**From:** Kim Martyn [mailto:Kim.Martyn@jaxlegalaid.org]
**Sent:** Wednesday, October 13, 2010 11:56 AM
**To:** Comments
**Subject:** Please delay notice to IOLTA depositors re: FDIC ineligibility.

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

Sent by Email: Comments@FDIC.gov
Re: RIN 3064-AD37

Dear Mr. Feldman:

We appreciate the opportunity to comment on the proposed FDIC regulations regarding implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which would require notice by December 31, 2010 to IOLTA account depositors that the accounts would lose unlimited FDIC coverage effective January 1, 2011.

A bill is currently pending in the U.S. Senate that would correct the unintended exclusion of unlimited coverage for IOLTA accounts, and we are hopeful it will be enacted this year.

Banks prematurely sending the proposed notice will have to rescind that notice when the legislation passes, causing significant confusion among depositors. Upon receiving the proposed notice, attorneys with significant deposits in IOLTA accounts may opt to move deposits to larger banks that are presumed "too big to fail," establish multiple IOLTA accounts at multiple banks and greatly increase administration of attorney trust accounts, or out of an over-abundance of caution, violate state rules and place IOLTA trust account funds in non-interest bearing, non- IOLTA accounts to assure unlimited FDIC coverage. Once the corrective legislation passes, attorneys are unlikely to go to the trouble to reinstate their IOLTA accounts.

**Please delay any notice to IOLTA account holders about possible ineligibility for FDIC insurance until December 30, 2010 or later**. E**arlier notice may cause attorneys to precipitously withdraw funds from IOLTA accounts while harming the legal services programs that depend on the interest from IOLTA accounts to serve low income and elderly persons.**

The FDIC has supported IOLTA programs in the past by including IOLTA accounts in the Transaction Account Guarantee Program (TAGP). The FDIC recognized that IOLTA accounts are functionally non-interest bearing to the depositor of the IOLTA account, and non-interest bearing to the owner of the funds in the IOLTA trust account. The IOLTA program provides critically needed non-tax funding for civil legal services for indigent and elderly Americans by leveraging accounts that would normally pay no interest to anyone.  IOLTA funding helps prevent homelessness, provides protection to women and children from abusers, and assists the elderly confronting predatory lending and consumer fraud.

We respectfully request the FDIC delay the proposed notice to IOLTA account depositors, allowing time for Congress to pass the pending Senate bill or other corrective action.

Sincerely,

M. Kimberly Martyn
Deputy Director
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