MEDALLION BROKER AND AGENT RULES

October 2019
On May 20, 2019, Mayor de Blasio ordered a joint investigation of the taxicab broker industry.

• TLC, Department of Consumer Affairs and Department of Finance were responsible for investigation
EXISTING TLC MEDALLION BROKER RULES (2019)

TLC Rules relating to medallion brokers are codified in Chapter 62 of the TLC Rules

- City Council enacted Local Law 18 in 1984 to create requirements for “taxicab brokers” that act as intermediaries in negotiating the sale or purchase of a medallion
- Procedures for licensing of entities acting as taxicab brokers.
- Requirements for obtaining and maintaining licensure
- Operation rules to protect customers and the public
- Penalties for violations
• Brokers helped purchasers get medallion loans but the purchasers did not fully understand the terms of the loans
• Lack of consistent written agreements
• Required disclosures were not easily identifiable or written in plain language
• Agreements were exclusively in English
PROPOSED TLC RULES

**Services provided by brokers**

- Written agreement disclosing all broker fees
- Brokers must disclose all facts known to the broker that impact medallion values
- Broker must act in client’s interests
- Plain language explanation of material loan terms for financing/refinancing
- These loan terms will be translated into the top 10 spoken languages of TLC licensees
PROPOSED TLC RULES

Broker Conflicts of Interest

• Expands the broker interest to include interests possessed by family members of the broker
• Conflict of Interest also applies to TLC-related businesses
• Entities must disclose their interest in TLC licenses and TLC-related businesses
• Disclosure of actual interest in all transactions facilitated by taxicab brokers
PROPOSED TLC RULES

Additional broker rule revisions

• Increases to TLC penalties
• Extending record retention from 3 to 10 years
• Restitution to clients in certain cases
PROPOSED TLC RULES

Agents

• Written agreements between agents and medallion owners including terms informing owners of their rights

• Owners must be given the option to cancel the lease without penalty if agents lower the lease price

• Agents must provide annual accounting of all fees and costs paid by the agent on behalf of the owner

• Owners are entitled to restitution in certain cases