

Citigroup Poised to Seize 89 New York City Taxi Medallions in Foreclosure

By [James Hickman Follow](#) | 06/12/15 - 01:54 PM EDT



NEW YORK ([TheStreet](#)) -- The Supreme Court of the State of New York has [ordered seizure of the 89 NYC taxi medallions](#) and vehicles owned by Gene Freidman, granting a [Citibank \(C\)](#) foreclosure petition. In the short term, this could further deflate New York City taxi medallion prices.

Freidman filed an appeal that may buy more time, but the prospect of Citi selling 89 NYC medallions in the relative near-term into an extremely illiquid market is now significantly more probable. There were 62 total transfers in the [twelve months ending in May](#), compared to 348 transfers plus another 398 medallions sold at auction in the prior 12-month period ending in May 2014. There are 13,636 total outstanding medallions currently. New supply of cars for hire, primarily from Uber, has caused substantial and ongoing [erosion in yellow taxi trips and meter revenue](#). The result has been a sharp drop in medallion prices from peak levels observed only a year ago. A glut of medallions on the market would only exacerbate the situation.



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According to [documents filed with the New York County Clerk](#), Citi's average loan per Freidman medallion is \$348,000. Citi has the first lien on 60 medallions, second lien on 19 and third on the balance. The bank has made it quite clear it intends to sell. [According to the Citibank attorney](#), "Our Papers seek an order of seizure, which, once we get that, the Code allows us to sell it." So, an orderly, patient liquidation process that might minimize the likely discounts relative to recent prices -- the average price on the last corporate medallions sold was [\\$925,000 in March](#) - does not seem like a consideration beyond recovering capital, at least for the 60 medallions in which it is the first lien holder.

These developments in New York are on top of [worse medallion market conditions in Chicago](#). Time will tell, but these developments could impact lenders with significant medallion loan exposure to these markets, including **Medallion Financial** ([TAXI - Get Report](#)) and the credit unions Progressive, Montauk, Melrose and LOMTO Federal.

This article is commentary by an independent contributor. At the time of publication, the author was short TAXI.