

To: To Judges of the Special Courts  
From: Al Azen  
Date: January 18, 2005

Subject: Restart of the Minor Judiciary Interest on Trust Account Program (MJ-IOTA)

Previously (August, 2004), the Supreme Court of Pennsylvania issued an Order establishing an IOLTA-like program for the minor judiciary of Pennsylvania, referred to as the MJ-IOTA program. However, several adjustments had to be made to policies and the common computer database reporting software used by most of the minor judiciary, and additional time was needed to make those adjustments. Therefore, the Court issued another Order to delay the implementation of the MJ-IOTA program. Those software and policy adjustments have been made, and the Court has issued its Order (previously conveyed to you by laser fax) requiring the minor judiciary to establish the MJ-IOTA accounts **effective February 1, 2005**.

Since 1989, Pennsylvania has had an attorney IOLTA (Interest on Lawyers Trust Account) program. The attorney IOLTA program requires that attorneys place certain types of fiduciary funds they handle, as a result of the practice of law, into interest-bearing IOLTA escrow accounts. The interest earned on the IOLTA account is transferred by the attorney's depository institution to the PA IOLTA Board and is used to fund non-profit organizations and law school clinical programs that provide civil legal assistance to low income Pennsylvania residents. Studies of the Pennsylvania Bar Association, the American Bar Association, and many other respected organizations have consistently found that civil legal aid is available to only one in five low income persons in desperate need of civil legal help. As a result, legal assistance is often rationed to those whose needs are determined the greatest, such as victims of domestic violence, tenants and homeowners facing loss of housing, and families facing loss of income.

The Pennsylvania Supreme Court's Order requires the Commonwealth's Minor Judiciary to convert their existing custodial accounts into interest-bearing status for the same reasons it established the mandatory attorney IOLTA program. The Minor Judiciary includes Magisterial District Judges, Philadelphia Traffic Court, Municipal Courts and Magistrates. The MJ-IOTA program differs from the regular attorney IOLTA program primarily in who can establish the account. A pamphlet describing the MJ-IOTA program and an enrollment form are enclosed for your use.

Members of the minor judiciary can comply with the Court's Order by completing the enclosed "Enrollment Form for the Minor Judiciary", sending the original form to their depository institution, and sending a copy to the PA IOLTA Board in Harrisburg. Upon receipt of the enrollment form, the depository institution will convert the existing non-interest bearing account to an MJ-IOTA interest-bearing account, and begin remitting and reporting the interest to the PA IOLTA Board. All MJ-IOTA accounts will utilize the tax I.D. number of the PA IOLTA Board which is listed on the enrollment form. In some circumstances, an exemption may be issued in lieu of establishing an MJ-IOTA account. (See the applicable sections of the regulations which were sent to you by laser fax.)

In unusual situations, the depository institution may not be able to convert an existing account to an MJ-IOTA

advise you that a new account is required.

An MJ-IOTA account should have little or no administrative impact on your office. After an account is converted to MJ-IOTA status, your staff will see interest being credited to the account in one month and remitted to the PA IOLTA Board either in the same month, or the next. Some depository institutions perform quarterly remitting and reporting, so it is possible that interest could remain in the MJ-IOTA account for up to three months. The account title on the bank statement will include the MJ-IOTA acronym, but the account checks and deposit slips need not contain the MJ-IOTA designation.

Depository institutions are permitted to offset certain types of account service charges against the MJ-IOTA interest earnings, such as account transaction charges (e.g. per check, per deposit item, etc.), account maintenance fees and similar account charges. However, most depository institutions waive such charges on regular attorney IOLTA accounts, and will likely do so for MJ-IOTA accounts as well. The depository institutions are not permitted to offset business costs or costs that are chargeable to others, such as check printing, wire transfer charges, NSF and similar charges, and may contact you concerning the payment of those non-account related charges.

Since the attorney IOLTA program has been operating in Pennsylvania since 1989, depository institutions are familiar with establishing and handling these accounts. However, should you or your staff encounter problems as you attempt to comply with the Court's Order, please contact us using the telephone numbers listed on our letterhead.

cc: County President Judges (w/o enclosures)  
Encl.

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