

Taken For A Ride  
by Larry Fisher

For my column this month, I decided to create a list of issues relating to Uber et al. Although I'm quite certain that I have left out a few items, the mere length and breadth of these problems should give pause to the NYC Taxi and Limousine Commission to allow these companies to continue to operate. I encourage any of you to read this list aloud at the next TLC hearing, or the For-Hire Vehicle Committee. Here's the list so far:

Had to settle drivers' suit regarding false advertising of its income potential

Running improper background checks without fingerprinting in most jurisdictions that allow criminals to become drivers

Lying to public and regulators about their status as a technology company not a transportation company. Calls itself ride-share when it is simply a dispatch cab company using smart phones

Incorrectly classifies its drivers as self-employed, independent contractors as opposed to employees

Rips off drivers with its upfront pricing and surge pricing schemes; Rips off passengers with overcharges, phantom rides and cancellations

Has over-expanded its driver base leading to high degree of churn due to lack of business and revenue

Encouraged drivers to purchase expensive luxury vehicles only to change the business model to cheaper rides without compensating drivers for the change. The claim that more rides would overcome cheaper rides resulting in greater income hasn't panned out

Steered drivers to usurious banks for car financing resulting in thousands of defaults, repossessions, and damage to drivers' credit

Drivers not making sufficient money is basic cause of illegal pick-ups, Ms. Joshi claimed at a TLC hearing

It is a predatory company pricing its service so far below profitability in order to destroy competition

Made the claim that because of Uber, there will be no need for people to own cars anymore, thereby reducing overall traffic. The opposite has occurred as congestion is at new historic levels

Acts like an intelligence agency by snooping on passengers' phones, obtaining medical records of an Uber rape victim, and irresponsibly using technology to invade privacy of drivers who also work for Lyft

Its corporate culture is rife with discrimination, sexism and misogyny

Cash burn and losses are jeopardizing the sustainability of the company, now turning yet again to the leveraged loan market

Venture capital is subsidizing 59% of the fare for each ride.  
Unsustainable business model

Customer service is a chronic problem

Reliability for pick-up a problem between driver and rider locating each other, cancellations and flawed GPS technology

Identifying the correct vehicle is a problem for passengers resulting in assaults and rapes

Has operated illegally in many markets in Europe and Asia forcing

governments to suspend its operations

In a show of contempt, Uber operated during the taxi strike at JFK last year protesting the Muslim immigration ban

The ratings system is a poor substitute for tipping, and does not result in removal of bad drivers or abusive passengers

The revolving door of TLC employees to Uber and Lyft smells of undue political influence

The study by McKinsey & Co regarding traffic and whether Uber and Lyft were contributing factors now seems to be bogus as politicians and reporters now believe them to be largely responsible for congestion

Alan Krueger's study in 2015 conveniently left out driver expenses like insurance, gasoline, vehicle repairs and depreciation in determining net income

There is no wheelchair accessibility, and now, they're marketing to the medical community

Requiring drivers to do pool requests

Failure to disclose multiple data breaches and paid off hacker \$100k to not reveal breach

Implementation of software designed to avoid detection by law enforcement

Stealing technology from Google

Needs to employ more lobbyists than any other company in the state in order to rig the political system for their benefit

If this company were named Walmart instead of Uber, would Mayor DeBlasio allow them to be licensed? Has it been good public policy to cause the bankruptcy of so many medallion owners? Why was an NYU professor doing a study in 2012 focusing on the viability of a constitutional takings claim in anticipation of the likelihood of a suit if the medallion taxi industry was somehow disrupted?

There is no doubt that before the advent of Uber et al, the taxi industry was in desperate need of updating its mode of operation and the regulatory environment as well. When medallion prices and leases were at all-time highs, and interest rates at all-time lows, the landscape was hardly inviting any change. Still, this modernization could have been done with the cooperation of stakeholders and regulators without the pain that has been caused by this failure and disruption. In the meantime, we've all been taken for a ride.