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Leading taxi lender sees better times amid the gloom

Medallion Financial president says company woes overstated by critics

[Aaron Elstein](#)



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Andrew Murstein, president of Medallion Financial, said he's the most exposed to slips in the company's stock price.

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Medallion Financial is the nation's preeminent taxi lender and one of the largest owners of the metal plates that confer the right to drive yellow cabs in New York City. Uber has hammered the business and in the past three years Medallion's [stock price has sank](#) by 83%, to a bit more than \$3 per share. The number of loans more than 90 days overdue quadrupled to 17% over the past 12 months and in the summer the company slashed its dividend to a nickel a share from a quarter to conserve cash.

With seemingly few other levers to pull, President Andrew Murstein on Monday declared the phones were open, and invited shareholders and journalists to chime in with whatever was on their mind. "There's zero to hide, the company is doing extremely well," he said at the beginning of a free-wheeling

hour-long conference call. "Except for the stock price."

Nearly all the callers agreed that Medallion must use whatever cash it can to buy back more stock, in order to demonstrate to the marketplace what a bargain the shares really are. But when they demanded Murstein spend his own money on Medallion shares, the president replied he had already done so and seemed to indicate he's gun-shy about buying more.

"I own 1.4 million shares," he said. "Nobody took a bigger hit on dividend than I did and no one took a bigger hit on stock fall."

Even though Medallion [has a lot more delinquent customers](#) who seem on the brink of default, Murstein insisted the company has ample reserves to cover any losses. So far, his firm has written off less than 1% of taxi loans and he argued Medallion, which has been writing taxi loans for decades, prepared better than other lenders for the market's collapse. Medallions sold for more than \$1 million in 2014 but now go for only \$600,000, according to the city's Taxi & Limousine Commission, reflecting the steep drop in people hailing cabs from the street.

Painful as that drop was, Murstein said the New York market has stabilized and taxi drivers' fortunes are poised to improve because taxis can be more convenient for many people than summoning an Uber by phone. He added, a bit hopefully, that Uber will be forced to raise rates as its business matures and drivers demand higher pay. "I believe the worst is behind us," he said.

Above all, he urged callers to ignore short-sellers and other critics forecasting the company's doom.

“We’re still a very profitable company,” Murstein said, despite analysts’ reports that Medallion remains in the black thanks to complex accounting rules that allow it to boost the value of a banking subsidiary even as its [core taxi-lending business bleeds](#) red ink. “There’s this hysteria out there based on falsehoods.”

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