

PEOPLE OF THE STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL
LABOR BUREAU

IN THE MATTER OF THE INVESTIGATION OF
ERIC T. SCHNEIDERMAN, ATTORNEY GENERAL
OF THE STATE OF NEW YORK,

OF

28TH STREET MANAGEMENT, INC.,
DOWNTOWN TAXI MANAGEMENT, LLC,
TUNNEL TAXI MANAGEMENT, LLC AND
WOODSIDE MANAGEMENT INC.

ASSURANCE OF
DISCONTINUANCE
PURSUANT TO
EXECUTIVE LAW § 63(15)

AOD No. 13-501

ASSURANCE OF DISCONTINUANCE

In October 2013, the Office of the Attorney General of the State of New York (the “Attorney General” or the “OAG”) commenced an investigation of 28th Street Management, Inc.; Downtown Taxi Management, LLC; Tunnel Taxi Management, LLC; and Woodside Management Inc., all of which are owned and operated by Evgeny Freidman (“the Freidman Companies”), pursuant to New York Executive Law § 63(12), and examined whether the Freidman Companies engaged in repeat and persistent illegality by violating certain New York City Taxi and Limousine Commission (“TLC”) rules related to fees charged to taxicab drivers. This Assurance of Discontinuance (“Assurance”) contains the Attorney General’s Findings in connection with its investigation of the Freidman Companies and the relief agreed to by the Attorney General and the Freidman Companies.

RELEVANT STATUTORY FRAMEWORK

1. The TLC regulates the yellow taxicab industry in New York City, in relevant part by promulgating Medallion Taxicab Service rules at 35 RCNY § 58 regarding the maximum amount of the “Lease Cap” that medallion owners may charge drivers for leasing medallions and taxicabs, as well as other terms and conditions governing the relationships between medallion owners, medallion agents, and taxicab drivers.

2. Because managing agents derive their authority from medallion owners, they must abide by all rules applicable to medallion owners, including but not limited to those at 35 RCNY § 58.

3. On September 30, 2012, the rules contained at 35 RCNY § 58-21 (2011) (“the 2011 TLC Rules”) were replaced by new rules at 35 RCNY § 58-21 (2012) (“the 2012 TLC Rules”). This rule change impacted, among other things, the amounts of the permissible Lease Caps.

4. Under the 2011 TLC Rules, the Lease Caps for a “fleet driver,” who leases both a taxicab and a medallion, were as follows for hybrid and standard (non-hybrid) taxicabs:

		Mon (12hr)	Tues (12hr)	Wed (12hr)	Thurs (12hr)	Fri (12hr)	Sat (12hr)	Sun (12hr)	Weekly
Day Shift	Standard	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00	\$666.00
	Hybrid	\$108.00	\$108.00	\$108.00	\$108.00	\$108.00	\$108.00	\$108.00	\$687.00
Evening Shift	Standard	\$115.00	\$115.00	\$120.00	\$129.00	\$129.00	\$129.00	\$125.00	\$666.00
	Hybrid	\$118.00	\$118.00	\$123.00	\$132.00	\$132.00	\$132.00	\$118.00	\$687.00

See 35 RCNY § 58-21 (c) (2011).

5. Under the 2011 TLC Rules, the Lease Caps for a Driver-Owned Vehicle (“DOV”) driver, who leases a medallion from a medallion owner or agent while purchasing or financing

the purchase of a taxicab from a medallion owner or agent or an independent seller, were as follows:

	Medallion-Only Weekly
Standard	\$800.00
Hybrid	\$842.00

See 35 RCNY § 58-21 (c) (2011).

6. The 2011 Rules also placed strict limits on additional fees that medallion owners and agents could charge both fleet and DOV drivers, which were limited to the following: a credit card pass-along fee of up to 5%; a security deposit; charges for use of EZ-Pass, certain taxes, parking tickets, and other traffic violations; and a late charge not to exceed \$25 for any shift. 35 RCNY § 58-21 (c)(5) (2011).

7. The 2012 TLC Rules increased the amounts of the fleet driver Lease Caps, as follows:

		Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Weekly
Day Shift	Standard	\$115.00	\$115.00	\$115.00	\$115.00	\$115.00	\$115.00	\$115.00	\$690.00
	Hybrid	\$118.00	\$118.00	\$118.00	\$118.00	\$118.00	\$118.00	\$118.00	\$708.00
Evening Shift	Standard	\$125.00	\$125.00	\$130.00	\$139.00	\$139.00	\$139.00	\$125.00	\$797.00
	Hybrid	\$128.00	\$128.00	\$133.00	\$142.00	\$142.00	\$142.00	\$128.00	\$812.00

See 35 RCNY § 58-21 (c) (2012). As to weekly leases, the 2012 TLC Rules also made clear that a driver may not be charged more than the weekly lease amount for any seven consecutive-day period. *Id.*

The 2012 TLC Rules also increased the weekly Lease Caps applicable to DOV drivers, and created two categories of DOV Lease Caps: one for drivers leasing only medallions from the medallion owners or managing agents (“Medallion-Only Lease Cap”), and another for drivers

leasing medallions and purchasing, and financing the purchase of, vehicles from the medallion owners or managing agents (“the All-In Lease Cap”).

	Medallion-Only Lease Cap Weekly	All-In Lease Cap Weekly
Standard	\$1,072.00	\$1,347.00
Hybrid	\$1,114.00	\$1,389.00

See 35 RCNY § 58-21 (c) (2012).

8. The 2012 TLC Rules also made several changes with respect to fees agents or medallion owners may charge fleet or DOV drivers, of which three are relevant here. First, they eliminated the 5% credit card pass-along charge that was previously permissible under the 2011 TLC Rules. 35 RCNY § 58-21 (f)(3) (2012). Second, they specified that medallion owners may only charge a \$25.00 late fee for the late return of each vehicle, whereas the 2011 TLC Rules did not contain this specific language. 35 RCNY § 58-21 (c)(5)(iv) (2012). Lastly, they instituted a \$0.06 per-ride charge for a driver health care fund, to be collected only when TLC gives notice at a later date that it has established such a fund. 35 RCNY § 58-21 (c)(5)(viii) (2012). Such a fund did not exist in any previous version of the TLC Rules.

9. On July 28, 2013, the 2012 TLC rules were replaced by new rules at 35 RCNY § 58-21 (2013) (“the 2013 TLC Rules”). This rule change impacted, among other things, the amounts of the permissible Lease Caps.

10. The 2011 TLC Rules, the 2012 TLC Rules and the 2013 TLC Rules require medallion owners or agents to enter into written lease agreements with drivers. 35 RCNY §58-21(h).

FINDINGS

11. Evgeny Freidman is a majority principal in each of the Freidman Companies. The Freidman Companies serve as managing agents for taxi medallion owners, by leasing taxi medallions and selling or leasing taxicabs. Evgeny Freidman also owns some of the taxi medallions managed by the Freidman Companies. 28th Street Management, Inc. manages 165 taxi medallions and is located at 313 Tenth Avenue, New York, New York 10001; Downtown Taxi Management, LLC manages 186 taxi medallions and is located at 330 Butler Street, Brooklyn, NY 11217; Tunnel Taxi Management, LLC manages 145 taxi medallions and is located at 44-07 Vernon Boulevard, Long Island City, NY 11101; and Woodside Management Inc. manages 391 taxi medallions and is located at 49-13 Roosevelt Avenue, Queens, New York 11377.

12. The Freidman Companies lease taxicabs and medallions to fleet drivers on a daily and weekly basis. They also lease medallions to DOV drivers, some of whom purchase, and finance the purchase of, taxicabs directly from a Freidman Company.

13. From at least January 1, 2012 through the present, the Freidman Companies have violated the Lease Caps at 35 RCNY § 58-21 (c) (2011) and 35 RCNY § 58-21 (c) (2012) by collecting and retaining “Shift Excess Time Surcharge” fees of \$3.50 per shift from daily and weekly fleet drivers.

14. From September 30, 2012 through approximately May 1, 2013, the Freidman Companies violated the Lease Caps at 35 RCNY § 58-21 (c) (2012) (“the 2012 Lease Caps”) by collecting and retaining \$0.06 per-ride charges from DOV drivers, as well as daily and weekly

fleet drivers for a driver health care fund, even though no such fund had been established pursuant to the regulations at 35 RCNY § 58-21 (c)(5)(viii) (2012).

15. From September 30, 2012 through the present, the Freidman Companies have violated the 2012 and 2013 Lease Caps by collecting and retaining vehicle registration, commercial motor vehicle and TLC inspection fees from daily and weekly fleet drivers. Such a charge is not permitted by the 2012 TLC Rules at 35 RCNY § 58-21 (2012) or the 2013 TLC Rules at 35 RCNY § 58-21 (2013).

16. From September 30, 2012 through the present, the Freidman Companies have violated the 2012 and 2013 Lease Caps by collecting and retaining weekly lease charges from weekly fleet drivers in excess of the limits imposed by the 2012 and 2013 TLC Rules.

17. From September 30, 2012 through February 15, 2013, 28th Street Management Inc. violated the 2012 Lease Caps by charging DOV drivers a 5% credit card processing fee on approximately 25 of the DOV medallions managed by 28th Street Management, Inc., which was prohibited by the 2012 TLC Rules at 35 RCNY § 58-21 (f)(3) (2012).

18. From at least January 1, 2012 through the present, the Freidman Companies have failed to enter into written lease agreements with a significant number of their fleet and DOV drivers.

PROSPECTIVE RELIEF

WHEREAS the 2011 TLC Rules, 2012 TLC Rules and 2013 TLC Rules require the Freidman Companies to, *inter alia*, (1) adhere to the applicable Lease Caps; (2) provide drivers with written lease agreements compliant with all TLC Rules; and

WHEREAS, the Attorney General's investigation reveals that the Freidman Companies have violated the aforementioned regulations; and

WHEREAS, the Freidman Companies neither admit nor deny the OAG's Relevant Statutory Framework, and the OAG's Findings set forth in paragraphs 13 through 18 herein; and

WHEREAS, pursuant to a separate settlement agreement with the TLC, the Freidman Companies will pay \$500,000.00 in fines to the TLC relating to some of the matters described in paragraphs 13 through 18 herein; and

WHEREAS, the Attorney General is willing to accept the terms of this Assurance pursuant to New York Executive Law § 63(15) and to discontinue its investigation of the Freidman Companies, and the medallion owners whose medallions they manage, for violations of the Lease Caps and related TLC rules; and

WHEREAS, the parties believe that the obligations imposed by this Assurance are prudent and appropriate; and

WHEREAS, the Freidman Companies are represented by counsel, Steven Mintz Esq., Mintz & Gold LLP, 470 Park Avenue South, New York, NY 10016;

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the Freidman Companies and the OAG, as follows:

Entities Bound By Assurance

19. This Assurance binds, jointly and severally, (a) Evgeny Freidman; and (b) the Freidman Companies and their successors and assigns.

Compliance with TLC Rules and Other Laws Governing the Taxi Management Business

20. Freidman and the Freidman Companies hereby acknowledge that they understand and will abide by all applicable state and local laws with respect to their taxi and medallion leasing practices, including but not limited to the TLC Rules. Specifically, the Freidman Companies will:

- a. Cease collecting a "Shift Excess Time Surcharge" fee of \$3.50 per shift from any drivers;
- b. Only collect a \$0.06 per ride charge from drivers beginning October 1, 2013;
- c. Cease collecting vehicle registration, commercial motor vehicle and TLC inspection fees from non-DOV drivers;
- d. Charge DOV drivers no more than the limits imposed by the applicable TLC Rules;
- e. Charge daily fleet drivers no more than the limits imposed by the applicable TLC Rules;
- f. Charge weekly fleet drivers, including drivers with 24 hour/7 days a week leases, 7 days/a.m. leases corresponding to the day shift, and 7 days/p.m. leases corresponding to the night shift, no more than the weekly limits imposed by the applicable TLC Rules; and
- g. Enter into written lease agreements with all fleet and DOV drivers in accordance with applicable TLC rules, retain copies of such lease agreements, and provide executed copies to drivers upon request. The Freidman Companies' copies of lease agreements may be stored electronically. To the extent the Freidman

Companies choose to make use of electronic signing systems to renew driver consent to lease terms on a daily or weekly basis, and as long as the TLC Rules require, in sum and substance, that “a copy of the fully executed lease must be provided to the leasing Driver or Drivers,” 35 RCNY § 58-21(h), the Freidman Companies must provide each driver at least one paper copy of the lease upon execution. The lease shall state that it is renewable on a daily or weekly basis via an electronic signing system. If the Freidman Companies revise any driver’s lease, they must execute the new lease in writing and provide a new paper copy to the driver. The Freidman Companies must also provide drivers paper copies of the lease at any time upon request.

21. To the extent the TLC revises any relevant TLC Rules after the execution of this agreement, the Freidman Companies’ obligations under this Assurance shall be limited to compliance with provisions that directly implicate the sections of 35 RCNY § 58-21, previously set forth in paragraphs 13 -18 herein, or any revised version thereof, relating to lease rates charged to drivers, additional fees charged to drivers, and the requirement to provide written leases to drivers.

Retaliation

22. The Freidman Companies agree that they shall abide by all TLC anti-retaliation rules, including the rules at §58-21(j), and shall not impose any adverse condition or consequence on any driver or prospective driver, or withhold or withdraw any beneficial condition or consequence from any driver or prospective driver, because of any driver’s complaint or other action protected by TLC Rule §58-21(j). This provision includes but is not

limited to drivers who cooperated or are perceived to have cooperated with the Attorney General's investigation of this matter. The Freidman Companies specifically agree not to blacklist any driver or to discharge or refuse to lease vehicles to any driver except for legitimate, non-discriminatory reasons unrelated to the Attorney General's investigation or to any past, present or future participation in any activities involving the exercise of their legal rights under the TLC Rules, including participation in TLC investigations and hearings.

Dispatcher and Manager Training

23. Within thirty (30) days from the Effective Date, the Freidman Companies agree to train all of their currently employed dispatchers and managerial personnel on the requirements of the policies described in paragraphs 20 through 22 of this Assurance and the applicable law. The Freidman Companies agree to train all newly-hired dispatchers or managers within ten (10) days from their start date of employment on the same topics.

Posting

24. The Freidman Companies agree to post a copy of the notice attached hereto as Exhibit A in conspicuous areas ("the Notice"), setting forth drivers' rights with respect to this Assurance, and to keep such notice posted in a conspicuous place in each garage for a period of one year after the Assurance is executed. The Freidman Companies shall post the most current versions of the TLC "Know Your Rights" posters for fleet and DOV drivers on either side of the Notice. For the duration of the Compliance Period, and thereafter as required by the TLC Rules, the Freidman Companies shall continue to conspicuously post the most current versions of the TLC "Know Your Rights" posters for fleet and DOV drivers.

Internal Compliance Procedures

25. Within six months of the execution of this AOD, and every six months thereafter for three (3) years (“the Compliance Period”), the Freidman Companies shall provide to the OAG a sworn affidavit attesting to the Freidman Companies’ compliance with each and every paragraph of this AOD. In the event that the Freidman Companies cannot so attest because the Freidman Companies have not complied with any paragraph of this AOD, such affidavit(s) shall disclose any and all efforts made by the Freidman Companies to ensure compliance and/or cure such non-compliance.

26. Within thirty (30) days of the execution of this AOD, the Freidman Companies shall designate, and notify OAG of, an employee of the Freidman Companies (the “Internal Compliance Officer”) who will have responsibility for ensuring the Freidman Companies’ future compliance with this AOD and with TLC Rules governing lease caps.

27. The Internal Compliance Officer shall also have responsibility for ensuring that the Freidman Companies maintain all relevant documents that the Internal Compliance Officer consulted or created in the course of carrying out his or her obligations under the preceding paragraph.

28. Upon request, the Internal Compliance Officer shall be made available to the OAG in the course of any examination or investigation of the Freidman Companies by the OAG or the TLC.

Ongoing Cooperation

29. The Freidman Companies agree to cooperate with all ongoing requests by the Attorney General for information related to this investigation to ensure compliance with this Assurance.

30. Within fourteen (14) days of the execution of this AOD, and for the duration of the Compliance Period, the Freidman Companies shall make available to the OAG an internet portal through which the OAG may review, at any time, the receipts reflecting charges and fees collected from drivers ("the Portal"). The Freidman Companies shall also continue to provide the TLC with access to the Portal for the duration of the Compliance Period.

31. On a quarterly basis during the Compliance Period, the Freidman Companies shall provide to the OAG, for each medallion managed by a Freidman company, the following Database Reports: driver name, driver's license number, hack number, medallion number leased, exact time of leaving garage each shift, exact time of return, fare earnings per shift, lease amounts charged, fees charged, taxes charged, balances in driver's account, and payments issued to driver. Such information will be generated by querying the Freidman Companies' databases for the above-listed information and generating a report in *.csv or *.xls format for review. Within thirty (30) days of execution of this AOD, the Freidman Companies shall provide a sample report to the OAG and meet and confer in good faith to come to agreement about the format of the Database Reports to be provided pursuant to this Paragraph.

32. The reports described in the preceding paragraph shall be submitted as follows:

- a. On or before January 31 for calendar-year quarters of October 1 to December 31;

- b. On or before April 30 for calendar-year quarters of January 1 to March 31;
- c. On or before July 31 for calendar-year quarters of April 1 to June 30; and
- d. On or before October 31 for calendar-year quarters of July 1 to September.
- e. For purposes of compliance with this AOD, the first reports are due to be submitted on or before April 30, 2014.

33. During the Compliance Period, the Freidman Companies agree that the Attorney General and/or the TLC may conduct regular, unannounced inspections to monitor this Assurance, in addition to the TLC's general right to engage in such visits, and the Freidman Companies shall provide the Attorney General and/or the TLC with full access to their documents, employees, drivers, and garages and their full cooperation to enable the Attorney General to conduct his/her examination pursuant to this Assurance. Upon request of the Attorney General during the Compliance period, the Freidman Companies shall provide the Attorney General with the names, addresses, phone numbers, and email addresses of all current drivers, to the extent that such information is within the Freidman Companies' custody or control. The Freidman Companies agree to inform their employees and drivers about these inspections, and advise them of the Freidman Companies' obligation not to retaliate against any driver or employee for cooperation or perceived cooperation during such visits.

External Compliance Monitoring

34. Should any Freidman Companies affidavit, OAG examination, Portal receipts, or Database Report show a material violation of paragraphs 13 through 18 of this AOD by the Freidman Companies, or should the Freidman Companies fail to comply with the Internal Compliance or Ongoing Cooperation Provisions set forth in Paragraphs 25 to 33, the Freidman

Companies shall be notified in writing pursuant to the Notice procedures set forth in Paragraph 55, after which the Freidman Companies shall have ten (10) days to cure the violation or comply with the Internal Compliance or Cooperation Provisions, and provided also that OAG and/or TLC may conduct an inspection to confirm that any material violation has been cured.

35. If the Freidman Companies do not come into compliance acceptable to the OAG within the ten (10) day cure period (or any agreed upon extensions), the Freidman Companies must remit \$100,000.00 to the OAG for the purpose of retaining an independent examiner (the "External Compliance Officer") to independently oversee the Freidman Companies' compliance with paragraphs 20 through 22 of the AOD and with relevant TLC rules for the duration of the Compliance Period. The Freidman Companies shall continue to provide access to the Portal for the duration of the Compliance Period in the event an External Compliance Officer is retained. If an External Compliance Officer is required pursuant to this paragraph, then the following paragraphs 36 through 41 become operative.

36. The External Compliance Officer shall submit a proposed written monitoring plan to the OAG within thirty (30) days of being retained by the OAG. The External Compliance Officer's monitoring plan must be acceptable to the OAG and must set forth the External Compliance Officer's plan for carrying out the requirements of the AOD, as set forth herein.

37. The External Compliance Monitor shall evaluate and examine the Freidman Companies' compliance with paragraphs 20 through 22 of this AOD by conducting no fewer than four (and no more than eight) unannounced compliance visits to the Freidman Companies' offices during each calendar year. At least one visit per year shall be made to each of the following: 28th Street Management, Inc.; Downtown Taxi Management, LLC; Tunnel Taxi

Management, LLC; and Woodside Management Inc. During these unannounced compliance visits, the External Compliance Officer shall inspect a reasonable sample of relevant documents, including but not limited to written leases; receipts; proof of payment by drivers; any and all financial documents demonstrating charges to drivers or payments from drivers; and cancelled checks. Access to the relevant documents shall be provided in hard copy or by database access, as available and as requested by the External Compliance Officer. In addition, in conjunction with each unannounced compliance visit, the External Compliance Officer shall conduct a confidential and private interview with the Internal Compliance Officer, and, as needed, with drivers. Interviews with drivers leasing taxicabs from the Freidman Companies may occur either in person or by telephone.

38. The Freidman Companies shall allow the External Compliance Officer full access to their documents, employees, offices, and workplace(s) and shall provide the External Compliance Officer with their full cooperation to enable the External Compliance Officer to conduct his or her examination. The Freidman Companies shall, among other things, instruct employees concerning (a) the nature of the External Compliance Officer's visits; (b) the Freidman Companies' obligations to provide access to employees and documents; and (c) the Freidman Companies' obligation not to retaliate against any driver or employee for cooperation or perceived cooperation during such visit.

39. For every calendar-year quarter during the term of this AOD, the External Compliance Officer shall prepare and submit to OAG a written report describing the Freidman Companies' compliance and/or non-compliance with the terms of this AOD. The OAG may

request true and accurate copies of any documents relevant to the report. The External Compliance Officer's report shall include, *inter alia*:

- a. A summary of all unannounced compliance visits conducted during the quarterly period, including but not limited to steps taken in preparation of, during, and following any such unannounced compliance visits;
- b. A description of all documents requested and reviewed by the External Compliance Officer;
- c. A description of all interviews conducted by the External Compliance Officer, including but not limited to the identity, home address and phone number of individuals interviewed; the individuals' job duties, title, and dates of association with the Freidman Companies; the location and duration of the interviews; all persons present during any portion of the interviews; the language in which the interviews were conducted; and a summary of the contents of the interview, including but not limited to information regarding lease caps;
- d. A description of any other steps or actions undertaken by the External Compliance Officer in the course of carrying out his or her compliance oversight obligations generally or during any unannounced compliance visit;
- e. A description of the Freidman Companies' practices regarding compliance with TLC lease cap rules, including the following: (i) whether the Freidman Companies have maintained written leases for all drivers who lease taxicabs from the Freidman Companies and provided copies of leases to the driver; (ii) whether the Freidman Companies have charged taxicab drivers lease amounts which exceed the maximum lease

cap amounts established by TLC rules; (iii) whether the Freidman Companies have made any other prohibited charges to or deductions from payments owed to taxicab drivers; and (iv) whether the Freidman Companies have retaliated against any employee or taxicab driver for providing information to the External Compliance Officer.

f. A description of any non-compliance by the Freidman Companies with any TLC Rule governing lease caps or any other law referred to in this AOD;

g. Identification of specific actions or internal policies or procedures that it determines are necessary for the Freidman Companies to take in order to comply with this AOD and TLC Rules governing lease caps.

40. The External Compliance Officer reports described in the preceding paragraph shall be submitted as follows:

f. On or before January 31 for calendar-year quarters of October 1 to December 31;

g. On or before April 30 for calendar-year quarters of January 1 to March 31;

h. On or before July 31 for calendar-year quarters of April 1 to June 30; and

i. On or before October 31 for calendar-year quarters of July 1 to September 30.

41. Notwithstanding anything in paragraphs 34 through 40, if the External Compliance Officer discovers or believes there to be a violation of any part of this AOD by the Freidman Companies, the External Compliance Officer shall notify OAG within two (2) business days.

Penalties

42. In the event that any Freidman Companies affidavit, OAG examination, Portal receipts, Database Report, or External Compliance Officer report shows a material violation of paragraphs 20 through 22 of this AOD by the Freidman Companies and the Freidman Companies do not cure within ten (10) days of written notice in accordance with paragraph 55 herein, the Freidman Companies shall pay \$10,000.00 in liquidated damages per week for each of the categories set forth in paragraphs 20 or 22 of this AOD, separate and apart from any other penalty or damages associated with the violation.

43. In the event the Freidman Companies fail to comply with the Independent Compliance and Ongoing Cooperation provisions set forth in Paragraphs 25 to 33, and do not cure such noncompliance within ten (10) days of written notice to the Freidman Companies in accordance with paragraph 55, the Freidman Companies shall pay \$10,000.00 in liquidated damages per week until they come into compliance, separate and apart from any other penalty or damages associated with any other violation of this agreement.

Monetary Payment

44. Except for the payment associated with the Findings set forth in paragraph 14 of this Assurance (the "\$0.06 Per Ride Charges"), the Freidman Companies agree, in resolution of this investigation, to pay a total of \$630,986 to resolve the OAG investigation, which will be paid directly to the OAG and will be used for distribution as restitution to drivers who leased medallions and/or taxicabs from the Freidman Companies. Such amount must be paid on or before December 31, 2013. The Freidman Companies will assist with all reasonable requests by the OAG to assist with distribution of restitution pursuant to this Paragraph, which may include

providing contact information for drivers or issuing credits to current drivers whom the OAG is unable to locate.

45. With regard to the payment for the \$0.06 Per Ride Charges, the Freidman Companies agree, in resolution of this investigation, to pay a total of an amount approximately \$115,510.76. The exact total Per Ride Charges shall be negotiated in good faith and agreed to between the parties within three weeks of the Effective Date of this Agreement. No more than two weeks after the agreement as to the total Per Ride Charges owed, the Freidman Companies shall reimburse the applicable funds to current Freidman Companies drivers by way of credits to those drivers' accounts; within a week of such credits the Freidman Companies will provide the Attorney General with a schedule which includes the names of all drivers who received credits and the dates and amounts of such credits. By the same date, any remaining Per Ride Charges funds shall be paid to the OAG for distribution to non-current Freidman Companies drivers. The Freidman Companies will provide to the OAG within 30 days of the execution of this AOD a schedule of all drivers for whom the \$0.06 Per Ride Charges were withheld.

46. All payments from the Freidman Companies to the OAG must be in the form of a certified check, bank check, money order, or attorney's check made payable to "The New York State Attorney General's Office," and forwarded to the New York State Attorney General's Office to the attention of Elizabeth Wagoner, Assistant Attorney General, Labor Bureau, 120 Broadway, 26th Floor, New York, New York, 10271-0332. No personal or company checks shall be accepted. The payment and all correspondence related to this Assurance must reference "Assurance # 13-501."

47. Other than the payment described in paragraph 45, above, the Attorney General has the sole discretion to determine which drivers shall be eligible for restitution and to determine the amount of such restitution. The Freidman Companies agree to provide reasonable cooperation necessary to locate current and former drivers who may be eligible for restitution.

Miscellaneous

48. The OAG has agreed to the terms of this Assurance based on, among other things, the representations made to the OAG by the Freidman Companies their counsel and the OAG's own factual investigation as set forth in Findings 11 through 18 above. To the extent that any material representations are later found to be inaccurate or misleading, this Assurance is voidable by the Attorney General in his sole discretion.

49. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by the Freidman Companies in agreeing to this Assurance.

50. The Freidman Companies represent and warrant, through the signatures below, that the terms and conditions of this Assurance are duly approved, and execution of this Assurance is duly authorized. The Freidman Companies and their agents or employees agree not to take any action or make any statement denying, directly or indirectly, the propriety of this Assurance or expressing the view that this Assurance is without factual basis. This Assurance is not intended for use by any third party in any other proceeding and is not intended, and should not be construed, as an admission of liability by the Freidman Companies.

51. This Assurance may not be amended except by an instrument in writing signed on behalf of all the parties to this Assurance.

52. This Assurance shall be binding on and inure to the benefit of the parties to this Assurance and their respective successors and assigns, provided that no party, other than the OAG, may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of the OAG.

53. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

54. To the extent not already provided under this Assurance, the Freidman Companies agree to, upon request by the OAG, provide all documentation and information necessary for the OAG to verify compliance with this Assurance.

55. All notices, reports, requests, and other communications to any party pursuant to this Assurance (the "Notice") shall be in writing and shall be deemed effectively given: (A) one (1) business day later if notice is provided by overnight delivery using any nationally recognized courier providing evidence of delivery; or (B) three (3) business days later if notice is provided by regular mail through the U.S. Postal Service; or (C) the same day if notice is provided by e-mail. Under any of the above options, the Notice shall be addressed to the recipient as set forth below:

From the Freidman Companies to the OAG:

New York State Office of the Attorney General, Patricia Kakalec, Special Counsel, Labor Bureau, 120 Broadway, 26th Floor, New York, New York, 10271-0332 or patricia.kakalec@ag.ny.gov.

From the OAG to the Freidman Companies:

Steven Mintz, Esq., Mintz & Gold LLP, 470 Park Avenue South, New York, NY 10016
or mintz@mintzandgold.com.

Any changes in the person to whom communications should be specifically directed shall be made in writing in advance of the change.

56. Acceptance of this Assurance by the OAG shall not be deemed approval by the OAG of any of the practices or procedures referenced herein, and the Freidman Companies agree not to make any representation to the contrary.

57. Pursuant to Executive Law § 63(15), evidence of a violation of this Assurance shall constitute *prima facie* proof of violation of the applicable law in any action or proceeding thereafter commenced by the OAG relating to the violations set forth in this Assurance..

58. If a court of competent jurisdiction determines that the Freidman Companies have breached this Assurance, the Freidman Companies agree to pay to the OAG the cost, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

59. The OAG finds the relief and agreements contained in this Assurance to be appropriate and in the public interest. The OAG is willing to accept this Assurance pursuant to Executive Law § 63(15), in lieu of commencing a statutory proceeding. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

60. Nothing contained herein shall be construed so as to deprive any person of any private right under the law.

61. The parties may execute this Assurance in counterparts and/or by signing on the designated signature block below and transmitting that signature page via facsimile or email to counsel for the other party. Execution in counterparts shall have the same force and effect as if any party had signed the same instrument.

IN WITNESS WHEREOF, this Assurance is executed by the parties hereto on December 17, 2013.

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York

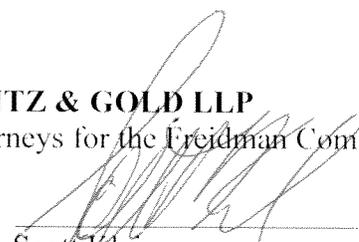
By:


ELIZABETH WAGONER
Assistant Attorney General
Labor Bureau
120 Broadway, 26th Floor
New York, New York 10271
Phone: (212) 416-6136

Dated: December 17, 2013

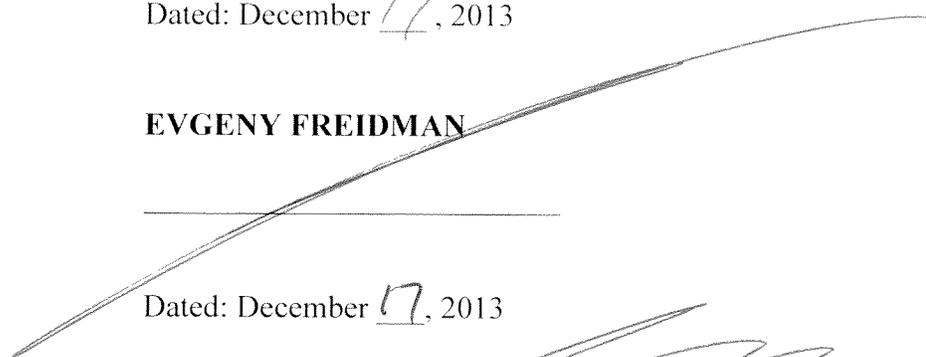
MINTZ & GOLD LLP
Attorneys for the Freidman Companies

By:


Scott Klein
Mintz & Gold LLP
470 Park Avenue South
New York, NY 10016
Phone: (212) 696-4848

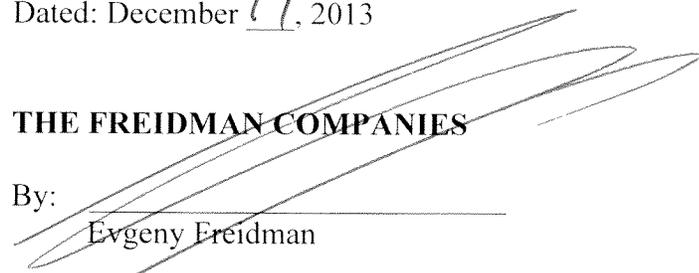
Dated: December 17, 2013

EVGENY FREIDMAN


Dated: December 17, 2013

THE FREIDMAN COMPANIES

By:


Evgeny Freidman

Dated: December 17, 2013

Exhibit A

NOTICE TO ALL DRIVERS

This notice is part of a settlement agreement between the New York State Attorney General's Office and four of the Greater New York Taxi Alliance garages: 28th Street Management, Inc.; Downtown Taxi Management, LLC; Tunnel Taxi Management, LLC; and Woodside Management Inc.

The Attorney General investigated these garages after learning that some drivers were charged more than the amounts allowed under the Lease Caps in the TLC Rules. These garages have agreed to stop charging the fees described below and to pay drivers back for amounts they were overcharged.

Shift Excess Time Surcharge: Many drivers were charged a daily "Shift Excess Time Surcharge" of \$3.50. This is not allowed under the TLC Rules, and the companies have agreed to stop charging it under the settlement. Drivers who were charged the shift excess time surcharge may have the right to compensation.

Vehicle registration, commercial motor vehicle, and TLC inspection fees: Under the TLC rules, these fees cannot be charged to fleet drivers. Only DOV drivers are required to pay them. Fleet drivers who were charged these amounts may have the right to compensation.

\$0.06 per-ride charge for Driver Health Care Fund: The TLC has established a Driver Health Care Fund. Until the fund was created on October 1, 2013, garages could not charge drivers \$0.06 per ride for the fund. Drivers who were charged these amounts prior to October 1, 2013 may have the right to compensation.

Lease Caps: Some daily, weekly and DOV drivers were charged more than the allowed rates for their taxi leases. Drivers who were charged more than the allowable Lease Cap may have the right to compensation. To find out what the lease caps were during particular time periods, please review the rates on the Fleet Drivers Bill of Rights and DOV Drivers Bill of Rights, which appear on either side of this poster and are available online at:
http://www.nyc.gov/html/tlc/downloads/pdf/dov_drivers_rights_poster.pdf
http://www.nyc.gov/html/tlc/downloads/pdf/fleet_drivers_rights_poster.pdf

In addition to paying compensation to drivers, these garages have also agreed to other terms:

Fees: These garages will not charge any fees that are not allowed in the TLC Rules. The only fees allowed in the TLC Rules are listed on the Bill of Rights posters on either side of this notice.

Leases: The garages have agreed to provide written lease agreements to all drivers.

No Retaliation: All drivers have the right to contact the Attorney General to provide information about the issues discussed in this settlement or anything related to their rights as drivers. Under the settlement agreement, the garages cannot blacklist or refuse to lease taxis to drivers who contact the Attorney General or receive compensation under the settlement.

If you believe you may be owed money due to violations of the above laws, please email labor.bureau@ag.ny.gov or contact: Office of the New York State Attorney General, Labor Bureau, 120 Broadway, New York, New York 10271, Telephone: (212) 416-8700, Fax: (212) 416-8694.