



Colorado Lawyer Trust Account Foundation

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October 15, 2010

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Via U.S. Mail and e-mail to [comments@fdic.gov](mailto:comments@fdic.gov)

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

Re: RIN 3064-AD37

Dear Mr. Feldman:

Jonathan D. Asher  
Christopher P. Beall  
William A. Bianco  
Lisa M. Dailey  
Thomas J. Flanagan, Jr.  
Mark A. Hermundstad  
Susan P. Klopman  
Rebecca Koppes-Conway  
Victoria E. Lovato  
William R. Neff  
Keith Newbold  
Jay B. Zajicek

We are writing on behalf of the Colorado Lawyer Trust Account Foundation (COLTAF), which administers Colorado's IOLTA program, to raise serious concerns about the potential impact on our program and its funding of critical civil legal services for the poor as a result of a proposed regulation in connection with the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Specifically, we are concerned about the proposed rule that would require notice no later than December 31, 2010 to IOLTA account holders that these accounts will no longer be eligible for unlimited coverage effective January 1, 2011.

As you know, IOLTA accounts are included in the FDIC's existing Transaction Account Guarantee (TAG) Program, and they have been since the beginning. As the FDIC rightly concluded back in 2008, IOLTA accounts are functionally similar to the types of non-interest bearing transaction accounts targeted for protection. IOLTA captures the aggregate net earnings on pooled client deposits that are held too briefly or are too small to produce net interest income for individual clients and uses these funds to support nonprofit legal aid programs that help low-income people with their critical civil legal needs. In Colorado, COLTAF funding supports our statewide staffed legal aid program, fifteen bar-sponsored *pro bono* programs, and a variety of other organizations that facilitate access to civil justice for victims of domestic violence and other vulnerable populations. Last year COLTAF made grants totaling approximately \$2.4 million, which makes COLTAF funding second only to federal funding in meeting the civil legal needs of Colorado's indigent population.

Diana M. Poole  
**Executive Director**

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We understand that the exclusion of IOLTA accounts in the Dodd-Frank Act was unintentional, and that a bi-partisan bill was introduced just before the October recess to remedy this situation. If the above-referenced regulation takes effect and financial institutions begin to act on the notification directive before Congress has the opportunity to take corrective action on this matter, it could seriously jeopardize a critical funding stream for legal services, undermine existing banking relationships, and cause unnecessary confusion for the thousands of Colorado lawyers that have COLTAF accounts. Lawyers and law firms would be put in the position, perhaps unnecessarily if the fix is ultimately enacted, to consider moving their existing COLTAF accounts to very large banks that are presumably too big to fail or to fully insured non-interest-bearing accounts.

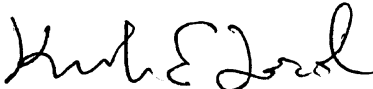
The potential disruption to COLTAF and, in turn, to Colorado's civil legal aid delivery system, is particularly alarming given the still-faltering economy. The need for COLTAF-funded legal services has steadily increased as more Colorado families face the significant legal problems that accompany unemployment and acute financial distress. At the same time, and for many of the same reasons, funding for legal services has been compromised. Most significantly, COLTAF's grantees are already suffering reductions in their COLTAF funding because of historically low interest rates that have decimated COLTAF's revenue. The premature and hopefully unnecessary notification that IOLTA accounts will no longer be fully insured might further exacerbate this problem.


For all of these reasons, we respectfully request that the FDIC delay implementation of the proposed regulation and the notification requirements with respect to IOLTA accounts until Congress has an opportunity to pass the pending Senate bill or other corrective legislation.

Please do not hesitate to contact us if you have any questions or would like additional information.

Thank you for your attention.

Sincerely,

  
Kimberly E. Lord, Esq.  
President

  
Diana M. Poole, Esq.  
Executive Director