

**WYOMING STATE BAR FOUNDATION**  
**Federal Rules, Regulations & Guidelines For IOLTA**

Generally, only not-for-profits and individuals are permitted, under federal banking regulation, to have interest-bearing checking accounts. However, lawyer/law-firm owned accounts can be converted to interest-bearing IOLTA checking accounts. IOLTA programs hold the entire beneficial interest in an IOLTA account. The basis for this are two Internal Revenue Service Rulings, IRS Revenue Ruling 81-209 and IRS Revenue Ruling 87-2, describing IOLTA programs.

With this legal underpinning, the Board of Governors of the Federal Reserve System has issued opinions that interest-bearing checking or Negotiable Order of Withdrawal Accounts held by lawyers or law firms are permissible under a state's IOLTA program. Accordingly, IOLTA accounts carry the IOLTA program's, and not the lawyer's or law firm's, Tax Identification Number (TIN). The Wyoming State Bar Foundation's TIN is 74-2226269. In addition, IOLTA accounts are not subject to backup withholding.

Regulation D allows banks to offer interest-bearing checking accounts for nonprofit, charitable entities. When a nonprofit charitable IOLTA program holds the beneficial interest (gets the earnings) in the IOLTA account, a NOW account can be used even when a law firm is the account holder.

IOLTAs are unique animals in that the funds on deposit belong to the client, the account belongs to the lawyer/firm and the interest belongs to the IOLTA program – the Wyoming State Bar Foundation.

For more information, please contact the Wyoming State Bar Foundation at 307.632.2272 or by email at [foundation@wyomingbar.org](mailto:foundation@wyomingbar.org)