

**PRESS RELEASE  
FOR IMMEDIATE RELEASE**

**May 14, 2010**

**TAXI AND LIMOUSINE COMMISSION RELEASES  
RATE CODE 4 OVERCHARGE REVIEW FINDINGS**

*Agency to begin enforcement action on "Rate Code 4" overcharge drivers*

*All NYC Taxis have been Outfitted with an Alert to Inform Passengers when Out-of-Town Rate has been Activated*

*TLC will Perform Regular Checks to Identify any Future Overcharges*

New York City Taxi and Limousine Commission (TLC) Commissioner and Chair David Yassky today announced the completed review of data resulting from its discovery that certain taxicab drivers were using an out-of-town rate code while within the New York City limits. Based on the TLC's completed analysis, 21,819 taxicab drivers overcharged passengers a total of 286,000 times – out of 361 million total trips during that time period, for a total estimated overcharge of almost \$1.1 million. The TLC believes that most of the drivers, 13,315 out of the 21,819 drivers, engaged in overcharging just one or two times, but the TLC expects to be able to prove that some drivers engaged in 1,000 or more overcharges.

Commissioner Yassky also announced that the TLC will be working closely with the taxicab industry to implement training measures to assist incoming, newly-licensed drivers in better understanding taximeter operation.

"The TLC has completed its review of the data, as we had committed to do," said Commissioner Yassky. "The data suggests that only a fraction of a percent of rides were overcharged and the majority of our taxi drivers do a great job, exhibiting the integrity that we expect and demand of our licensees. It also revealed, however, evidence that we believe will show that a significant number of drivers used 'Rate Code 4' as a means of surreptitiously padding their pockets and taking advantage of a trusting public, and we will be taking appropriate actions to see that these drivers do not again have the opportunity to betray their passengers and their fellow drivers."

## **Findings**

The taximeter setting known as "Rate Code 4" doubles the regular rate of fare during the portion of taxi trips that take place in Westchester or Nassau Counties. If Rate Code 4 is activated while the taxi is within New York City limits, the passenger would be overcharged. Using conservative methods, TLC has identified approximately 286,000 trips where the data shows overcharges occurred.



Based on these conservative methods, 21,819 individual drivers conducted at least one of these overcharge trips. However, more than half of these drivers –13,315 – conducted only one or two overcharge trips.

<b># of Overcharged Trips</b>	<b># of Drivers</b>
1 to 2	13,315
3 to 9	6,200
10 to 49	1,671
50 to 499	545
500+	88
<b>Total # of drivers</b>	<b>21,819</b>
<b>Total # of trips</b>	<b>286,000</b>
<b>Total overcharge</b>	<b>\$1,100,000.00</b>

## **Enforcement Actions**

The TLC is in the process of initiating license revocation proceedings against taxicab drivers who were identified with 50 or more overcharges. Drivers with evidence of between 10 and 49 overcharges will have the option to surrender their TLC license or face fines ranging from \$1,000 to \$5,000. Drivers with less than 10 overcharges will be reviewed on a case by case basis.

Cases will be filed at the Office of Administrative Trials and Hearings (OATH). For those cases that go to hearings, the TLC will present evidence of overcharges, and the driver, who will have an opportunity to be represented by counsel or a non-attorney representative, will present his/her own evidence and witnesses. The TLC expects that drivers with fewer overcharge trips will be offered a settlement option of paying significant fines.

The TLC encourages any passenger who believes they have had a “Rate Code 4” overcharge trip to call 311 to report the violation. TLC will confirm if the trip was overcharged and seek possible reimbursement.

The TLC referred the issue to the New York City Department of Investigation, which is investigating the matter with the Manhattan District Attorney’s Office, with an eye toward potential criminal charges for the most egregious offenders.

## **Data Analysis Methodology**

As part of its review, the TLC looked into the mechanics of operating taximeters, and determined the potential for a driver to push the Rate Code 4 button at the end of a trip while intending to push the “end of trip” button. In that scenario, the driver would presumably recognize and correct the error immediately, because the meter would not end the trip and print a receipt. Therefore, the driver would immediately push the end-of-trip button – resulting in no overcharge.

As a result, the TLC has identified two methods for screening out trips that might have been such errors – identifying the instances where Rate Code 4 was activated, but the passenger was not overcharged.

- Time-Stamping: A third of the available data includes a time-stamping of the Rate Code 4 activation. TLC screened out trips where the time-stamp indicates that Rate Code 4 was activated for less than 20% of total trip time.
- Maximum Fare Calculation: Two thirds of the available data have no time stamp available. Using data from the taxi technology systems in each taxicab, TLC captured the distance traveled and time elapsed during each trip where Rate Code 4 was activated while the taxi was in New York City. TLC calculated the maximum possible fare by adding 40 cents per minute (using an assumption that the cab was sitting in traffic for the entire trip) plus 40 cents per 1/5 mile traveled (assuming that the cab was moving above 12 miles-per-hour for the entire trip). At any given moment, a taxicab is either in traffic – and thus accruing “time” charges – or moving – and thus accruing “distance” charges. So an actual fare will always be less than the maximum fare – as long as the proper rate is applied.

Using both the abovementioned methods, the TLC has determined the existence of 286,000 overcharge trips.

## **Overcharge Prevention**

The TLC will regularly scan the universe of taxi trip data to look for any activation of Rate Code 4 within the city limits.

All New York City taxis have been equipped with Rate Code 4 passenger alerts, which inform the passenger, through the passenger information screen, that the out-of-town rate code has been activated. The alert is displayed on screen even if the screen had previously been turned off, and the passenger must disable the alert for the screen to return to normal programming or be turned off. TLC will continue to ensure the functionality of the alert systems through the inspection process – every cab is inspected every four months.

TLC is exploring the development of building “geo-fencing” into taxi technology so the need for manual Rate Code 4 activation would be eliminated. Rate Code 4 would be automatically activated when a taxi crosses into Nassau or Westchester County.

## **Background on Available Data**

Each taxicab is equipped with a taxi technology system device that records certain data about each trip.

The technology vendors’ contracts with the TLC require them to collect and transmit standard trip sheet data, including:

- the driver’s license number;
- the dates, times, and locations of each pick-up and drop-off;

- the total fare charged (including a breakdown between the “base fare,” surcharges for evening or rush hour travel, tolls, tips on credit card trips) and method of payment;
- the length of the trip, both in time and distance.

The contracts do not require the vendors to collect information on Rate Code 4 activations, but in response to TLC requests, two of the three vendors have been collecting at least some Rate Code 4 information. In upcoming contract renewal negotiations, TLC will require that vendors are contractually obligated to transmit all taxi data to the TLC and the TLC will have all rights to the data and its dissemination.

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