Chapter 65	SALE OF TAXICAB MEDALLIONS

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SUBCHAPTER A: SALE OF NEW MEDALLIONS

§65-01 Scope of this Subchapter

(a) In accordance with Administrative Code §19-532, the Chairperson will issue and sell additional Taxicab Licenses up to the number authorized by state and local law.

(b) This subchapter establishes the process for issuing and selling newly authorized Medallions.

§65-02 Penalties

(a) *Specific Penalties.* If there are specific penalties for violating a Rule, they will be shown at the end of the Rule. The penalty section will also state whether the violator must attend the Hearing.

(b) *Payment of Fines.*

(1) Fines are due within 30 days of the day the Respondent is found guilty of the violation, unless:

(i) the Respondent files an appeal of the decision issued by the Taxi and Limousine Tribunal within the time required by Chapter 5 of Title 48 of the Rules of the City of New York, in which case the payment of the fines will be deferred until 30 days after the date of the appeal decision.

(2) If the fine is not paid by the close of business on the date due, the Commission will notify the Respondent in writing that the Respondent's License will be suspended in 10 business days of the date of the notification until the fine is paid, unless the Respondent demonstrates to the Commission, in person or in writing, that the fine has been paid.

§65-03 Definitions Specific to this Subchapter

(a) *Bidder*. An individual submitting a sealed bid for one or more Lots of Taxicab Medallions or a Business Entity to which an individual Bidder assigns a bid.

(b) *Broker* or *Taxicab Broker*. For purposes of this subchapter, a Broker or Taxicab Broker will include any person or entity, and any person or entity which is an owner, shareholder, partner, member or employee of such person or entity, that

represents or advises any Bidder or potential Bidder in connection with an actual or potential bid and meets either of the following criteria:

(1) Provides advice regarding bid price or potential bid price; or

(2) Obtains actual knowledge of the bid price submitted by any Bidder while providing representation or advice.

(c) *Closing Deadline*. A Closing Deadline will be the date by which a winning Bidder must close on any Lot as established in §65-07(a).

(d) *Independent Medallion.* A class of Medallion Taxicab License, the owner of which may only own one Medallion.

(e) *Lot*. Medallions being sold in a single unit, which will be one Medallion in the case of an Independent Medallion and two or more Medallions in the case of Minifleet Medallions.

(f) *Minifleet Medallion*. A class of Medallion Taxicab License, the owner of which must own at least two Minifleet Medallions.

(g) *Reserve Status and Reserve Status Bids.* The highest ten percent of the non-winning bids in each category hold Reserve Status, unless the Chairperson determines a greater number of non-winning bids will receive Reserve Status and sets a higher qualifying percentage. A bid holding Reserve Status is a Reserve Status Bid and is converted to a winning bid when a winning Bidder fails to comply with the Closing Deadlines established in this Rule.

§65-04 General Provisions

(a) *Sale by Sealed Bid.* The public sale of newly issued Taxicab Medallions will be done by Sealed Bid.

(b) *Classification of Medallions.* Each Medallion will belong to only one of the following classifications and will permanently remain in that classification regardless of change in ownership of the Medallion after issuance:

(1) Independent Medallion

(2) Minifleet Medallion

(3) Accessible Independent Medallion

(4) Accessible Minifleet Medallion

(5) Alternative Fuel Independent Medallion

(6) Alternative Fuel Minifleet Medallion

(c) *Sale in Lots.* New Medallions will be sold in Lots.

(d) *Ratios of Medallion Classifications.* The ratio of Minifleet Medallions to Independent Medallions (whether Restricted or Unrestricted) will be maintained in accordance with §19-504(i) of the Administrative Code.

(e) *Separate Public Sales.* Separate sales may be conducted for each of Independent Medallions, Minifleet Medallions, Accessible Independent Medallions, Accessible Minifleet Medallions, Alternative Fuel Independent Medallions, and Alternative Fuel Minifleet Medallions.

§65-05 Commission Procedures for Holding a Sealed Bid Sale

(a) *Notice of the Sale.* Sealed bid sales and any postponements of these sales will be publicized as required below.

(1) *Publication of Sealed Bid Sale.* The Chairperson will publicize each sealed bid sale by placing an announcement in the City Record for five consecutive days, beginning at least thirty days prior to the deadline for bidding. The announcement will include the following:

(i) The date and time on which bids are due;

(ii) The number of Medallions to be sold;

(iii) Whether those Medallions will be sold as Independent Medallions, Minifleet Medallions, Accessible Independent Medallions, Accessible Minifleet Medallions, Alternative Fuel Independent Medallions, or Alternative Fuel Minifleet Medallions;

(iv) The numbers of Minifleet and Independent Medallions to be sold;

(v) The percentage of highest non-winning bids that will determine the Reserve Status class for each type of Medallion to be sold; and

(vi) Other terms of sale.

(2) *Publication of Postponements.* The Chairperson has the ability to postpone the public sale. The Chairperson will place an announcement of the postponement in the City Record for five consecutive days, beginning at least ten days prior to the new deadline for bidding.

(3) *Additional Notices.* The Chairperson can place additional notices in the City Record or other publications.

(b) *Pricing*

(1) The Chairperson will set a minimum upset price for Medallions to be sold.

(2) The Chairperson will establish different upset prices for each type of Medallion sold.

(3) A minimum upset price will be published in the City Record at least ten days prior to the deadline for submission of bids.

(4) Any bid received that is less than that minimum will be rejected as non-responsive.

(c) *Bid Opening*

(1) The Chairperson will set a date when the bids will be opened in public and the winning bids announced at the public sale.

(2) The winning bids will be the highest bids that are complete and responsive as established in §65-06.

(3) The winning Bidders will be notified promptly by certified mail.

(4) Tie bids will be decided with a drawing, which will be held at the bid opening. This process will also be used to determine tie bids that qualify for Reserve Status.

(5) Winning bids will be published in the City Record and posted at the Commission's office and on the Commission's website.

(d) *Reserve Status Bids*

(1) The Chairperson will determine the number of the highest, non-winning bids that will be given Reserve Status for each type of Medallion sold. This number will not be less than ten percent of the total number of Medallions of that type being sold.

(2) The holders of the highest non-winning bids that have been given Reserve Status will be notified of their Reserve Status.

(3) Reserve Status may be converted to a winning bid if a winning Bidder fails to comply with the Closing Deadlines established in this Rule.

(4) The Chairperson will notify the holder of a Reserve Status Bid when that status changes to a winning bid. The date of notification will be the date of the bid opening for purposes of calculating the holder's deadlines under this Subchapter.

(5) The Chairperson will hold a drawing at the bid opening to determine which bids will be given Reserve Status if there are more bids at the lowest bid price qualifying for Reserve Status than set by the Chairperson.

(6) A winning Bidder for any Lot that fails to comply with the Closing Deadline requirements will be disqualified from Reserve Status.

(e) *Assignment of the Winning Bid*

(1) The rights of a winning Bidder can only be assigned prior to the close of sale by a winning Bidder who is a Business Entity Person to a Business Entity.

(2) The rights of a winning Bidder may not be assigned to any Business Entity if any Business Entity Person of that Business Entity did not comply with the Closing Deadline requirements associated with a winning bid on any higher priced Lot.

§65-06 Procedures for Bidding

(a) *Submitting a Bid.* Each Bidder must do the following:

(1) Submit bid on the form determined by the Chairperson.

(2) Submit only one bid for one Lot per envelope.

(3) Include with each bid the following:

(i) For each Minifleet Medallion for which a Bidder submits a bid, a deposit of $5,000 (or $10,000 for each lot of 2 Minifleet Medallions) in a certified check, bank check, money order, or a check issued by a Taxicab Broker or Agent licensed by the Commission pursuant to chapter 62 or chapter 63 of this title respectively, payable to the "New York City Taxi and Limousine Commission";

(ii) For each Independent Medallion for which a Bidder submits a bid, a deposit of $2,000 in a certified check, bank check, money order, or a check issued by a Taxicab Broker or Agent licensed by the Commission pursuant to chapter 62 or Chapter 63 of this title

respectively, payable to the "New York City Taxi and Limousine Commission"; and

(iii) A letter of commitment for no less than eighty percent of the bid amount, issued by a bank or credit union licensed to do business in the State of New York or other lender licensed by the State of New York or the Federal Government.

(4) Submit bid in a 9" x 12" sealed envelope with a cover form determined by the Chairperson on which the Bidder must indicate the following:

(i) The Bidder's name, address, phone number and date of sale; and

(ii) The type of Medallion Lot.

(5) Submit each sealed bid by hand delivery at the time and place designated by the Chairperson.

(6) Submit each bid between 9:00 a.m. and 12:00 noon on any of the four business days immediately prior to the deadline for bidding.

(b) *Late Bids.* Any bid presented to the Commission after the deadline in 65-06(a)(6) will not be accepted.

(c) *Required Certifications*. As part of each bid form, the Bidder must certify the following:

(1) The Bidder has not relied on any statements or representations from the City of New York in determining the amount of the bid.

(2) The Bidder has not colluded, consulted, communicated, or agreed in any way with any other Bidder or prospective Bidder for the purpose of restricting competition or of inducing any other prospective Bidder to submit or not to submit a bid for the purpose of restricting competition.

(3) The Bidder has not disclosed any bid price, directly or indirectly, to any other Bidder for the purpose of restricting competition or of inducing any other prospective Bidder to submit or not to submit a bid for the purpose of restricting competition.

(4) The Bidder is not acting as a Taxicab Broker for any other Bidder and is not the owner, shareholder, partner, member, or employee of any person or entity acting as a Taxicab Broker for any other Bidder.

(d) *Non-Responsive Bids.* The following will be considered "non-responsive" bids and will be rejected:

(1) Bids not rounded to the nearest one-cent increment.

(2) Bids not using the proper form or the proper envelope.

(3) Bids where the form or envelope cover form is not properly completed, as determined by the Chairperson.

(4) Bid packages that do not have the proper deposit.

(5) Bid packages that do not contain a commitment letter meeting the requirements of this section.

(6) Bid packages containing bids for more than one Lot per envelope.

(7) Bids that are non-responsive or non-conforming in any other respect.

(e) *All Bids Final*. All bids are considered final and no Bidder will be allowed to correct any bid after submission.

§65-07 Closing on the Purchase

(a) *Closing Deadlines*

(1) Within ninety days after the bid opening, each winning Bidder must close on his or her Medallion(s). If the winning Bidder is unable to close within that period, Bidder must complete the following no later than ninety days after the bid opening:

(i) Deposit twenty-five thousand dollars ($25,000) in a form of payment acceptable under §52-40(b)(2) of these Rules for each Medallion covered by the winning bid; and

(ii) Provide the Chairperson with proof of purchase of a vehicle eligible for Hack-Up (see Chapter 67) in the form of a certificate of origin, a certificate of title, a bill of sale, or a signed sales contract.

(2) All purchases of Medallions must close by no later than ninety days after bid opening unless extended by the Chairperson for reasonable cause shown.

(3) All closing dates are subject to the approval of the Chairperson.

(4) No closing date can be scheduled until the winning Bidder has done the following:

(i) Demonstrated compliance with all of the requirements for issuance and ownership of a Taxicab License; and

(ii) Submitted proof of purchase of a vehicle eligible for Hack-Up in the form of a certificate of origin, a certificate of title, a bill of sale, or a signed sales contract.

(5) A winning Bidder's failure to comply with the provisions in this subdivision will result in the disqualification of the winning bid.

(b) *Additional Pre-Closing Requirements.* Each winning Bidder must complete the following prior to closing:

(1) Submit all documentation required by the Chairperson.

(2) Clear outstanding fines and penalties.

(3) Submit fingerprint records as directed by the Chairperson unless the Bidder has electronic fingerprints already on file with the Commission.

(c) *Post-Closing Requirement:* Hack-Up each Medallion sold under this Subchapter no later than the fifth business day following the day of the closing on the sale of the Medallion, unless extended by the Chairperson for reasonable cause shown.

(d) *Special Requirements for Winners of Independent Medallion.* Each winning Bidder of an Independent Medallion must demonstrate the ability to comply with the "Owner-Must-Drive" service requirements set forth chapter 58 of this title. Winners may fulfill this requirement through the following:

(1) By personally holding or obtaining a Taxicab Driver's License; or

(2) If the Medallion has been assigned to a Business Entity, by identifying a Business Entity Person who holds such a License.

(e) *Payment***.** The winning Bidder will be responsible for payment of the following:

(1) The balance of the purchase price (the bid amount, minus any deposits);

(2) Any applicable taxes;

(3) Two years' worth of license and inspection fees (as provided in §58-07 of this title); and

(4) Any other fees due. No Medallion transfer tax will be collected for the initial Medallion issuance.

(f) *Disposition of Deposits*

(1) All deposits of winning Bidders will be credited toward the sale price.

(2) If the winning Bidder is not qualified to hold a license, the deposit will be refunded.

(3) A winning Bidder who does not attempt to meet the requirements of this subchapter, including a winning Bidder who fails to comply with the Closing Deadlines, will lose all deposits made under §65-06.

(4) Deposits of non-winning and non-responsive Bidders will be returned by the Chairperson if possible.

(i) A deposit made under §65-06 that is not returnable to the Bidder will be deemed forfeited by the Bidder and will be retained by the Commission after the Chairperson has made two unsuccessful attempts to return the deposit, by certified mail, return receipt requested, to the address listed by the Bidder on the bid form.

(5) Deposits submitted with bids that achieve Reserve Status will be held until those bids are converted to winning bids or until the sales have closed for all Lots of Medallions of the type for which the bid was made.

(g) *Disqualification*

(1) A winning Bidder's failure to meet the Closing Deadlines provided in this section will result in the disqualification of that Bidder as to that winning bid and the forfeiture of deposits made under §65-06 for that winning bid**.**

(2) A winning Bidder whose bid is disqualified due to Bidder's failure to meet the Closing Deadlines established here will also be disqualified and will have all deposits made under §65-06 forfeited with respect to any Reserve Status Bids that Bidder may have.

(3) A winning Bidder who has more than one winning bid or Reserve Status Bid (including any bids assigned to a Business Entity in which that Bidder is a Business Entity Person) must close first on his or her highest winning bid and then in descending order of each next highest winning bid(s).

(4) A winning Bidder who has more than one winning bid or Reserve Status Bid (including any bids assigned to a Business Entity in which that Bidder is a Business Entity Person) may not avoid closing on the higher winning bid(s) by failing to meet Closing Deadlines. In such a case, the winning Bidder will be disqualified first on the lowest of his or her winning bids

and then in ascending order on each of the next lowest winning bids. The deposits made under §65-06 for the disqualified bids will be forfeited.

§65-08 Conflict of Interest Prohibitions

(a) A Bidder cannot collude, consult, communicate, or agree in any way with any other Bidder or prospective Bidder for the purpose of restricting competition or inducing any other prospective Bidder to submit or not submit a bid for the purpose of restricting competition. A Bidder cannot disclose any bid price, directly or indirectly, to any other Bidder for the purpose of restricting competition or inducing any other prospective Bidder to submit or not submit a bid for the purpose of restricting competition. In addition to any other penalties provided by law, violation of this subdivision or submission of a false certification under §65-06 of this Subchapter will result in the disqualification of all bids submitted by that Bidder.

§65-08(a)	Penalty: $10,000 fine and either disqualification of bid or, if sale has closed, revocation of Taxicab License(s)	Appearance REQUIRED

(b) A Taxicab Broker cannot submit a bid to purchase any Lot if that broker is acting as a Taxicab Broker for any Bidder. This prohibition also applies to any Business Entity Person or employee of a Taxicab Broker.

§65-08(b)	Penalty: $10,000 fine and either disqualification of bid or, if sale has closed, revocation of Taxicab License(s)	Appearance REQUIRED

SUBCHAPTER B: SALE OF REISSUED MEDALLIONS

§65-11 Scope of this Subchapter

This Subchapter establishes the procedures for the Commission to reissue Taxicab Medallions that have been revoked where the owners of such revoked Medallions did not provide for the resale of the Medallions.

§65-12 Penalties

This Subchapter is informational in nature and does not contain any penalties.

§65-13 Definitions Specific to this Subchapter

Reissued Medallions are Medallions that meet the following criteria:

(a) The original owner's Medallion Taxicab License has been revoked;

(b) The original owner failed to sell or otherwise legally dispose of the Medallion; and

(c) The Medallion was repossessed by the Commission and subsequently re-issued for sale to a new owner.

§65-14 General Provisions

(a) *Re-Issuing Medallions.* Any Taxicab Medallion that has been revoked by the Commission and not sold by the Owner prior to revocation may be repossessed by the Commission and reissued and sold by the Commission.

(b) *Sale by Public Auction.* The sale of reissued Medallions will be done by public auction.

§65-15 Commission Requirements for Conducting the Public Auction

(a) *Licensed Auctioneer*. The public auction will be conducted by a licensed auctioneer.

(b) *Notice.* The auction sale will be advertised in the City Record for at least twenty days before the auction. At his or her discretion, the Chairperson can also advertise the auction in newspapers and other media.

(c) *Maintenance of Medallion Classification.* The classification of Medallions issued under this Subchapter will not change regardless of change in ownership of the Medallion after issuance.

(d) *Sale of Minifleet Medallions*

(1) A Minifleet Medallion can be issued only to a corporation that owns at least one other Minifleet Medallion. The purchase at auction of two Minifleet Medallions will satisfy that requirement.

(2) If more than one Minifleet Medallion is being auctioned, the Medallions will be auctioned first as a pair and then separately. The final sale of the Medallions will be in the manner (as a pair or separately) that will bring the highest return to the City.

§65-16 Chairperson's Authority to Modify Auction Procedures

(a) *Cancellation.* The Chairperson can, at any time and for any reason, postpone or cancel an auction.

(b) *Modification.* The Chairperson may modify the bidding or closing procedures established below provided that a public notice in the City Record is made in advance of the auction.

(c) *Delegation and Discretion.* The Chairperson may take further measures as may be appropriate to the sale of the medallions.

§65-17 Bidding Requirements and Procedures

(a) *Bidder Criteria***.** Any person can bid. However, the highest Bidder must satisfy all criteria for Taxicab License owners. The Chairperson will review the application for a license by the highest bidder to determine if that bidder satisfies the ownership criteria.

(b) *Application for Medallion License.* The highest bidder must file an application for a Taxicab License with the Commission within three weeks from the auction date, unless the Chairperson extends the deadline for good cause.

(c) *Denial of Application.*

(1) If the highest bidder's application for a license is denied for any reason, the second-highest bidder will be awarded the sale on condition that the second-highest bidder's application for a Taxicab License is approved by the Chairperson.

(2) If neither the highest bidder's nor the second-highest bidder's application for a license is approved, the auction will be nullified.

§65-18 Closing Requirements and Procedures

(a) *Deposit.* Immediately after the close of bids, the highest Bidder must provide a deposit to the auctioneer covering a percentage of the high bid as set in advance by the Chairperson. The deposit must be in the form of a certified check, a money order, or such other form as set in advance by the Chairperson and published in the City Record.

(b) *Other Payments Due.* In addition to the amount bid, the highest Bidder will be responsible on the transfer closing date for any sales tax, Medallion transfer tax, or other applicable taxes or fees.

(c) *Stay of Closing.* The outcome of an auction remains conditional pending the resolution of any challenge to the Commission's legal authority to issue and auction the Medallion.