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assistance from ALSC; nor would ALSC

records for its non-LSC permissible cases and its LSC permissible cases. The staff of the other organization would be required to complete time sheets differentiating time spent on LSC-permissible cases and time spent on other cases. In addition, the organization's overhead costs would be required to be pro-rated between LSC-permissible cases and other cases. Case related costs, including insurance coverage, would also be accounted for separately.

Finally, the proposal anticipates that clients served by attorneys under the other organization's *pro bono* program would be able to assign their attorney fee rights to the organization and the new organization would be able to claim, collect and retain attorneys' fees. This is permissible under the program integrity requirement and the Corporation's attorneys' fee regulation, 45 CFR Part 1642. The Corporation's attorneys' fee restriction would not be applicable to the organization's project that funds non-LSC permissible cases because the restriction does not apply to non-LSC funds transferred to an organization that receives no LSC funds. The restriction would apply, however, to the project that funds LSC-permissible cases allocated to LSAC'S PAI requirement except that the representation is provided *pro bono*.² Section 1642.4 permits attorneys who provide *free* representation to eligible clients under a program's PAI program to seek and collect attorneys' fees. Because the proposed plan envisions that representation will be provided *pro bono*, the attorneys' fee restriction would not apply. If any of the attorneys providing representation in such cases should be given any compensation for the representation, either the attorney could not seek and retain attorneys' fees or ALSC would not be able to count the case as a PAI case.³

In summary, the plan as set out in your May 21, 1999 letter is consistent with the LSC program integrity requirements. Please let us know if you need any additional assistance in this matter.

Sincerely,

Suzanne B. Glasow
Senior Assistant General Counsel
