



New York Taxi Workers Alliance

AFL-CIO, Int'l. Transport Workers' Federation

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March 4, 2020

Honorable NYS Attorney Leticia James
28 Liberty Street
New York, NY 10005

Honorable NYC Comptroller Scott Stringer
1 Centre St #530
New York, NY 10007

Dear NYS Attorney General James and NYC Comptroller Stringer,

Greetings. On behalf of the New York Taxi Workers Alliance, I submit to you a plan to end the crisis of debt that has plagued over 5,000 individual medallion owners and their families, left thousands in dire poverty and life-long debt, and stolen from our brothers and sisters the right to retire.

Attorney General James, your claim against the City of New York for fraud signals the first serious attempt at holding accountable at least some of the responsible actors. Comptroller Stringer, you hold authority to settle claims on behalf of the City. Together, you can do right by the families who the city's collusion with reckless private financial players has driven into poverty, and this nightmare can end. Thousands drowning in debt. Hundreds without the chance to retire because they believed the city and its brokers and lenders who said the speculative asset which held their retirement would only flourish.¹

OUR PROPOSAL: Bring in all of us – the city, the lenders, and the collectively harmed individual medallion owners – to work out a settlement that cancels the debt for all, and provides direct restitution of \$150,000 to take care of our seniors. Knowing some of our driver brothers and sisters in their sixties and seventies are still working is an injustice we cannot bear, and one that would still continue if only the debt is restructured.

A Restitution Fund to Finance Loans Where Principal Has Already Been Written Down: Lenders have been selling loans at discounted rates to debt collectors and taking the loss. Of the estimated 5,000 individual loans in the market, the largest share, an estimated 3,500, are held by one firm, Marblegate, which just purchased the portfolio at a discounted rate from the National Credit Union Administration, the federal regulator which took over assets from two liquidated credit unions (Melrose and LOMTO, the two largest in the industry.) Marblegate has already said they will reduce principal debt and refinance the loans themselves. Another estimated 1,500 loans are currently held by credit unions, commercial banks and private lenders, some of whom may have no choice but to sell the loans, and some who may be interested in financing the \$150,000 themselves.

The restitution fund can finance loans for \$150,000 for owners whose lender writes off the debt and sells the loan but does not finance it. The city would recover the monies from the individual medallion owners, along with interest at fair market value.

¹ Based on responses to a request for data from the Taxi and Limousine Commission under the Freedom of Information Law: There are an estimated 5,630 individual medallions. 4,580 medallions are on the streets today, with the rest "in storage" with the Taxi and Limousine Commission due to bankruptcy, foreclosure, or other financial hardship. 2,348 of the individual medallions are driven by the owner; and about 1,200 owner-drivers working today are 62 years and older.

A public restitution fund under the settlement may need to finance only a small group of loans. And even then, it is an investment and not actual restitution.² We have laid out, below, the terms we seek for the refinancing.

Without this debt restructuring, thousands of families will be subject to bankruptcy or foreclosure. The taxi industry will never reach stability and this generation of owner-drivers will undoubtedly be the very last. The city has breached the most basic of social contracts in its role in this crisis, and it has ignored the sobering warnings of a public health crisis in the making. Don't ignore this legal claim. We beseech you, do not waste any more time.

Direct Restitution to Individual Medallion Owners Over 62: When the price of the medallion plunged, thousands of individual medallion owners lost their retirement. Our union said for years that all drivers need a retirement fund and it should not be connected to a speculative asset. We are fighting to create one now as part of the reorganization of the industry. Meanwhile, the City must compensate our senior drivers and allow them the dignity to retire. Cab driving is a physically grueling job. After serving the public for thirty plus years, our seniors shouldn't have to suffer 12 hour work days, and more importantly, they physically just cannot, spiraling them into deeper poverty, more debt and worsening health. According to the TLC, there are about 1,200 owner-drivers still working who are 62 and older. The City's recklessness wasted their retirement. The AG can make the City do right by them through the settlement.

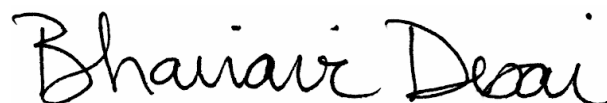
1. CLEAR OUR MEDALLION DEBT! Loan Terms for Money Lent through Restitution Fund to refinance loans Where Principal has already been written down

- Refinance loans to \$150,000 and forgive rest
- Establish monthly loan mortgage at \$900
- Establish an amortization schedule of no more than 18 to 20 years at fixed interest
- No penalty for early payment
- Give original borrower first right to buy back foreclosed or bankrupted medallion (at these same terms) currently in storage
- Medallions where the original borrower is not interested or available, should be sold at the same set price of \$150,000 with a lottery to select the purchaser if there are more buyers than the number of available medallions
- Fair contract terms such as: no confessions of judgment; two months grace period in case of delinquency of payment; written notice return receipt for any medallion seizures; and more

2. GIVE \$150,000 DIRECTLY TO ALL INDIVIDUAL OWNERS 62 YEARS AND OLDER TO MAKE UP FOR THEIR LOSS OF RETIREMENT!

After immense loss, suffering, sacrifice, and pain, we, a movement of workers and families in the worst crisis of our lives, have organized ourselves to find the solution that is just for us and actually leaves off easy the parties that have wronged us. We call on you both to set this resolution in motion.

Respectfully Submitted:



Bhairavi Desai, Executive Director
New York Taxi Workers Alliance

² Prior to the AG's filing, the City Council Medallion Taskforce called on the city to set up a public-private partnership to purchase written down loans and refinance them to owner-drivers. Congress has also introduced legislation to grant medallion owners tax credit over any debt that is forgiven.