

BUREAU OF BANKING

Department of Professional and Financial Regulation

State of Maine

November 17, 1986

BULLETIN #41 INTEREST ON LAWYER'S TRUST ACCOUNTS

To the Chief Executive Officer Addressed:

March 1986 amendments to the Maine Bar Rules permit lawyers and law firms to commingle trust funds held on behalf of clients and to deposit these funds in interest bearing, insured accounts in Maine's financial institutions, so long as the interest is dedicated to a tax-exempt non-profit organization located in Maine. This program is known as the "Interest on Lawyer's Trust Accounts" (IOLTA) program; Maine is the 41st state to adopt such a program.

In conjunction with Maine's IOLTA program, the Office of General Counsel of the Federal Home Loan Bank Board, the Legal Division of the Federal Deposit Insurance Corporation and the General Counsel of the Board of Governors of the Federal Reserve System rendered opinions that deposits of lawyers and law firms held on behalf of clients are eligible to be maintained in NOW accounts in the name of the lawyer or the law firm provided that the right to the interest earned on such accounts is exclusively vested in a Maine corporation which holds tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1954. One corporation which has been approved by the I.R.S. for tax-exempt status is the Maine Bar Foundation. The Bureau recommends that financial institutions which participate request that the Maine Bar Foundation or any other designated IOLTA recipient notify them in writing if its tax-exempt status changes. Questions regarding this matter may be addressed to Senior Bank Examiner Christine Pearson at the Bureau of Banking.

/s/ H. Donald DeMatteis
Superintendent