

# PUBLIC INTEREST CLEARINGHOUSE

*California's Catalyst for Justice*

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October 15, 2010

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

RE: FDIC rule: RIN 3064-AD37

Dear Mr. Feldman:

I am writing to respectfully request that the FDIC delay the proposed required notification requirements relative to IOLTA account holders of the proposed rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) in order to allow the time necessary for Congress to take action on this matter.

Public Interest Clearinghouse is a statewide nonprofit aimed at increasing access to legal help for underserved Californians. Hundreds of thousands of low-income Californians turn to California's almost 100 legal services nonprofits to access life's most basic necessities. We engage all segments of the legal community in building infrastructure and partnerships to help the hundreds of thousands of low-income Californians who need legal help just to gain their most basic civil rights and to meet essential human needs. These are rights and needs most of us take for granted, like food, housing, health care, and education. If these are denied, most of us can fight for them ourselves, but low-income people often need legal help to obtain these basic life necessities. PIC makes sure the help is there when it's needed.

California legal services organizations are concerned that detriment to the IOLTA program will occur if this Regulation takes effect before Congressional action. In California, there are approximately \$2.2 billion in balances in over 41,000 IOLTA accounts with over 75,000 attorneys participating in the IOLTA program. If financial institutions are required to notify individual account holders of IOLTA accounts that their account will no longer be eligible for full FDIC coverage after this year, attorneys will be faced with a dilemma as to whether to move their IOLTA funds to a non-interest bearing account, which is not permitted under California statute, move their accounts to a bank that is "too big to fail," or split their funds between banks in order to maximize insurance coverage – an impractical solution because the funds are short-term and because attorneys do not know what other funds their clients may have at the bank. The potential loss of IOLTA revenue could have devastating consequences to a significant source of funding for civil legal aid to the indigent in California and would be disruptive to attorneys, banks, and nonprofit recipients of IOLTA funding.

In order to prevent any negative effects and facilitate uninterrupted full coverage for IOLTA accounts, I respectfully request the FDIC delay the proposed required notification requirements relative to IOLTA account holders, allowing Congress the time necessary to take action on this matter.

Sincerely,



Linda S. Kim  
Deputy Director