LSCV

Legal Services Corporation of Virginia

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Dale W. Pittman, *President* Mark D. Braley, *Executive Director*

October 14, 2010

Sent By E-Mail
Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Reference No: RIN 3064-AD37

Dear Mr. Feldman:

I am writing on behalf of the Legal Services Corporation of Virginia (LSCV) to express concern regarding the proposed FDIC regulation contained in the Dodd-Frank Wall Street Reform and Consumer Protection Act that would require notification to Interest on Lawyers Trust Accounts (IOLTA) holders no later than December 31, 2010 that IOLTA deposits will no longer receive unlimited FDIC coverage effective January 1, 2011. LSCV is the statutorily authorized administrator of Virginia's IOLTA program and as such, is required to maintain ongoing fiscal relationships with more than 120 financial institutions in Virginia that are approved IOLTA depositories .

As you know, IOLTA accounts currently receive unlimited deposit insurance coverage as a result of the FDIC's 2008 ruling that included IOLTA accounts in the Transaction Account Guarantee (TAG) Program. This was based on a determination that for trust account holders, IOLTA accounts are equivalent to non-interest bearing accounts because the beneficial interest on those accounts is paid to a charitable third-party, the IOLTA program.

As you are also probably aware, the failure to include IOLTA accounts in the continuing TAG program as provided for in the Dodd-Frank Act, was unintentional and a bill is pending in the Senate to correct this oversight. If notice is given to financial institutions and IOLTA account holders before this legislation is passed, significant harm will come to IOLTA programs across the nation and to the thousands of non-profit institutions that depend on our grants. In addition, financial institutions will be entirely confused if shortly after receiving such notice, the Dodd-Frank Act's omission is corrected by the pending legislation. Whole-sale movement of IOLTA account funds to new non-interest bearing accounts that have unlimited FDIC coverage can be expected, not to mention the movement of significant amounts of IOLTA deposits from smaller to larger banks. In a state like Virginia, this would have a deleterious effect on the delivery of legal services to low-income people who are facing rising unemployment, foreclosure and the deprivation of basic necessities.

On behalf of the LSCV Board of Directors, our partnering financial institutions, our grantee legal aid programs and the tens of thousands of low-income Virginians for whom they are the final safety net, we urge you to delay implementation of the proposed regulation and notification as they relate to IOLTA accounts until Congress passes the pending corrective legislation.

Thanking you for this opportunity to comment and your anticipated consideration, I am

Sincerely,

Mark D. Braley

MDB/
Cc: LSCV Board of Directors