

News From IOLA

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IOLA FUND APPLAUDS FDIC FOR FULLY INSURING IOLA ACCOUNTS

The FDIC has guaranteed the safety of all funds that New York lawyers deposit into their IOLA accounts under the Temporary Liquidity Guarantee Program (TLGP) by establishing full insurance protection for the accounts at participating banks.

New York IOLA Fund Board Chair Benito Romano expressed the gratitude of the IOLA Board for the FDIC's decision: "The FDIC has taken a major step to ensure that lawyers can continue to deposit client funds into their IOLA accounts and not worry about their safety. IOLA funding for civil legal aid helps thousands of low-income New Yorkers obtain legal assistance. By creating full insurance coverage for IOLA accounts, the FDIC has enabled IOLA to continue to be a major funder of civil legal services in New York. We applaud and thank the FDIC."

Lorna Blake, Executive Director of IOLA, said: "The FDIC made this decision after an effort led by the American Bar Association resulted in the submission of a large number of comments to the FDIC from bar and legal services leaders across the country. They advised that without providing full insurance protection to "IOLTA" accounts — as they are known in most states — lawyers could be forced to move client funds into non-interest bearing accounts, for which the FDIC had earlier created full insurance coverage. The result would have been a drastic, nationwide reduction in financial support for legal aid providers."

She added: "The New York IOLA Fund is most appreciative of the many comments submitted to the FDIC by New York lawyers, the New York State Bar Association, the Association of the Bar of the City of New York, New York's Office of Court Administration, elected officials, legal services providers and others – all urging full insurance coverage for IOLA accounts."

The IOLA Fund supports programs that provide free legal services in housing, family law, public benefits and other matters for low-income New Yorkers, including the elderly, the disabled, immigrants, children and victims of domestic violence. IOLA's income is limited to the interest it earns on short term or nominal deposits held in lawyers' IOLA accounts. It receives no tax dollars or other revenue.

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