

**Testimony for the NYC Taxi and Limousine Commission**  
**New York City Council Committee on Transportation**  
**April 7, 2010**

Good afternoon, Chairman Vacca and Members of the Transportation Committee. My name is David Yassky, and I am the Commissioner of the NYC Taxi and Limousine Commission. Joining me is former TLC Commissioner Matthew Daus. Thank you for inviting me to testify today on the issue of overcharging in taxicabs. Like you, I was outraged by recent reports of overcharging by taxi drivers who improperly applied an out-of-City rate to trips that were within City limits. Today I am pleased to inform you that the TLC has secured a fix to this problem to prevent this type of abuse from happening in the future. The passenger screens in taxicabs are now equipped with a highly visible alert that advises riders when the higher, out of town rate is activated. I can also assure you that the TLC is working aggressively to determine which drivers deliberately overcharged passengers. To be sure, the majority of drivers are hardworking, honest men and women who deliver top notch service to city residents and visitors each and every day. These drivers provide 170 million trips a year, and even the largest number of potential overcharges is less than one percent of this total. But in cases where the evidence demonstrates that a driver has deliberately overcharged, we will pursue appropriate enforcement action.

Before I delve further into the overcharging issue, I would like to take a moment to say how proud I am to be a part of the Bloomberg Administration and to assume leadership of an agency with such a strong record of accomplishment. Under former Commissioner Daus, the TLC undertook a number of initiatives that have improved service. New York's yellow cabs now accept credit cards, an advancement that has proved enormously popular with riders. Today, 32% of all trips are paid with credit cards, and these systems have and continue to be replicated in other major cities around the world. Nearly a quarter of the taxi fleet is composed of fuel efficient hybrid cars, which are saving drivers money on gas while reducing carbon emissions and air pollution. The innovative pilot program for group rides in taxicabs has the potential both to reduce the cost for passengers and increase driver earnings. A comprehensive reform of livery car regulation will enhance safety and customer service in that segment of the industry. Perhaps most important, the credit card initiative was part of the TLC's larger effort to bring 21<sup>st</sup> century technology into taxicabs. As we will discuss, this technology has played a crucial role in enabling the TLC to address the issue of overcharging. While we are still learning to make the most of what this technology can offer, the data collected from taxicabs presents tremendous opportunities for both enforcing TLC rules and providing a better level of service to passengers.

Now let me turn to the issue of overcharging. The most well-known case at this point is that of Wasim Khalid Cheema, so let's take him as an example of the problem we are talking about. Last July, a passenger in a taxi driven by Mr. Cheema noticed that the fare displayed on

the taxi meter appeared to be increasing too rapidly during the trip. The passenger reported the incident to the TLC. In the course of investigating the complaint, a TLC investigator discovered that Mr. Cheema had been manipulating the meter so as to repeatedly overcharge passengers.

As you know, taxi fares are set by TLC regulation, and the general fare is an initial \$2.50 "drop" plus 40 cents for each 1/5 of a mile driven and for each minute spent in traffic. TLC rules also establish other fare rates for special circumstances. Most important for this hearing is rate 4, which is for trips from New York City to a destination in Nassau or Westchester. On such trips, the general rate -- rate 1 -- applies while the taxi is within the five boroughs, and then rate 4 applies when the taxi is outside the City. Rate 4 is double rate 1 -- that is, 80 cents per 1/5 of a mile and per minute in traffic. To switch to rate 4, the driver pushes a button on the meter when the taxi passes outside City limits. As you would expect, the vast majority of the fares a driver typically has during any given shift are rate 1 fares.

Now, since the fall of 2008, all City taxis have been equipped with sophisticated devices that use GPS to capture certain trip sheet data. These devices are part of the innovative T-PEP system (for "Taxicab Passenger Enhancement Project"), which records the beginning location and time of each trip, the end location and time, the total fare, and certain other data, including some rate code information.

When the complaint against Mr. Cheema was made, a TLC investigator pulled the electronic "trip sheet" for that trip and discovered that Mr. Cheema had engaged rate 4, even though the trip was entirely within New York City. The investigator then looked at some of Mr. Cheema's other trips and found that he had engaged rate 4 many times on in-City trips. The TLC estimated that he overcharged passengers by more than \$40,000 over a six month period. The TLC then instituted an enforcement proceeding against Mr. Cheema, and his license was revoked.

As is now widely known, Mr. Cheema is far from the only driver who has taken advantage of rate 4 to overcharge passengers. Indeed, on a recent Brian Lehrer show on WNYC, one driver actually called in and admitted having routinely used rate 4 to overcharge. Now let me explain what TLC has done and is continuing to do to address the broader problem.

First, and most important, we have to make sure this practice has stopped. As former Commissioner Daus told you in his budget testimony on March 22<sup>nd</sup>, he directed the technology vendors who manufacture and operate the T-PEP equipment to upgrade the system so that whenever the driver switches the meter to rate 4, a message will appear on the passenger screen in the back of the cab. It has long been the case that the meter in the front of the cab displays a number indicating which rate is in effect, and it is also on the receipt, but of course few passengers would have known what this number means. From now on, a highly visible message will inform riders when the higher, out-of-town rate is activated, and it will encourage riders to

tell their driver if this is a mistake and to call 311 to report a violation. This message will appear even if the passenger has turned off the screen, and it includes a sound alert to draw riders' attention. There are three vendors who together supply the T-PEP equipment to all 13,237 taxis. I have spoken to each of the three vendors personally, and each has assured me that their systems will provide this alert function. Further, we will use our inspection facility to ensure these alerts have been installed. In the first two days of this week, we inspected 356 cars, and 351 were equipped with the passenger message regarding rate 4. Of course, we want perfect compliance, and we will continue to work with the vendors to achieve that. I should note that our contracts with the vendors do not explicitly require them to install the message as they have done, but they have recognized the necessity to do so.

Even before the alert screens went up, the TLC informed the public of the problem, so as to curtail the practice immediately. Anecdotally, over the past few weeks a number of people have told me that when they get into a cab, they check the meter to see what rate is in effect.

Those actions – putting the message on the screens and alerting the public generally – were designed to stop the practice going forward. Looking backward, we are also continuing to probe trip data from the past two years to identify drivers who deliberately overcharged passengers. We are working closely with the Department of Investigation and with the Manhattan District Attorney's office. Both of these agencies are conducting an ongoing investigation, and it is possible the DA will pursue criminal prosecutions against the most egregious offenders.

Both for their purposes, and for the TLC's own administrative enforcement, we are working aggressively to identify offending drivers. This is not a simple task. As has been publicized, we have identified a large universe – approximately 1.8 million trips, involving approximately 35,000 different drivers – in which rate 4 was activated during an in-City trip. However, as Chairman Daus testified to this Committee at your March 22 budget hearing, this universe of activations includes both intentional overcharges and inadvertent errors. When it comes to enforcement proceedings against individual drivers, we of course must and will take care to proceed only against drivers where the evidence indicates deliberate overcharging.

In the case of a driver who activated rate 4 during, say 1,000 of his or her trips, I feel confident that a factfinder will have no trouble concluding deliberate action. In cases where the overcharges are less frequent, we have a team of analysts working to determine where the data clearly indicates that drivers deliberately overcharged passengers. Again, we are working closely with DOI and the DA's office on this project. Be assured that I will keep this committee fully informed about our enforcement policy as it proceeds.

Before concluding, I would like to make two final points to identify how we can obtain additional benefits from this technology. First, as I mentioned earlier, the T-PEP system is really

three separate proprietary ones, and these are operated by three outside vendors. These vendors manufacture the equipment and collect the data it generates. We can make queries of these vendors, but we do not have direct and immediate access to all of their data. Without question, this has made the TLC's effort to respond to the overcharge issue more cumbersome as we must work with the vendors and wait for them to assemble the data we need, and necessary data has not always been available. I am not satisfied with how this arrangement has served the City. The TLC's current contract with these vendors is scheduled to expire later this year, and we will shortly begin negotiating an extension or a new version. Beyond the specific features that were not in T-PEP 1.0 and need to be in T-PEP 2.0, I would like the TLC to have broader authority to collect new information as circumstances require. Despite these issues, I want to be clear that there would be no data at all and, therefore likely no disclosure of this issue, if the TLC had not installed the technology in the first place two years ago.

The second point is about the opportunities that new technology affords for better enforcement of TLC rules. The T-PEP system has collected a wealth of data, and there may well be other instances in which the data demonstrate a pattern of violation. Budget permitting, I intend to strengthen the data analysis capability of our enforcement division to pursue this opportunity.

Thank you again for the opportunity to testify here today. Former Commissioner Daus and I are happy to answer any questions.