

GALLAGHER MALLOY & GEORGES

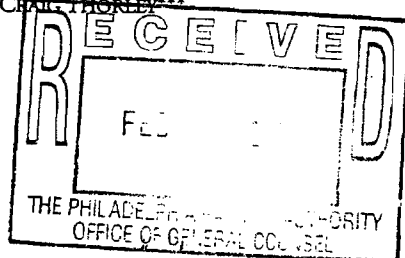
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
SUITE 1100
1760 MARKET STREET
PHILADELPHIA, PA 19103-4104

Web: <http://www.gallagher-law.com>

PHONE: 215-963-1555
FAX: 215-963-9104

LARISA TENBERG*
JOAN D. GALLAGHER*
DAVID P. TEMPLE*
JOSEPH P. TURCHI*
DANIELLE DE ROSA*
JENNIFER B. HEALEY**
*ALSO MEMBER NJ BAR
**ALSO MEMBER AZ BAR
***MEMBER OF DE, DC, UT BAR

JOHN J. GALLAGHER
MARTIN G. MALLOY
GEORGE W. GEORGES
JAMES HICKEY
CHRISTOPHER ***



#015

February 11, 2011

Dennis Weldon, General Counsel
Philadelphia Parking Authority
3101 Market Street
2nd Floor
Philadelphia, PA 19104

RE: Comments of Inna Friedman to Proposed Regulations of
the Philadelphia Parking Authority
Doc. No. PRM-10-001

RECEIVED
IRRC
2011 FEB 17 A 9:15

Dear Mr. Weldon:

Inna Friedman, a broker before the Philadelphia Parking Authority for the entire six years of its existence has requested consideration of the following comments related to the proposed regulations of the authority:

Section 1001.28. Power of attorney. The language for the power of attorney is too restrictive. A power of attorney is an accepted legal document throughout the United States. It is used by people to transfer millions of dollars of assets daily. It is a document commonly used in real estate transactions and in family estate planning. There is no reason to limit its use within the PPA, especially since the document requires it to be executed pursuant to the laws of the Commonwealth and provide for the signatures to be notarized.

Section 1025.5. Standards for adjustment and payment of claims. This section deals with matters that are under the jurisdiction of the Pennsylvania Insurance Department. The insurance department has already established regulations that govern unfair claims practices. Everyone benefits from those protections including those in the taxicab industry. There is no reason to duplicate the what is already the law.

Section 1027.2. Definitions. It is unfair to make an applicants transfer fee non refundable. If the PPA decides not to approve the transfer the application fee should be refunded to the Applicant. While it may be acceptable to charge a nominal administrative fee that is all that should be allowed. The PPA has already taken the position that an Applicants \$10,000.00 application fee is non refundable. This amounts to an excessive fee. This is not a for profit industry. The fees are supposed to take care of the cost of doing the work. Certainly a \$10,000.00 fee is unwarranted in any case.

Section 1027.5. Agreement of sale. It does not make sense to require that the agreement of sale signed in the presence of a director or designee. Agreements of sale are negotiated between the parties without any assistance from the PPA. The market determines the terms of these agreements. Once an agreement is reached it is then necessary to file a transfer agreement with the PPA for which they require the agreement of sale to be attached. There is no problem with that. They do not govern the terms of the agreement so there is no reason to have it signed before the Authority. If they want authenticity then they could required notarized signature which would eliminate the majority of their concerns. All transactions require a transfer application and a closing before a PPA officer. Requiring attendance at the PPA just to execute the terms is cumbersome and serves no rational purpose.

Section 1027.7. Required application information. The requirement for a buyer to obtain a certificate of good standing is unnecessary and serves no rational purpose. It will only serve to delay the application process which already takes too long. The majority of the buyers are brand new corporation and have no issues. This certificate has not been required under the PUC and not by the PPA in their six years of conducting transfers. There should also be no need to provide a Business Privilege License. **These companies are public utilities and public utilities are exempt from business privilege under the regulations of the City of Philadelphia.**

Section 1027.8. Additional Application requirement. Notice-there is no need to place every application in the Pennsylvania Bulletin for approval. Under the PUC none of the medallion transfers were required to be published. If publication is required it will serve to extend the transfer process, which is already too long before the Authority. Transfers now are taking between 4-12 months with the Authority. It is anticipated that the requirement for publication in the Bulletin would add an addition three months to the process.

Section 1027.9. Financial fitness generally. The PPA has proposed that an applicant for a medallion maintain \$5,000.00 in his account for six months. This is much too long, even longer than is required of any real estate transaction. While the current requirement is only thirty (30) days, there really is no need to get this information at all on a medallion transfer. All medallions are considered personal property. Lenders use them as collateral for loans. If a lender is will to give someone over \$300,000.00 to fund a medallion are they not the best party to determine if they are financially fit? If an owner of a cab is able to begin business with \$1,000.00 why shouldn't he be able to? He has no payroll if he drives himself. He has no expenses that can't be paid from the operation of the taxi. This is not a business with large capital expenditures. The biggest expenditure is to purchase the medallion. If he has his own money he will certainly be financially fit. If he has to go to a lender then let them decide if he is financially fit.

For the same reasons there is also no need for the Authority to get involved with someone credit report. The PPA is not an expert in reading these reports or determining if someone is capable of paying for their medallion or not. The lenders on the medallions will review this information and determine if a loan is warranted. Furthermore if someone has \$500,000.00 in the bank but has a credit score of 550 are they not financially fit. Certainly more financially fit than someone with a 610 credit score but on \$5,000.00 in the bank that may not even be his to begin with. Credit scores are a tricky science. It is already a scary thing that one's ability to finance an item may be determinative from it but at least that is in the private sector. **There is no reason a public agency governed with the regulation of the taxicab industry should be reviewing and analyzing credit scores.**

Section 1027.11. Authority review. See comments on Section 1027.8 relative to publication in Pennsylvania Bulletin. As to the terms of the loan agreement, the Authority should not be able to deny any application based on the terms of a loan.. This restricts a medallion owner's freedom of contract. If they can go out and get a loan and devise a way of satisfying that loan, the PPA should not involve themselves. The terms of loans are regulated by the Banking Department and should not come under the purview of the Philadelphia Parking Authority. Why should the PPA be allowed to prevent someone from purchasing a medallion on this basis? Who would they be protecting other than the investor from himself?

Section 1029.11. Professional liability insurance. The requirement for 3,000,000.00 of insurance is excessive. This is a market that insurance companies for errors and omissions coverage do not truly understand. As a result of the limited claim information the cost of this insurance can become prohibitive. Medallions are now selling at their highest point of just over \$300,000.00. **The imposition of an insurance limit of ten times the average medallion transaction is ludicrous.** An insurance policy of \$100,000.00 should be sufficient to respond to any of the concerns of the PPA as related to a brokers involvement therein.

The acquisition and transfer of a medallion should be governed by market principles and should not be have every term of their economic plan governed by the PPA. If so the PPA might as well run all the vehicles themselves. Thee is no argument that they must

Very truly yours,



DAVID P. TEMPLE

cc: Honorable Robert Tomlinson, Chairman
Consumer Protection and Professional Licensure Committee
Pennsylvania Senate
Senate Box 203006
Harrisburg, PA 17120-3006

Honorable Chris Ross, Chair
Urban Affairs Committee
Pennsylvania House of Representatives
110 Ryan Office Building
P.O. Box 202158
Harrisburg, PA 17120-2158

James Smith, Regulatory Analyst
Independent Regulatory Review Commission
333 Market Street
14th Floor
Harrisburg, PA 17101