

# **MEDALLION BROKER AND AGENT RULES**

October 2019

# 45 DAY INVESTIGATION

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

# INVESTIGATIVE FINDINGS

- 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