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CONTACT: Susan Sullam, 410-962-4436

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SENATORS CARDIN AND SPECTER APPLAUD FDIC FOR PROTECTING IOLTA ACCOUNTS

WASHINGTON – **U.S. Senators Benjamin L. Cardin** (D-MD) and **Arlen Specter** (R-PA) today applauded the decision by Sheila Bair, chairman of the Federal Deposit Insurance Corporation (FDIC), to approve their request that the FDIC provide full deposit insurance coverage under the Temporary Liquidity Guarantee Program (TLGP) to Interest on Lawyers' Trust Accounts (IOLTA). The FDIC under the TLGP guarantees certain non-interest-bearing accounts and today's decision will extend that guarantee to IOLTA accounts.

Senators Cardin and **Specter** authored a bipartisan letter to Chairman Bair urging that the FDIC provide full deposit insurance coverage for IOLTA accounts. The letter was signed by 17 other senators: Judiciary Chairman Senator Patrick Leahy (D-VT) and Senators Bernie Sanders (I-VT), John Kerry (D-MA), Tom Harkin (D-IA), Joe Lieberman (I-CT), Claire McCaskill (D-MO), Patty Murray (D-WA), Debbie Stabenow (D-MI), Bob Casey (D-PA), Dianne Feinstein (D-CA), Edward Kennedy (D-MA), Russell Feingold (D-WI), Jeff Sessions (R-AL), Carl Levin (D-MI), Richard Durbin (D-IL), Hillary Clinton (D-NY), and Charles Schumer (D-NY).

"The IOLTA program has been instrumental in providing access to legal services for low-income Marylanders," said **Senator Cardin**. "I am extremely pleased that the FDIC has recognized the importance of the program and has decided to ensure that these accounts will receive deposit insurance coverage by the FDIC."

"The FDIC has confirmed that IOLTA programs across the country produce numerous benefits for members of communities who are facing troubled times," said **Senator Specter**. "I am pleased that the FDIC will protect IOLTA accounts because they play a major role in funding programs that help families facing foreclosure, victims of domestic violence and consumer fraud, and people needing legal advice."

Client funds that are small or held for too brief a period to earn interest for the client or net the bank charges or administrative fees, are placed in IOLTA accounts, which are pooled interest-bearing trust accounts. The bank fees from these accounts are distributed to not-for-profit organizations in each state to fund legal aid services for low-income Americans. IOLTA programs currently operate in the 50 states, District of Columbia and the Virgin Islands.

In 1982, as leader of the Maryland House of Delegates, then-Speaker Cardin authored the legislation that created the state's IOLTA program and the Maryland Legal Services Program. The Maryland IOLTA program was the fourth in the nation to be established.

“We are extremely pleased at the favorable consideration IOLTA received from the FDIC with regard to inclusion in the TLG Program,” said **Susan Erlichman**, Executive Director of Maryland Legal Services Corp. and President of the National Association of IOLTA Programs. “IOLTA is the primary funding source for civil legal services to low-income Marylanders, and it is especially important in these tough economic times to provide help to those facing evictions, foreclosures, unemployment and other civil legal problems.”

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