VeriFone.
Transportation Systems

April 30, 2008

New York City Council
Transportation Committee
City Hall
New York, New York 10007

Dear Distinguished Committee Members:

VeriFone Transportation Systems, Inc., (VTS), a company comprised of VeriFone
Holdings, Inc., and TAXiTRONiC, Inc., is pleased to be serving the Taxi and Limousine
Commission and the taxi patrons of New York City.

VeriFone Holdings, Inc., is a global leader in secure electronic payment technologies.
TAXiTRONiC, Inc., and its staff have been serving the New York Taxi industry for more
than two decades.

Together as VTS, the two entities provide unequaled expertise, benefiting those who
drive and ride in New York City taxis. Not only do patrons now have the ability to pay
with credit cards, they are served by GPS-based automated vehicle location systems,
computerized meters and state of the art fleet management systems. VTS even provides
mobile entertainment and informational programming on its innovative Taxi TV screens.

VTS also serves as the lone payment solution provider in Philadelphia taxis, serving the
Philadelphia Parking Authority (PPA). Some critics of the VTS system have attempted
to discredit it by greatly exaggerating reports of problems with the system in
Philadelphia.

VTS did have some network connectivity problems in Philadelphia many months ago.
But those problems have long since been solved.

In fact, the Philadelphia dispatch system has performed flawlessly for more than 2,500
consecutive hours (more than 3 months). There has not been a single global
connectivity/ network outage during that period, which began with the rebuild of a key
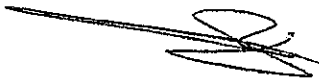circuit associated with the dispatch element of the system.

Although the Philadelphia system is different from NYC because Philadelphia is an
automated dispatch system, the Philadelphia system, is similar to NYC in that it has the
most advanced programming and functionality available today, allowing for fast, secure
payments that are in full compliance with Payment Card Industry standards. Taxi

patrons appreciate being able to pay their fares with credit cards and, according to our data, card paying customers leave larger tips on average than those using cash. It is a win/win program for all involved.

Both cities are served by an excellent system, but there are drivers who are against change and against technology, and they will offer negative opinions about the systems whenever they have the opportunity. Many other drivers who are pleased with the new technology and the advantages it offers are hesitant to speak publicly. That is unfortunate, because they offer a completely different perspective.

We thank the committee, the council and the TLC for the opportunity to serve this great city, its citizens and its many visitors. We look forward to many years of faithful service.

With Warmest Regards,

Amos Tamam
President, Chief Executive Officer
VeriFone Transportation Systems

IRN
PAYMENT SYSTEMS

5/1/2008

Good afternoon my name is James Marchese EVP of IRN Payment Systems we provide the credit card processing to the TLC under our relationship with VTS as the prime with the TLC contract. IRN was established in 1988 and has been processing credit cards for over 20 years. VTS and IRN have been partnered together for over 11 years providing our services to Taxi industries across the country. Our expertise and knowledge has allowed us to offer the best possible pricing to the fleet and individual taxi owners.

By using a single processing partner VTS is able to keep their cost down. If they had to use multiple partners many cost factors would increase causing the cab owners to pay more. Also, by going to lesser wireless equipment the cost and exposures could go up. Use of not PCI compliant terminals could leave drivers at risk for credit card breach and fines from the associations and can cause consumer credit cards to be used fraudulently by hackers. Association fines and penalties are extensive. TJX parent company for TJ Max's recently had a breach at their stores where they estimated over 45 million cards where breached. Also, another processor did not follow PCI rules and were breached, after the fines they are no longer in business. The Associations takes PCI compliance seriously and are constantly reviewing the industry.

IRN's and VTS expertise together has allowed the drivers to get the best possible service, while meeting industry standards required by Visa, MC, Amex, Discover and all other cards for data security. Both companies have passed extensive PCI audits by approved outside auditing firms and are listed as approved PCI vendors.

If you allowed all processors to provide credit card processing pricing would increase, since no one would be able to offer better pricing based on volume discounts, owners will see increases to their processing cost in downgrades, statement fee and other areas. The new companies would not be bound by the RFP, since they never submitted anything for review.

Thank you for the time.

James F. Marchese
Executive Vice President
IRN Payment Systems

Analysis of Credit Card Costs
First Quarter 2008
Ronart Leasing Corp.

Michael Levine
President Ronart Leasing Corp.

25-11 41st Avenue
Long Island City, New York 11101
mlevine@ronart.net

In 2007 the City of New York began implementation of its long awaited taxi technology program. Included in the program was equipment designed to enable riders to simply and quickly make payments for taxi fares via credit cards. The cost of the equipment was supposedly built into a prior fare increase, and its accompanying lease cap increase.

Ronart Leasing operates 329 yellow medallion taxicabs in the City of New York. We have been accepting credit cars in our vehicles since 2004, long before it was required. The credit card data in Appendix A comes directly from CMT, our technology services provider. The data was compiled along with other costs incurred by our company which are directly related to credit card acceptance. The results of that analysis show that the expense to our fleet for accepting credit cards in the first quarter of 2008 was 4.84% of total credit card fares for that same period.

The total percentage is a conglomeration of various factors. The largest of these factors are the processing fees charged by both equipment vendors and credit card companies. Other factors include the cost of the additional salary needed to keep track of all of the credit card receipts and chargebacks, the additional accounting costs incurred as our accounting firm needs to track each "batch" of credit card income to make sure the proper amount of money reaches our bank account. Finally, there are computing and processing costs incurred by our company in order to enable our cashiering systems to understand the data received from CMT and properly credit the drivers for their fares.

Processing fees reflect a combination of a percentage of the total fares, and flat fees charged per transaction by both the vendors and the credit card companies. The percentage varies depending on the credit card used by the rider. An American Express card, for example, might charge 2.15%, a basic VISA card 1.78%, and a foreign VISA card up to 3.75%. The fixed fees also vary. The equipment company may charge 10 cents per transaction, and the credit card company and processor may charge up to an additional 10 cents. For a ten dollar fare that 20 cents alone represents 2 percent of the fare. If you look in appendix A at the average credit card fare (center line 2) it is moving downwards each month. As riders get more and more accustomed to using credit cards to pay fares that trend will continue, and the fixed fees will become a greater percentage of the total fares. The average processing fee percentage for Ronart fares for the first quarter of 2008 was 3.24%.

Our analysis shows that Ronart Leasing Corp. paid 4.84% of our total credit card fares out to vendors and credit card companies for the first quarter of 2008. Keep in mind, however, that we operated 329 vehicles, and the fixed costs of handling credit cards, i.e. the salaries, accounting and computing expenses, are spread out across credit card fares from all 329 medallions. The average city fleet has far fewer vehicles. In an analysis of Ronart Leasing Corp. data where we adjusted the total fares to represent a fleet of 150 cars, the ratio of operating expenses to total fares becomes 6.74%, and, obviously, that percent is even higher for smaller fleets.

The analysis also shows the percentage of total fares of each line item. To show the effect of each line item we added a third column which gave the percentage with that particular line item eliminated from consideration. For example, if you look at the Ronart Leasing Corp. analysis, the computing costs represent 0.39% of total credit card fares. If you do not consider computing costs then the 4.84% expense rate incurred by Ronart becomes 4.10%. In no case does elimination of a line item reduce Ronart's costs below 4%, and in no case in the 150 car fleet analysis does elimination of a single line item reduce costs below 5.14%.

Other factors create additional costs for fleets, but they were not considered in this analysis. Chargebacks from credit card companies, for example, it can take up to ninety (90) days to reach our offices. In that time drivers may have left our company or gone on vacation. Not only do we have to reimburse the riders if the driver did not turn in his slip, or we cannot find the slip among the thousands of others sitting in our offices, but there is an additional charge of $32.00 per incident for the chargeback itself.

It is apparent from the accompanying data that Ronart Leasing Corp. is paying out in directly attributable expenses very close to the 5% that it is charging drivers for cashing in their credit card fares. It is also apparent that a smaller fleet built on the same model will lose money on that same 5%. Again, this does not even consider the $473,760.00 Ronart will have to pay to CMT over the life of the 3 year contract for equipment. It is clear from this analysis that reducing the 5% in any way shape or form will produce a serious hardship on our company.

Thank you for the opportunity to share this information with you.

Analysis of First Quarter 2008
Ronart Leasing Corp Actual Numbers

Avg Total Fees Jan-March	3.24%
Total Vehicles	329
Total Fares Jan - Mar 08	$11,850,716.58
Credit Card as % of Total Fares	13.41%
Total CC Fares Jan - Mar 08	$1,589,606.44

	Amounts	PCT	Cum PCT	Total PCT Less Line Item
Total Credit Card Fares	$1,589,606.44			
Total Processing Expenses	$51,503.25	3.24%	3.24%	1.60%
Salary Cost	$7,500.00	0.47%	3.71%	4.36%
Cost of addl accounting	$6,250.00	0.39%	4.10%	4.44%
Computing + Programming	$11,619.35	0.73%	4.84%	4.10%
Total Costs Jan-March	$76,872.60			
Total Costs as % of Fares	4.84%			

Adjusted for 150 Car Fleet

	Amounts	PCT	Cum PCT	Total PCT Less Line Item
Total Credit Card Fares	$724,744.58			
Total Processing Expenses	$23,481.72	3.24%	3.24%	3.50%
Salary Cost	$7,500.00	1.03%	4.27%	5.71%
Cost of addl accounting	$6,250.00	0.86%	5.14%	5.88%
Computing + Programming	$11,619.35	1.60%	6.74%	5.14%
Total Costs Jan-March	$48,851.07			
Total Costs as % of Fares	6.74%			

Appendix A
Raw Data From Actual Ronart Useage

Month	Total Trips	Total Fare	Cash Trips	Cash Trip %	Cash Fare	Cash %	CC Trips	CC Trip %
October	99,865	$ 1,065,742.00	95,561	96%	$ 984,993.05	92%	3,210	3%
November	168,889	$ 1,801,579.78	160,369	95%	$ 1,649,630.65	92%	6,408	4%
December	249,970	$ 2,611,929.92	237,124	95%	$ 2,386,320.43	91%	10,502	4%
January	358,794	$ 3,573,042.48	333,492	93%	$ 3,168,009.04	89%	22,172	6%
Februrary	385,711	$ 3,953,833.21	349,877	91%	$ 3,381,224.14	86%	32,652	8%
March	412,814	$ 4,323,840.89	368,725	89%	$ 3,613,826.71	84%	41,073	10%
April (to 15th)	189,831	$ 1,987,911.08	167,461	88%	$ 1,632,031.41	82%	20,934	11%
Jan-March	1,157,319	11,850,717	1,052,094	3	10,163,060	3	95,897	0

Month	CC Fare	CC Fare %	Avg Fare	Total Tips	Avg Tip	% of Fare
October	$ 69,061.85	6%	$ 17.09	$ 11,779.11	$ 4.00	23.4%
November	$ 129,512.73	7%	$ 16.67	$ 18,432.71	$ 3.12	18.7%
December	$ 200,308.45	8%	$ 15.80	$ 28,802.59	$ 2.95	18.7%
January	$ 373,314.11	10%	$ 13.97	$ 54,286.78	$ 2.59	18.5%
Februrary	$ 538,912.15	14%	$ 13.69	$ 78,641.47	$ 2.52	18.4%
March	$ 677,380.18	16%	$ 13.69	$ 98,799.43	$ 2.51	18.3%
April (to 15th)	$ 340,386.53	17%	$ 13.50	$ 49,687.24	$ 2.46	18.2%
Jan-March	1,589,606	13.41%	41	231,728	3	1

Testimony of Taxi & Limousine Commission Commissioner/Chair, Matthew W. Daus

Before the City Council Transportation Committee
May 1st, 2008, 1:00 PM

Oversight Hearing –
How well is credit card processing in taxicabs working for the public and drivers?

Good afternoon, Chairman Liu and members of the Transportation Committee. My name is Matthew Daus, and I am the Commissioner/Chair of the New York City Taxi and Limousine Commission. Thank you for the opportunity to appear before you today to discuss the availability of credit card processing in New York City medallion taxicabs.

I would like first to provide a brief history of the project that includes the credit card initiative. The credit card system in taxicabs is part of a larger project known as the Taxicab Passenger Enhancement Program (T-PEP). In addition to the credit card systems, T-PEP includes the collection of all trip-sheet data electronically, allows every taxicab available for hire to receive text messages about potential fare opportunities, assists in recovering passenger lost property, and delivers information to passengers via a screen located in the rear passenger compartment of the cab. Medallion owners contract with one of three approved vendors who provide a completely integrated T-PEP system. T-PEP is a service improvement that was mandated by the TLC's Board of Commissioners in March 2004 as a part of the passage of a significant fare increase that raised driver's earnings by 26%.

The implementation of the T-PEP program involved the development of a custom made and fully integrated system through a procurement process. This process started with the TLC's issuance of a Request for Information (RFI), which was followed by a technology summit attended by a variety of stakeholders, including interested potential vendors and taxi industry representatives. The TLC also conducted several focus groups with passengers and drivers. After extensive research and planning, we released a Request for Proposals (RFP) in March 2005. At the end of the process, contracts were awarded to four vendors. These contracts set minimum technical and service level requirements along with maximum prices that could be charged. To help offset the expense of the system, each vendor was authorized by the Board of Commissioners to allow paid media on the rear seat passenger screens. Throughout the various rollout phases of this program, the TLC has continually tested the functionality, security, and durability of T-PEP systems. During the early testing phase, a consultant surveyed 200 passengers who utilized the systems and provided direct feedback to improve the user-friendliness of the systems. Particular attention was paid to the credit card systems to ensure transaction continuity across vendors, as well as connectivity and security throughout the five boroughs. Currently, there are over 10,000 T-PEP systems operating in taxicabs. During March 2008 alone, there were over 1.1 million credit card transactions representing nearly $14.6 million and close to 13% of the total number of trips.

TLC has initiated several enforcement, oversight and quality control activities to ensure that the T-PEP program is utilized effectively and efficiently. First, TLC officers assigned to the agency's Safety & Emissions Division test each system three times per year at regularly scheduled inspections. In addition, TLC officers also test T-PEP units in operation on the streets to ensure they are working properly. To date, TLC staff has conducted over 14,000 system tests; these tests have revealed an overall average compliance rate of 98%. Second, independent consultants hired by the TLC have worked with each vendor to ensure that rigorous security and anti-tampering standards are met. Penetration testing of the in-cab units and the vendor's web portals were conducted to ensure compliance with payment card industry standards as well as applicable city-wide standards. Finally, the TLC initiated a new undercover field enforcement operation known as "Operation Secret Rider", in which TLC officers pose as passengers simulating an actual ride to enforce the use and functionality of the T-PEP systems as well as to inspect for violations of the TLC's Passenger Bill of Rights. Since the inception of Operation Secret Rider, the average compliance rate for tests to ensure that a driver accepts credit and debit card payments and that the T-PEP systems are working is 99%.

Passengers and drivers both benefit from the use of credit and debit cards, as well as the entire T-PEP systems. Passengers benefit from the convenience of fast and easy transactions without the worry of carrying various denominations of cash. Credit and debit card transactions are processed in a matter of seconds, and two of the vendors have offered customers "contactless"

Radio Frequency Identification or RFID payments that are even faster. Also, passengers no longer need to worry about calculating the percentage of driver tips, as there is an automatic calculator on the screens. Aside from the added convenience and benefits associated with credit card usage by business travelers and those who receive points or other related benefits from transactions, the remaining T-PEP functions will deliver a variety of other passenger benefits, including: faster and more efficient recovery of lost passenger property (which is consistently the most frequent reason why members of the public call the TLC through 311); safety and other useful New York City information in a touch screen format on the rear seat screens; and the ability to deploy taxicabs to assist in the transportation of passengers who are departing from conventions, cruise ships or other big events all around the City.

Drivers also benefit multiple passenger payment options. First, it is safer for drivers to carry less cash, and the increased use of credit cards to pay for taxi rides will further increase security for drivers. Second, the option for passengers to choose from several different pre-calculated tip percentages has already positively impacted tipping practices. Passengers previously needed to quickly calculate tips on their own, and tip amounts were often affected by the amount of cash that passengers carry. Now, our data consistently shows average tips of 18% to 20% of the fare when a credit card is used. While there is no exact way to evaluate cash tip amounts, statistical samples and industry reports have estimated cash tips to be much less. In addition to these clear benefits, the T-PEP systems already have been used to provide important text message

information to drivers, including business opportunities and fares they never would have had. For example, the Gotham Independent Film Awards moved their awards ceremony from Manhattan to the Brooklyn Navy Yard for the first time last November. By sending text messages to the entire taxicab fleet late on the afternoon of the ceremony and additional messages to cabs in close proximity to the event when the ceremony concluded, the TLC was able to attract almost seventy (70) cabs to the event. This resulted in unexpected fare opportunities for drivers. In addition, unlicensed livery cars were denied business. The passengers benefited from safe and reliable service. Text messaging has also been used successfully to inform drivers of cruise ship arrivals and the need for cabs at Kennedy Airport.

In sum, the oversight hearing question is – "How well is credit card processing in taxicabs working for the public and drivers?" My answer is: "So far, very well for both passengers and drivers!" Thank you for the opportunity to update the Council about this important project, and I would be delighted to answer any questions you may have.

Testimony of Jesse Davis, President and Chief Technology Officer of Creative Mobile Technologies Before the New York City Council Transportation Committee's Oversight Hearing of Credit Cards in Taxicabs

May 1, 2008

Good afternoon Chairman Liu and members of the Transportation Committee. My name is Jesse Davis and I am President and Chief Technology Officer of Creative Mobile Technologies, one of the vendors selected by the Taxi and Limousine Commission in an open bidding process to administer its Taxicab Passenger Enhancement Program which includes credit card acceptance, GPS-powered passenger maps, electronic trip sheets, text messaging and optional video content.

CMT provides and installs web based management tools and over $7,000 in equipment in all our customers' vehicles for free. We service and insure our equipment for free for the duration of the contract. Our customers are medallion owners.

Our company was founded on the principle that this technology should work to the benefit of taxi owners, taxi drivers, the riding public and the City of New York. As the statistics now show, 6 months into the program, we have consistently fulfilled these goals.

CMT contracts represent more than 5,000 NYC medallion taxicabs. Over the last 6 months, our technology recorded 24.6 million trips of which 1.7 mm were credit card fares amounting to over $28.7 mm.

Our system is designed to get passengers on their way and drivers onto the next fare, as quickly as possible, which was a considerable achievement in a mobile environment amidst the skyscrapers of New York City. Our average time for credit card authorization is 2.9 seconds. Even in so-called dead zones when the vehicle is unable to connect to the Sprint wireless data network, CMT went far beyond its contractual obligations, automatically authorizing all credit card fares under $60, storing the information and processing it later. In the event that one of the stored, auto-approved transactions was for a declined card, CMT is liable. The driver gets paid at the end of the shift no matter what.

As for credit card fees themselves, there are both fixed and variable bank fees that factor into what are commonly known as "transaction fees." From October to March, the "transaction fees" were constant. Yet when expressed as a percentage of fare, the percentage increased from 2.96% in October to 3.2% in March. Why? – because the average fare declined from $20.32 to $16.15. If the trend continues, the average credit card fare will approach the average cash fare, which is about $10. At $10, the fixed transaction fee, when expressed as a percentage, increases up to 3.94%.

It is also important to note that fees vary widely depending on the card a passenger uses. A Corporate MasterCard Reward Card carries a much higher interchange fee than a basic Visa card.

CMT and our banking partner, Bank of America, plays a vital role in the credit card process, protecting passenger information, minimizing chargebacks for our customers and negotiating the best rates in the industry by having our customers go directly to the processor without any intermediaries.

However, it is the merchant account holder, which is the medallion owner, who is ultimately responsible to pay all of the transaction fees and any and all other fees associated with the merchant relationship including chargebacks. Merchant account holders are also responsible for all associated internal accounting costs. They are able to recoup some of these costs from drivers.

Over the last 6 months, we have seen that tipping is relatively high with credit card fares, as the TLC has attested to on an industry-wide scale. CMT encourages good tipping with our "quick-tip" options that will automatically calculate 15%, 20% or 25% of the total fare for tips.

As someone who has been involved with emerging technologies for over 25 years, I am excited about the progress CMT, and this entire program has made in just a short amount of time. Whereas 6 months ago, drivers were hesitant to embrace new technology, today, as we continue installing systems every day, drivers can't get them in their cars quick enough.

CMT has built a secure, reliable and affordable solution that has the potential to grow for and with the industry. In fact, we won an award from VISA that recognized our credit card solution as among the best and most protected in the country. We are proud to be a part of this program and are improving every aspect of our solution every day.

Thank you for the opportunity to testimony. I will be happy to answer any questions.