

NEW YORK
CITY BAR

**COMMITTEE ON PRO BONO
AND LEGAL SERVICES**

STACEY O'HAIRE FAHEY
CHAIR
1585 BROADWAY
15TH FLOOR
NEW YORK, NY 10036-8299
Phone: (212) 969-3952
Fax: (212) 969-2900
sfahey@proskauer.com

KIMBERLY T. SHAMSIDDIN
SECRETARY
1585 BROADWAY
15TH FLOOR
NEW YORK, NY 10036-8299
Phone: (212) 969-3894
Fax: (212) 969-2900
kshamsiddin@proskauer.com

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Stephen G. Brooks, Esq.
General Counsel
Interest on Lawyer Account Fund
11 East 44th Street
New York, NY 10017

Dear Mr. Brooks:

The Pro Bono and Legal Services Committee of the Association of the Bar of the City of New York is submitting this comment with regard to the proposed amendment of Section 7000.9(b)(1) of Title 21, NYCRR. The proposal is a useful administrative measure that can also generate additional, sorely needed revenues to aid IOLA in fulfilling its mission to fund the provision of legal services to the needy.

The amendment would add an option that financial institutions might utilize in setting interests rates on their IOLA accounts. Currently, institutions may pay interest or dividends on their IOLA accounts at a rate not less than the highest rate available on several different accounts, as set forth in the regulations (Section 7009(a)). Institutions may also negotiate a rate with the IOLA Fund (Section 7009(b)(2)). The regulations currently further provide, as an additional option, that institutions may pay 60% of the Federal Funds Target Rate paid on an interest bearing checking account (Section 7009(b)(1)). The proposed amendment to (b)(1) would permit institutions to offer the greater of 60% of the Federal Funds Target rate or 1% paid on an interest bearing checking account.

Stephen G. Brooks, Esq.

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We believe this amendment would provide institutions with a simpler administrative mechanism for setting interest rates on IOLA accounts, would provide a floor for the interest rate an institution would pay using the option in Section (b)(1) and would in some cases lead to higher rates paid on those accounts. Any such increase in income yielded by IOLA accounts would be valuable for the millions of New Yorkers who cannot afford a lawyer for basic legal needs that are essential to their safety and well being. These individuals depend heavily on the services of organizations who in turn rely extensively of the funding provide by IOLA. Particularly now, with historically low interest rates substantially reducing the amount of funds available to IOLA, this amendment would have a positive effect on funding while leaving financial institutions with many options for making commercially appropriate decisions.

Thank you for the opportunity to comment.

Very truly yours,



Stacey O'Haire Fahey