



950 Taylor Street
PO Box 608
Columbia, SC 29202-0608
803-799-6653 Phone
803-799-4118 Fax
www.sctbar.org

October 15, 2010

ADVANCING JUSTICE,
PROFESSIONALISM
AND UNDERSTANDING
OF THE LAW.

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

Reference: RIN 3064-AD37

Dear Mr. Feldman:

The South Carolina Bar expresses its concern regarding the impact of the FDIC notification provision that is contained in the proposed rule to implement the portion of the Frank-Dodd Wall Street Reform and Consumer Protection Act. This provision involves unlimited insurance for non-interest bearing accounts. Effective January 1, 2011, under Frank-Dodd, IOLTA accounts would fall into the category whereby they would not qualify for unlimited insurance coverage. The proposed implementation directs financial institutions to notify customers of the change.

It is our understanding, however, that there is a pending Senate bill which would continue unlimited insurance for IOLTA accounts. The Bar supports that Senate action.

The proposed implementation plan, if communicated prior to the final action on the pending bill, will cause irreparable damage to our state's IOLTA program and the thousands of low income citizens and others served through this critical resource. Notifying attorneys prior to the final disposition of the bill would be poor public policy and wasteful.

Banks that follow the notification directive prior to Congressional action may have to rescind that notification if the legislation is passed. Duplicative efforts should not be imposed on banks.

Attorneys in South Carolina holding significant funds in IOLTA accounts would be placed in a difficult situation. They would be required to pry into the private matters of clients in order to fulfill the lawyers' ethical and fiduciary obligations.



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Account movement as described will not only disrupt and erode existing banking and attorney-client relationships, it also would significantly handicap IOLTA programs which provide support for each state's most vulnerable citizens through legal services.

The Bar respectfully requests that the FDIC permit Congress time to act on this vital issue and postpone the notification requirements of the proposed rule to implement the Frank-Dodd Act. Notification to IOLTA accounts holders by depository institutions should only be required if necessary and after the pending legislation is finally addressed.

We appreciate your consideration of this critical issue and applaud the FDIC in its prior support of including IOLTA accounts in the category of accounts which have received deposit insurance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carl L. Solomon".

Carl L. Solomon
President

cc: Robert Well, Executive Director SC Bar
Shannon W. Scruggs, Executive Director SC Bar Foundation