

# United States Senate

WASHINGTON, DC 20510

May 21, 2019

The Honorable Rodney E. Hood  
Chairman  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

Dear Chairman Hood:

I write to request that the National Credit Union Administration (NCUA) conduct an immediate review of its supervisory practices regarding federally regulated credit unions that engage in taxi medallion lending.

Recent reports have revealed deeply troubling conduct by credit unions and other financial institutions that engage in taxi medallion lending. According to an expose in the *New York Times*, these lenders, including several regulated by NCUA, worked to artificially inflate taxi medallion prices while hooking taxi drivers with reckless, exploitative loans. As a result of these predatory practices, taxi drivers lost their life savings and were left with crushing debt once the market crashed and the value of these medallions rapidly decreased.

As the independent federal agency that charters, regulates, and insures federal credit unions and protects the members who own them, NCUA has a responsibility to understand what additional guidance should be provided to its examiners to address the types of risks posed by taxi medallion lending. While your agency has taken steps to address these risk within statutory constraints, your responsibility is heightened by a recent Inspector General report, which found that losses related in part to this type of lending may have been mitigated with a timelier and aggressive supervisory approach.

Accordingly, I request that NCUA report to Congress on what changes to its supervisory practices are needed to protect taxi drivers and to stop these types of predatory practices. I also request that you determine whether your agency should accelerate changes to the processes it is undertaking in response to your Inspector General's recommendations, including those related to concentration risk issues, examination quality control procedures, and annual examination scope requirements.

We must address these concerns and owe it to the hard-working people of this industry, whose tireless grit to achieve the American dream, should never be taken advantage of. The many families now paying the financial and emotional price for lackluster oversight deserve swift answers.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Charles Sch" followed by a horizontal flourish.

Charles E. Schumer  
U.S. Senator

cc: Mark A. Trichel  
Executive Director