



October 14, 2010

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:

The proposed FDIC regulations regarding implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act would require notice no later than December 31, 2010 to IOLTA account depositors that the accounts would no longer be eligible for unlimited FDIC coverage effective January 1, 2011. Due to the currently pending legislation that would allow for continued unlimited FDIC coverage for IOLTA accounts, we request the notice not be required for IOLTA accounts until after Congress has recessed, or if required, that the notice be sent to IOLTA account depositors **no earlier than** December 30, 2010.

On behalf of the Hawaii State Bar Association and the Hawaii Justice Foundation, which administer the IOLTA program in Hawaii, we thank the FDIC for having included IOLTA accounts in the Transaction Account Guarantee Program (TAGP). The FDIC action recognized that IOLTA accounts are functionally non-interest bearing to the depositor owner of the IOLTA account, and non-interest bearing to the owner of the funds in the IOLTA trust account. Absent the requirements imposed by the Supreme Court of Hawaii, there would be no interest paid on these accounts and the accounts would qualify for the unlimited FDIC coverage. The IOLTA program was created to help provide critically needed non-tax funding for civil legal aid for indigent Hawaii residents. IOLTA funding helps prevent homelessness, provides protection to women and children from abusers, and assists the elderly confronting predatory lending and consumer fraud, in addition to many other areas.

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A bill is currently pending in the U.S. Senate that would correct the unintended exclusion of unlimited coverage for IOLTA accounts. Banks sending the proposed notification prematurely will have to rescind that notification when the legislation is passed, causing significant confusion among depositors about the insured funds. Upon receiving the proposed notice, attorneys with significant deposits in their IOLTA accounts will be forced to decide whether to move the accounts to larger banks that are presumed "too big to fail" and be in compliance with state mandates, 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 the IOLTA trust account funds in non interest bearing, non IOLTA accounts to assure unlimited FDIC coverage.

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

Sincerely yours,



Hugh R. Jones, President, Hawaii State Bar Association



James A. Kawachika, President, Hawaii Justice Foundation