

Bankrupt Yellow Cab Is Now For Sale

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Photo by [Waymond C.](#)

That beleaguered staple of San Francisco, Yellow Cab Cooperative, is for sale. [The Examiner reports](#) that the almost 40-year-old taxi company just couldn't overcome the one-two punch of a series of lawsuits stemming from accidents and the ever-present competition from ride-hail companies Uber and Lyft.

In particular, a single lawsuit that settled for around \$8 million really hit hard. "Yellow Cab Co-Op is basically over," the president of the Medallion Holders Association, Carl Macmurdo, told the paper. This news follows on [a Chapter 11 bankruptcy filing](#) by the company this past January. At that time Yellow Cab's former president, Jim Gillespie, [told the Examiner](#) that the company would continue to operate as normal for as long as possible. The situation reportedly became rather dire in 2015, with [the Business Times noting](#) that a subpoena revealed that Yellow Cab was "not generating enough revenue to give checks to the members." It stopped paying them, in other words.

Yellow Cab owns approximately 520 taxis. No asking price was included in the letter announcing the company's availability for purchase, the Ex reports, and it is not immediately clear if the desired sale will in any way affect day-to-day operations.

While it is perhaps difficult at this time to tease out exactly how much of Yellow Cab's problems are due to lawsuits and how much are due to the ride-hail effect, that competitor Flywheel Taxi [announced earlier this month](#) it is suing Uber for alleged predatory pricing and violating antitrust rules gives us a window into just how badly the tech giant is hurting the traditional taxi industry.

"Uber has been able to maintain below-cost pricing for its UberX and UberXL services in the San Francisco Ride-Hail Market due to vast reserves of capital invested with the expectation of reaping extraordinary future returns," Flywheel's complaint states, [per Bloomberg](#). "In adopting this approach, Uber has veered from free market principles and artificially deflated fares of UberX and UberXL to prices below cost in an effort to drive competitors" out of the market.

Meanwhile, the price of taxi medallions has been on the decline nationwide, and in San Francisco, medallion lease rates — what cab companies like Yellow Cab pay taxi medallion holders each month in exchange for the use of their medallion in the fleet — have been nearly halved in the last couple of years, leading some drivers to flee to other companies, and/or try to sell their medallions and start driving for Uber or Lyft themselves. As [Sherpa Share explained earlier this year](#), come Yellow Cab drivers saw months with no payments, or saw payments of just \$1,000 a month, which did not cover their loan payments for the medallions, many of which they bought for \$250,000.

If things don't turn around for Yellow Cab soon, Uber may soon have one fewer competitor — and San Franciscans may have one fewer option for getting about town.