



strength in members.

May 28, 2019

The Honorable Charles E. Schumer
Senate Minority Leader
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Sen. Schumer:

I am writing today on behalf of New York's credit unions to comment on your recent letter to the honorable Rodney Hood, Chairman of the National Credit Union Administration's Board of Directors. Your letter was in response to a recent series of articles in the New York Times and other publications that highlighted the downturn in the taxi medallion industry.

Like you, I found the Times articles troubling. The articles highlighted many actors that played a role in an industry that was disrupted by a new, unforeseen technology. That point is worth reiterating; we cannot gloss over the fact that the industry was disrupted by an innovative outside competitor. Ride-hailing technology companies like Uber, Lyft, Via and others upended the taxi industry, and they did it largely by operating on an uneven playing field. Had New York City subjected these tech companies to the same or similar licensing and financial requirements as the city's taxis, medallion owners and lenders would likely be far better off than they are today.

It is true credit unions originated medallion loans and that a significant number of them became non-performing, resulting in losses to the credit unions. By our estimation, four New York credit unions originated the vast majority of these loans, and all four have now been merged into strong performing and well-managed credit unions. It's important to note that in spite of these losses, we have no reason to believe these credit unions operated outside the boundaries of state and federal regulations.

It is also true many borrowers found themselves in difficult situations, unable to pay their loans and owning medallions that had lost much of their value. We empathize with these members and hope that they can find ways to mitigate these problems. I am pleased to note several New York credit unions have continued to work with and assist these members by modifying their loans, reducing their monthly payments and extending the terms of the loan.

There is no excuse for predatory lending practices, and my letter should not be taken as a defense of those who may have duped hard-working consumers into taking out loans they had no ability to repay. The credit union movement was founded as a way to grant the marginalized access to the financial system and help consumers avoid predatory lending practices. This ethos is still the cornerstone of the credit union movement, so we stand firmly behind you on the notion that anyone who violated federal or state laws or regulations should be held accountable.

As your office continues probing the decline in New York's traditional taxi sector, I ask that you examine all potential causes of the industry's disruption and find the right path forward to ensure this never happens again.

Today, 340 credit unions all across your state are providing innovative products, services and technologies to help consumers achieve a better financial future. I hope you are proud of our overall performance and our steadfast commitment to our mission of "people helping people."

Thank you, Senator, for all you do to help New York State and the United States continue to move forward.

Sincerely,

A handwritten signature in black ink that reads "William J. Mellin". The signature is written in a cursive style.

William J. Mellin
President/CEO

cc: The Honorable Rodney E. Hood, NCUA Board Chairman