

Mysterious new player betting taxis have hit bottom

Unknown investors pay \$22 million for 131 medallions



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This town may have a new “Taxi King,” or at least one in the making. But nobody really knows the potential potentate’s identity or business plan, other than that it’s an investment group that keeps its cards close to the vest.

The investors—linked by sources to Marblegate Asset Management, a Greenwich, Conn.–based hedge fund— won an auction last week in Queens for 131 taxi medallions that once belonged to deposed “Taxi King” Evgeny Freidman. The price: [\\$170,000 plus about \\$12,000 in fees apiece.](#)

Marblegate had purchased 46 of Freidman's foreclosed placards in September. All told, the hedge fund is believed to now have 181 medallions, including four picked up at a smaller sale.

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Industry insiders expect the company to lease the medallions, which produce roughly \$1,100 a month each, providing a 7% annual return. Beyond that, who is behind Marblegate and its intentions are a mystery. Though hedge funds and private-equity investors are often secretive, the situation troubles some industry veterans.

Medallions "are public assets in a way," said Matthew Daus, a partner in the law firm Windels Marx and a former Taxi and Limousine Commission chairman who has been tracking Marblegate's actions. "It would be great to know who these mysterious folks are and what their plans are for the industry. A big player has an influence on the industry. [Freidman] had an influence, whether good or bad. There's a certain responsibility here."

Marblegate did not return calls.

The hedge fund was not the only mysterious presence at last week's auction. While Marblegate, using the name Nardo Acquisitions, had made its \$22.3 million bid the previous week as a stalking horse—a practice used in foreclosure auctions to set a floor—an additional eight medallions from Freidman's decimated portfolio were not included. Court documents show the bankruptcy trustee agreed to sell those eight to a group calling itself Latka LLC.

Nardo appears to be named after Elaine Nardo, a character from the the 1970s sitcom *Taxi*.

That package had a floor of \$2 million—\$250,000 per medallion. At the June 14 auction in Flushing, no bidders topped either floor. Marblegate won the 131, and Latka kept the eight.

An industry insider traced Latka's company address to a building in Greenwich next door to Marblegate's. The company was also named for a character in *Taxi*—[Latka Gravas](#), played by Andy Kaufman.

The price of medallions is a sensitive topic in the taxi industry, which has seen the value of the small metal plaques plunge by 80% from their high point of around \$1 million four years ago. The devaluation, caused by competition from Uber and other e-hail operators, forced many owner-drivers into personal bankruptcy as lenders refused to refinance loans. Two medallion owners were among the six drivers who took their own life within the past six months. The suicides, including one last week, have rocked the industry.

Taxi industry veterans are hoping the tide will turn. Bills to restrict e-hail operators' growth are under discussion in the City Council. Uber and Lyft's role in worsening congestion, along with sympathy for the plight of owner-drivers, has improved the chances of passing some kind of restrictions.

Andrew Murstein, president of taxi lender Medallion Financial, sees the hedge fund's entry as a good sign. "Funds like Marblegate put a ton of effort into understanding the current and projected revenues in the industry," he said. "They are betting that Uber loses \$5 billion a year and has to raise prices and a City Council bill will pass."