

**Minnesota State Bar Association
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Minneapolis, Minnesota 55402
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November 10, 2008

Sheila C. Bair
Chair, Federal Deposit Insurance Corporation
550 17th Street, NW
Room 6028
Washington, D.C. 20429

RE: Coverage of IOLTA accounts by the Temporary Liquidity
Guarantee Program

Dear Chairman Bair:

I am writing as President of the Minnesota State Bar Association regarding the importance of insuring that the recently announced Temporary Liquidity Guarantee Program (TLGP) covers Interest on Lawyer Trust Accounts (IOLTA). IOLTA revenues provide crucial support to civil legal aid programs, and it is imperative that FDIC rules provide full protection to these accounts.

Minnesota is a mandatory IOLTA state – all lawyers must participate in the program. This is consistent with Minnesota's long-standing support of equal access to justice. Last year, over \$2.7 million of IOLTA revenue was distributed to civil legal aid and pro bono programs, making IOLTA a key source of program funding.

Due to the recession and lowered interest rates, IOLTA funding is decreasing this year. At the same time, the demand for services increases. The FDIC should do nothing that would induce prudent lawyers to reduce otherwise appropriate deposits to IOLTA accounts

Further, as the Minnesota's largest bar association, the MSBA wants to insure that lawyers are not forced to choose between compliance with the State's mandatory IOLTA program, and their ethical obligation to protect client funds. If the FDIC interprets the TLGP to exclude IOLTA accounts from its coverage, Minnesota's lawyers will confront precisely that situation. It is hard to imagine that either Congress or the FDIC intends such a result.

The Minnesota Supreme Court oversees a competitive grant process that distributes IOLTA revenue to programs that provide civil legal aid to the poor, contribute to the administration of justice, and provide law-related education; all are vital to our democratic system's guarantee of equal access to justice. If IOLTA accounts are not covered, millions of dollars for the provision of legal services to the poor that prevent homelessness, protect women and children from violence and help the elderly will be lost. Now is not the time to force lawyers to abandon a program that provides much needed revenue for legal aid and pro bono programs.

We urge the FDIC to correct this obvious oversight.

Please feel free to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Ford". The signature is fluid and cursive, with the first name "Michael" being the most prominent part.

Michael J. Ford
President