



139-30 Queens Boulevard  
Briarwood, N.Y. 11435  
Main Telephone: 718-658-9800  
Member Service Fax: 718-526-8571  
Loan Fax: 718-526-8572  
Teller Fax: 718-526-8573  
Website: www.melrosecu.org

June 3, 2015

Dear Honorable Robert W. Godshall:

Melrose Credit Union is a federally insured, non-profit corporation that has been providing financing for taxicab medallions in Philadelphia for the past nine years. During this time, Melrose has financed over \$135,000,000 to medallion owners in Philadelphia to purchase taxicab medallions based on the fair market value of these medallions. Philadelphia taxicab medallions collateralized these medallion loans.

The Pennsylvania legislature granted property rights to Philadelphia medallions through Act 94 of 2004 (53 Pa.C.S. § 5701 et seq.), thus permitting the medallions to be pledged to lenders as security for debt. Act 94 also gave the power to regulate medallion taxicabs in Philadelphia to the Philadelphia Parking Authority (“PPA”) in order to protect these security interests.

By the same token, Act 94 limits the number of medallions that may be issued in Philadelphia and grants medallion taxicabs the exclusive right to provide “taxicab service” in Philadelphia via “call or demand” service.

The terms “call or demand service” and “taxicab service” are defined in § 5701 of Act 94 as follows:

Local common carrier service for passengers, rendered on either an exclusive or nonexclusive basis, where **the service is characterized by the fact that passengers normally hire the vehicle and its driver either by telephone call or by hail, or both.** The term does not include limousine service.

The General Assembly adopted these definitions to distinguish taxicab service from any other services. In addition to being dispatched by telephone, taxicabs in Philadelphia provide both hail and e-hail services, which are indistinguishable. Customers may summon a taxicab via a street hail or through the use of a mobile smartphone application. All of these methods have been approved by the PPA.

The PPA has also established rules and regulations for taxicabs regarding insurance, vehicle registration, vehicle markings, and vehicle safety and inspections, among other things.

It has come to our attention that Uber and Lyft currently operate illegally in Philadelphia by providing the same e-hail services as taxicabs without having medallions while willfully ignoring the PPA’s regulations.

**ALL MEMBERS ACCOUNTS INSURED UP TO \$250,000 BY THE NCUA**



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As a result of these illegal operations, medallion prices in Philadelphia have fallen by 40% and continue to decline.

We also are aware of several proposed bills in the General Assembly that intend to legalize the services currently provided by Uber and Lyft in Philadelphia despite the fact the General Assembly granted exclusive rights to medallions taxicabs to provide call or demand service in Philadelphia. If such legislation is approved, it will make all of our collateral in Philadelphia worthless and as a result Melrose Credit Union will suffer significant, irreversible losses.

When Melrose provided loans to medallion taxicabs in Philadelphia, it relied on the protections afforded by Act 94, which established property rights for Philadelphia medallions and only authorized medallion taxicabs to provide taxicab service in Philadelphia. If the General Assembly takes away these property rights from Philadelphia medallions by authorizing Uber and Lyft to essentially provide taxicab service in Philadelphia, Melrose will have no choice but to initiate legal action to compensate Melrose for any losses incurred as a result of such authorization.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alan Kaufman', written over a horizontal line.

Alan Kaufman, Treasurer, CEO  
Melrose Credit Union