

Uh oh, NYC Complicit in Sale of Taxi Medallions at Inflated Prices

By Don McCurdy

Uh oh.

Reports are that the New York Attorney General is of the opinion that New York City was complicit in the sale of taxicab medallions at an inflated price. The result of that opinion is a lawsuit to the tune of \$810 million. The AG claims the city knew the medallions weren't worth what they were selling them for at the time.

There have been numerous reports blaming medallion lenders and others for the plight of the medallion holders, but few blamed the city for the inflation of prices. The mayor has rebuffed calls for a medallion bailout and this may be a way of coercing the mayor to reconsider. It seems obvious to me that the city had a hand in the debacle since they were on the receiving end of the cash.

I, of course, am not a lawyer or a judge but it would certainly appear that the city is acting callously toward the people who they sold these medallions to in the first place. Another interesting drama from the streets of New York.

“Devil or angel?”

Apparently Bhairavi Desai of the New York Taxi Workers Alliance can't make up her mind. First reports are that when she heard about Marblegate Asset Management buying up medallion loans from the National Credit Union Administration she said it was “ridiculous” and that the Alliance was “pretty pissed off.”

Less than a week later, after meeting with Marblegate, Desai is reported to have said that they have a “mutual agreement to move forward and draw up some universal standards on debt relief.” Marble gate did not comment on the story so I would suspect that the devil will be in the details of these saving angel's final proposal.

Marblegate is reported to already own 1300 medallions, making them the largest medallion holder in the city. Should more medallion owners default on the new agreed on terms, whatever they turn out to be, Marblegate could end up owning a considerably larger number of medallions.

Marblegate is certainly under no obligation to forgive any debt associated with the medallions so it will be interesting to see if the numbers work out the way Desai intends. Another interesting drama from the streets of New York.

“What's the news across the nation?”

Coronavirus. Every story, on every channel, on every news medium is convincing us that we're all going to die of the Coronavirus. At the writing of this column, there are 44 confirmed cases in the entire state of Texas with zero deaths. Currently there are 40 deaths nationwide.

There will undoubtedly be more by the time this is posted, but the financial impact is widespread and getting worse. Taxicab, Uber, Lyft and a host of other service sector employees are getting caught up in the hysteria. The financial markets are freaked out in a spectacular manner, with Uber and Lyft stocks taking a beating.

From my perspective, as a 68-year-old with underlying medical conditions, there are some activities I avoid, like large crowds which I avoid anyway. Is this media generated panic necessary? I doubt it.

“To be or not to be?”

Is Uber a transportation service? Reports are that a federal judge in California says that Uber is a transportation company based on the company's advertisements as a “transportation system.” The ruling centers around Uber's providing wheelchair accessible service in some cities, but not New Orleans.



The Americans With Disabilities Act has been an issue with transportation companies since its passage, so Uber should have expected to have to do something in the area of wheelchair service. The question now is do you start providing the service everywhere or wait for more lawsuits?

Can Uber weather the perfect storm?

The coronavirus has put a major crimp in Uber's business by reducing the amount of travel Americans are engaging in. Pretty simple really, do I want to get into a car with someone who may have just carried a virus sufferer?

Couple that with the new gig economy law in California, efforts to unionize the drivers, a general negative vibe from regulators and you have serious headwind on your way to profitability. The return to self-driving vehicle testing may be too little too late if their main source of revenue suffers a prolonged downturn.

Uber could have avoided some of their driver problems by reducing the number of drivers to improve driver income. Their driver relations appear to be at an all time low.

Creative marketing 101.

Charley's Taxi of Hawaii is reported to be working hard to prevent the spread of COVID 19. They disinfect every taxicab after every trip. Drivers are wiping down their vehicles with Lysol between rides to keep the next passenger from picking up the virus from the vehicle. The program might cost them a fortune in cleaning supplies, but it sure is a clever marketing strategy.

If you have any comments regarding this or any of my articles please feel free to contact me at: don@mcacres.com. - dmc

