

New York ordered to pay \$810 million to debt-hit taxi drivers

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New York's taxi industry has been upended by the arrival of ride-hailing platforms like Uber and Lyft

New York must pay \$810 million to its debt-ridden cabbies, the state attorney general said Thursday, accusing the city of fraudulently inflating the value of permits needed to drive its famed yellow taxis.

Letitia James, head prosecutor for the state of New York, said an investigation by her office showed that the auction price of thousands of permits, known as medallions, had been artificially inflated by hundreds of millions of dollars between 2004 and 2017.

The attorney general's office alleged that the Taxi and Limousine Commission knew in 2011 that the price of medallions had passed actual value.

Yet the administrative body "published false and misleading medallion [prices](#)" in a number of cases, James' office said, causing the price of a single medallion at auction to spike from \$283,300 in 2004 to \$965,000 in 2014.

The [city](#) allowed brokers and top players to collude on prices, the prosecutor said, as the TLC encouraged [drivers](#) to use the medallions as collateral for loans.

The state's prosecutor said medallion prices were fraudulently set so high that drivers could not pay them off with their earnings from cab operation regulated by the city itself.

"These [taxi](#) medallions were marketed as a pathway to the American Dream, but instead became a trapdoor of despair for medallion owners harmed by the TLCs unlawful practices," James said in a statement.

"The very government that was supposed to ensure fair practices in the marketplace engaged in a scheme that defrauded hundreds of medallion owners, leaving many with no choice but to work day and night to pay off their overpriced medallions."

New York's taxi industry has been upended by the arrival of ride-hailing platforms like Uber and Lyft.

More than 950 licensed [taxi drivers](#) have declared personal bankruptcy since 2016, according to a New York Times investigation of court records published last year.

Recent years have also seen a spate of suicides from cab drivers suffering under crushing debt.

The sum of \$810 million corresponds to the city's revenues from medallion sales and resale tax, according to the attorney general, and must be paid within 30 days or James' office intends to sue, it said.

Contacted by AFP, New York City Hall did not immediately respond.

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