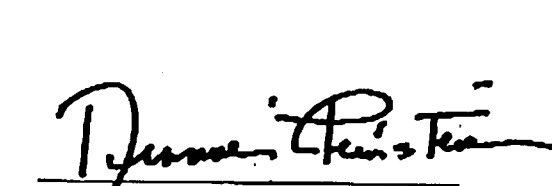

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Patty Murray
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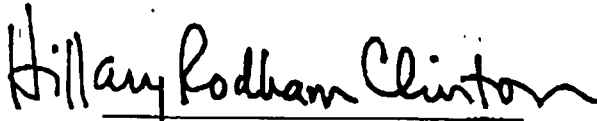

Edward M. Kennedy
United States Senator

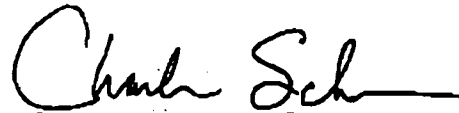

Russell D. Feingold
United States Senator

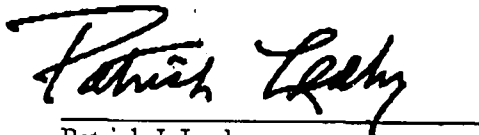

Jeff Sessions
United States Senator


Carl Levin
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Richard Durbin
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Hillary Rodham Clinton
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Charles E. Schumer
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Patrick J. Leahy
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