

BOARD REPORT
CITY OF LOS ANGELES
DEPARTMENT OF TRANSPORTATION

Date: May 17, 2007
To: Board of Taxicab Commissioners
Subject: **TENTATIVE APPROVAL OF BOARD ORDER NO. 053 - REVISING TAXICAB RULE NO. 764 – PERMIT REVOCATION FOR OVERCHARGE INCLUDING FRAUDULENT USE OF CITYRIDE SCRIP OR CREDIT/DEBIT CARD**

SUMMARY

From time to time, the Department investigates and prosecutes drivers and/or companies involved in the fraudulent use of Cityride scrip and credit cards. While such fraudulent activity by a company is addressed in the franchise ordinance, driver violations are currently prosecuted as part of the Taxicab Rule Book under either Rule No. 764 (overcharge) or Rule No. 777 (falsification of waybill).

In 2004, Rule 777 (waybill falsification) was revised to include a statement that the penalty for any waybill falsification involving fraudulent Cityride scrip or credit/debit card activity shall be revocation of the driver permit. Similar language is now also recommended as part of Rule No. 764 (overcharging) for clarification of the penalty schedule.

Based on the recommended changes for Rule 764 in this report, any overcharging activity that is related to the fraudulent use of Cityride scrip or credit/debit cards will lead to revocation of the driver permit. Although the maximum penalty of revocation is normally recommended for such offenses, the additional language to be added to Rule 764 will aid in clarifying the City's response to such fraudulent acts.

RECOMMENDATIONS

That the Board, after a public hearing:

1. **FIND** that it is appropriate to specifically address the fraudulent use of Cityride scrip and/or credit/debit card funds in the Taxicab Rule Book; and
2. **FIND** that any inappropriate use of Cityride funds or credit/debit card payment constitutes a very serious offense that should lead to the permit revocation of any driver determined by the Department or the Board of Taxicab Commissioners to be responsible for said fraudulent activity; and

3. **FIND** that the changes to the Taxicab Rules and Regulations (Board Order No. 471 et seq.) contained in this report are needed and will greatly benefit the public and the Department's regulatory process; and
4. **APPROVE** the attached tentative Resolution, Board Order No. 053, revising Board Order No. 052 (Taxicab Rule Book), modifying Taxicab Rule No. 764, requiring that any overcharge violation involving the falsification of Cityride scrip, or credit and/or debit cards shall result in the revocation of a individual's taxicab driver permit; and
5. **DIRECT** the Board's Executive Assistant to publish the tentative Resolution (Board Order No. 053) for the required five-day public review period.

DISCUSSION

While both Rule No. 764 (overcharging) and Rule 777 (waybill falsification) have the driver penalty at a range from 10 days suspension to revocation, Rule 777 was amended in 2004 to more clearly state that the penalty for waybill falsification, which included the fraudulent use of either Cityride scrip or credit and/or debit cards, would lead to driver revocation, as follows:

777. A driver shall not falsify waybills. **For any waybill falsification involving fraudulent Cityride scrip or credit/debit card activity, the penalty shall be revocation.**
[10-R:\$:X:5-10:B]

It is now recommended to add this same language to Rule 764, covering intentional acts of drivers to overcharge customers. Language would be added to Rule 764, as follows:

764. A driver shall not request, demand, arrange for or collect any compensation in an amount greater than (overcharge) the taxicab rate applicable to the service provided. **For any overcharge involving fraudulent Cityride scrip or credit/debit card activity, the penalty shall be revocation.**
[10-R:X:X:10:B]

Interpreting Penalty Schedules

Current penalty schedules are divided into five categories as indicated in the taxicab Rule Book. Example [3: \$: IOS: 3: A]

- The first item in the schedule pertains to the driver penalty points (3 in this example). An "X" means that no points were assessed to the driver, while an "R" refers to permit revocation. A range from 10-R, as in the case for Rule 764 and 777 above, would mean that a minimum of 10 points to maximum revocation of the driver permit would be the penalty range. Application of the range would depend of the severity of the infraction as determined by investigative staff, unless otherwise stated in the specific rule.

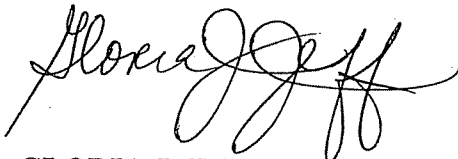
- The second category refers to driver monetary penalties whereby the "\$" dollar symbol would indicate that the driver has a choice to either pay a fine or take suspension days from service for the number of points assessed in category one. The current driver fine, when allowed, is \$30 per penalty point. An "X" in this category would indicate that there was either no driver penalty, or that the driver may only take a suspension day for each penalty point assessed, and may not "pay in lieu". Per this example, the driver would have the choice to either serve three consecutive suspension days, or pay a fine of \$90.
- The third category refers to vehicle status, with "IOS" meaning an immediate out of service condition. An "X" in this category would indicate the vehicle status was not affected by the rule violation.
- The fourth category is the number of company penalty points assessed, currently pegged at \$20 each. An "X" in this category would indicate that there is no operator penalty point associated with the violation.
- The fifth category is the schedule for progressively harsher penalties should the same violation be perpetrated by the same individual within a 24-month period.

CONCLUSION

Similar to previous changes for Rule 777, the additional language recommended for Taxicab Rule 764 specifically calls out the penalty for driver overcharging stemming from the fraudulent use of Cityride scrip or credit/debit cards. For such activity, the penalty is permit revocation. Any other overcharging violation is still considered as a major offense, but the penalty assessment may range from 10 suspension days up to taxicab driver permit revocation on a case-by-case review.

It is hoped that the added specificity used in the revised rule will act as a reminder to all taxicab drivers of the rules and regulations of the City. Upon final approval of this rule change, the Department will request each operator to post the revised rule at their business locations for all drivers to review.

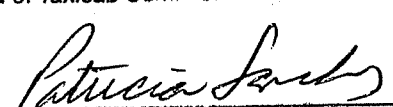
Approved:



GLORIA J. JEFF
General Manager

Attachment

TMD/JCB
B07-027.JB

Approved: <u>May 17, 2007</u> Board of Taxicab Commissioners  Commission Executive Assistant

BOARD ORDER NO. 053
TENTATIVE RESOLUTION OF THE
BOARD OF TAXICAB COMMISSIONERS
CITY OF LOS ANGELES

WHEREAS, the Board of Transportation Commissioners adopted Taxicab Rules in Board Order No. 471, effective September 2, 1989, to enhance a high level of safe and courteous taxicab service in the City of Los Angeles; and

WHEREAS, the Board of Taxicab Commissioners adopted the fourth general revision of the Taxicab Rules in Board Order No. 052, effective April 7, 2007, establishing revisions of the rules and regulations for all taxicab vehicles, equipment, drivers, members and companies; and

WHEREAS, the Board of Taxicab Commissioners has determined that modification to criteria in Board Order No. 052, by revising Rule No.764, is needed to establish a specific penalty for overcharging when such activity is related to the fraudulent use of Cityride scrip and/or credit/debit cards, and that such rule modification will be in the best interest of the public, the City and the taxicab industry;

THEREFORE, BE IT RESOLVED, that Rule No. 764 of the Taxicab Rules (Board Order No. 471 et seq.), as last revised by Board Order No. 052, is hereby amended and shall address penalties for overcharging including fraudulent Cityride scrip and credit/debit card activity:

Rule No. 764, as proposed, is indicated below. **Bold and underline text** indicates added language.

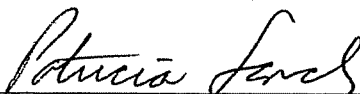
764. A driver shall not request, demand, arrange for or collect any compensation in an amount greater than (overcharge) the taxicab rate applicable to the service provided. **For any overcharge involving fraudulent Cityride scrip or credit/debit card activity, the penalty shall be revocation.**
[10-R:X:X:10:B]

I HEREBY CERTIFY THAT the foregoing Tentative Resolution, designated as Board Order No. 053, was adopted by the Board of Taxicab Commissioners at its meeting held on May 17, 2007.

Dated at Los Angeles, California this 17th day of May 2007.

By Order of the Board

ATTEST



Patricia Sanchez, Commission Executive Assistant
Board of Taxicab Commissioners
City of Los Angeles