

Congress of the United States

House of Representatives

Washington, DC 20515-4322

NICK LAMPSON
22ND DISTRICT, TEXAS

COMMITTEE ON
AGRICULTURE

COMMITTEE ON SCIENCE
CHAIRMAN,
SUBCOMMITTEE ON ENERGY
AND ENVIRONMENT

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE

CO-CHAIRMAN AND FOUNDER,
CONGRESSIONAL CAUCUS ON
MISSING AND EXPLOITED
CHILDREN

November 12, 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:

I am writing to provide comments on the October 23 Interim Rule establishing the Temporary Liquidity Guarantee Program (TLGP). I urge you to use your powers to ensure that the Transaction Account Guarantee Program (TAGP) also covers Interest on Lawyer Trust Accounts (IOLTAs).

IOLTA accounts are essentially the same as covered transactions accounts, and act as clearing accounts for pooled funds from clients. Client funds in an IOLTA account are either in a very small amount or are held for too short a period to earn interest. These funds are typically are for routine actions like as court filing fees, settlements and retainers.

Nearly thirty years ago, the FDIC and Federal Reserve implemented exceptions to permit banks to pay interest on IOLTA accounts, which encouraged the establishment of these accounts, now in all 50 states. IOLTAs provide an indispensable public good without any cost to taxpayers. The remainder of the interest generated by IOLTA accounts is distributed through local grant processes to worthy not-for-profit organizations in each state, including funding legal aid services for foreclosure victims, the poor, legal education programs and victims of domestic violence. According to the American Bar Association, IOLTA grants totaled \$240 million last year.

However, because IOLTAs do pay interest, the TLGP Interim Rule issued on October 23 does not fully cover IOLTA accounts. Thus, it is a very real concern that if the interim rule is not be modified, lawyers would abandon IOLTAs and place their client funds exceeding \$250,000 in non-interest bearing deposit transaction accounts in order to secure FDIC insurance, and the vital public service activities funded by IOLTA-generated interest would suffer immensely.

WASHINGTON OFFICE: 436 CANNON HOUSE OFFICE BUILDING, WASHINGTON, D.C. 20515 (202) 225-5951
STAFFORD OFFICE: 10701 CORPORATE DR., SUITE 118 STAFFORD, TX 77477 (281) 240-3700
HOUSTON OFFICE: 1020 BAY AREA BLVD., SUITE 224 HOUSTON, TX 77058 (281) 461-6300
FAX: (202) 225-5241 (WASHINGTON) (281) 240-2959 (STAFFORD) (281) 461-6303 (HOUSTON)

www.lampson.house.gov

PRINTED ON RECYCLED PAPER



At this time of economic crisis and rising national foreclosures, it is clear that programs funded by IOLTA-generated income provide an indispensable public benefit to the poor. To preserve these benefits, I 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.

Sincerely,

A handwritten signature in black ink that reads "Nick Lampson". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

NICK LAMPSON
Member of Congress