



Taxi medallion losses drive another credit union out of business

By **Palash Ghosh**Published **October 01 2018, 1:14pm EDT**More in **Failures, Lending, NCUA, New York**

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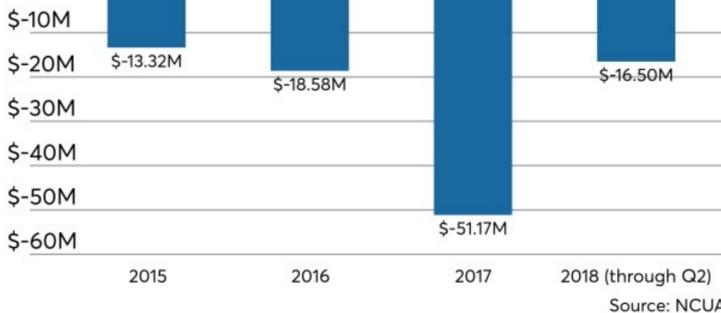
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The National Credit Union Administration has liquidated LOMTO Federal Credit Union in Woodside, N.Y. following significant losses tied to taxi medallion loans made by the \$156 million-asset institution.

Teachers Federal Credit Union in Hauppauge, N.Y. immediately assumed all of LOMTO's members, along with most shares and some loans and other assets. NCUA has retained some of LOMTO's members' loans.

LOMTO FCU pays its final fare

The Queens-based credit union sustained significant losses tied to poorly performing tax medallion loans



Chartered in 1936, LOMTO FCU served various select employee groups in the greater New York City area. The credit union's existing offices in Queens and Manhattan will remain open.

NCUA placed LOMTO into conservatorship in June 2017 due to "unsafe and unsound practices" found at the credit union. Specifically, LOMTO FCU suffered significant losses over its possession of commercial loans secured by taxi medallions, which have plunged in value over the past few years in connection with the rising popularity of ride-hailing services like Uber and Lyft.

LOMTO FCU posted a net loss of almost \$16.5 million in the first half of 2018. At mid-year, the credit union had total amount of reportable delinquent loans of about \$13.3 million.

Year-to-date charge-offs totaled about \$11.4 million. In calendar 2017, LOMTO FCU incurred a net loss of about \$51.2 million, whole net charge-offs totaled about \$46.8 million, and reportable delinquent loans amounted to about \$19 million.

Teachers FCU recently also acquired some shares, loans and assets of Melrose Credit Union of Briarwood, N.Y., another institution beleaguered by troubled taxi medallion loans.

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Late last year, NCUA board member Rick Metsger [warned about potential repercussions for credit unions](#) as a result of decline in the values of taxi medallions.

"Prices for New York taxi medallions at two recent public auctions have been considerably lower," Metsger said. "That, combined with a continued increase in already high delinquency rates on medallion loans, suggests the Share Insurance Fund's reserves may have to increase in the very near future."

LOMTO FCU is the sixth credit union failure of 2018.



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