

DAVID LOEBSACK
2ND DISTRICT, IOWA

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Congress of the United States
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November 12, 2008

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
ATTN: Comments RIN #3064-AD37
550 17th Street, N.W.
Washington, DC 20429

Dear Mr. Feldman:

I am writing to urge you to ensure that the Temporary Liquidity Guarantee Program (TLGP), as established by the October 23, 2008 Interim Rule, includes Interest on Lawyer Trust Accounts (IOLTAs) in the Transaction Account Guarantee Program.

IOLTA programs provide an essential public service, strengthen our judicial system, and are operated at no cost to taxpayers. They exist in all fifty states, the District of Columbia, and the Virgin Islands, and are mandated in 37 states. Through this program, client funds that are too small in amount or held for too brief a period to earn interest for the client are placed in a pooled interest-bearing trust account. 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 to fund critical legal aid services for victims of domestic violence; families facing foreclosure; those affected by consumer fraud; and to fund legal education programs. According to the American Bar Association, IOLTA grants totaled \$240 million in 2007.

Currently, the TLGP Interim Rule would not extend unlimited FDIC insurance to IOLTA's because they pay interest. I am concerned that lawyers, working in the best interest of their clients, will choose to place their client funds exceeding \$250,000 in non-interest bearing deposit transaction accounts in order to secure FDIC insurance. The resulting loss of funding would have a severe impact on the much-needed public service activities funded by IOLTA-generated interest.

To preserve the benefits of the IOLTA program, and because the interest they pay is dedicated only to third-party non-profit IOLTA programs, rather than to attorney account holders or their clients, I 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,

A handwritten signature in black ink that reads "Dave Loeb sack". The signature is written in a cursive style with a long horizontal line extending to the right.

Dave Loeb sack
Member of Congress

CC: Eric Spitler, Director, Office of Legislative Affairs