

BOARD REPORT  
CITY OF LOS ANGELES  
DEPARTMENT OF TRANSPORTATION

Date: February 17, 2011

To: Board of Taxicab Commissioners

Subject: **ANNUAL REVIEW OF THE BANDIT TAXICAB ENFORCEMENT PROGRAM FOR 2010**

E14

**SUMMARY**

Following recommendations made by the Board of Taxicab Commissioners, and the signing of a Memorandum of Agreement between the Department and LAPD, two ordinances facilitating funding for the Bandit Taxicab Enforcement Program (BTEP) were approved by the City Council and Mayor in August of 2006. The BTEP was initially a 12-month pilot program, subject to annual renewal by the Board and the City Council. The ordinances providing authority for the program are in effect until such time as the City Council either rescinds them or passes new ordinances amending them.

2010 marked the fourth consecutive calendar year of the BTEP. The program has continued to generate substantial numbers of arrests and impounds. This report presents the data and background on bandit arrests and impounds in 2010 and outlines the BTEP goals and objectives for calendar year 2011.

**DISCUSSION**Program Justification and History

Many bandit taxicabs are driven by individuals with criminal backgrounds and/or poor driving records or no driver's license at all. Many bandit vehicles are uninsured and have not been inspected by any local public agency responsible for regulating taxicabs. Some bandits are licensed in other jurisdictions but illegally "poach" business in the City of Los Angeles, taking business away from the City's franchised operators, who must meet the high service standards set by the Board and pay City franchise fees. Some vehicles-for-hire with operating authority issued by the California Public Utilities Commission (and some with no such authority) act as defacto taxicabs, transporting passengers on a non-prearranged basis in violation of both state and local laws. Some vehicle-for-hire operators illegally advertise as taxicabs.

Together, all of the above types of illegal taxi operators place hundreds of vehicles on the streets of Los Angeles on a daily basis. Collectively, they endanger the public, compete

unfairly with the City's franchised taxicab operators, undercut efforts by the Board and the City Council to establish basic community standards for taxicab service and deprive the City of hundreds of thousands of dollars in licensing fees.

The Bandit Taxicab Enforcement Program (BTEP) was established in 2006 after three years of planning and discussions involving the Department, LAPD, the taxicab industry, the Board, the City Council and Mayor. The program was needed because the existing resource of six LADOT transportation investigators, while highly professional and productive, was insufficient to adequately address the proliferation of illegal taxicab operators in the recent preceding years.

LADOT and LAPD have worked together in cooperative bandit taxi enforcement efforts dating back to the 1970s. In 1997, the two departments began conducting joint bandit enforcement task forces about once a month. The expertise of LADOT investigators and the sworn police capabilities and resources of hundreds of LAPD officers (and reserve officers) with diverse backgrounds proved to be a very potent combination in combating the bandits. However, until the BTEP was started, there was not enough funding available to generate the number of operations needed to effectively curtail bandit activity.

The City Council and Mayor approved two ordinances authorizing funding for the Bandit Taxicab Enforcement Program (BTEP) in August of 2006 – following previous recommendations made by the Board and the signing of a Memorandum of Agreement between the Department and LAPD.

The ordinances created a funding mechanism for the program that is independent of the City's General Fund. First, one ordinance established a nominal surcharge of 20 cents per taxicab trip paid by the public to the taxicab driver (representing about 1% of the cost of an average taxi trip). The second ordinance established a "bandit assessment" fee of \$30 per month (\$1 per day) to be paid by taxicab operators. This funding mechanism generates about \$68,000 per month, or \$816,000 on an annual basis. As set in a Memorandum of Agreement between LADOT and LAPD, up to \$750,000 is made available annually to LAPD for overtime details devoted specifically to bandit enforcement through the program. The remaining BTEP funds are used by LADOT to conduct overtime details by transportation investigators for the same purpose.

Legal taxi drivers need only to conduct five trips per day (not including flat rate trips between LAX to downtown) to recoup the one dollar a day assessment per cab for the BTEP. As structured, the BTEP assures that full time drivers collect about \$30 to \$40 a month (or more) extra from the 20 cent increase in the flag drop. The net result is that the traveling public, not drivers, finance the BTEP at a cost of about 1% extra averaged over all trips.

#### Operations and Arrests

The Department believes that the BTEP continued to be highly effective in combating bandit taxicabs in 2010. The program should be viewed as a long-term effort - one that

may take years to complete the objective of dramatically and permanently reducing the presence of bandits in all their forms throughout the City.

As indicated in Attachment A, in the ten-year period from 1997 through 2006, Department investigators made an average of 315 bandit arrests per year (318 in 2006). On an annual basis, the BTEP increased the number of arrests by more than three times. It was previously unprecedented for the number of bandit arrests to exceed even 450 in a single calendar year. There was an even more exponential increase in the number of impounds, resulting from dividing the assignments for BTEP details to arrests by LAPD and impounds by LADOT investigators. Prior to BTEP, there were about 180 bandit impounds annually. In 2009 there were 1,061. The increase in the number of impounds was facilitated by changes in California law long sought by the Department, which included the granting of impound authority for LADOT investigators.

The total number of bandit arrests by LADOT and LAPD (including LADOT bandit arrests made during non-BTEP operations) decreased slightly to 1,036 in 2010, with 906 made by LAPD. The number of impounds was also down slightly to 812. Staff believes these decreases result largely from the deterrent effects of both the arrests and impounds, the vast majority of which result in 30-day seizures, as well as some budget adjustments which slightly decreased BTEP operations. Bandits are increasingly wary and it has become more difficult to establish the conditions for arrests.

Both agencies have conducted operations in all areas of the City. Most BTEP efforts have occurred in the late afternoon into the night, when bandits are most active. LAPD operations are typically scheduled for eight hours, with some time devoted to a roll call at the start and arrest paperwork processing at the end. There are generally 8 to 12 officers participating in each operation. Schedules must be set to assure that a sufficient number of officers are available at peak times of bandit activity. While the exact mix varies from operation to operation, there are usually about four plainclothes undercover officers, four patrol officers, a supervising sergeant and lieutenant and one or two motorcycle officers.

The supervisors managing the LAPD BTEP program have made sure that only officers who are highly motivated, productive and knowledgeable of bandit taxi field conditions and effective enforcement tactics are selected to participate in BTEP details on an ongoing basis. The Department believes this is a crucial element in the program's success and strongly encourages LAPD to continue to develop and use a select cadre of officers for this purpose.

### Tactics

The BTEP has focused on unlicensed taxi "companies," operators of individual vehicles-for-hire and "poacher" taxi companies licensed in other jurisdictions who conduct business illegally in Los Angeles. Most arrests have been affected through the calling of telephone lines advertised in yellow pages, on line, local newspapers, stickers posted (often illegally) on public and private property and widely circulated business cards. Numerous arrests have also been made via walk-up and flag-down communications by undercover operatives.

Suspected bandit drivers are arrested, processed and released in the field with a notice to appear in court. If a driver has no California Drivers' License, and/or has an outstanding warrant, then the driver is booked at a nearby LAPD Division jail facility and the vehicle is impounded. Effective January 2009, all vehicles are being impounded for 30 days.

There continues to be many illegal taxicab and vehicle-for-hire operators in the City of Los Angeles. Some Los Angeles franchised operators have informed staff that they have seen a decrease in the presence of bandits in various areas of town at various times. Others contend that the effect of the BTEP has not been as dramatic as was hoped. Staff believes that the more than 300% increase in the number of arrests in the four full years the BTEP has been in operation has had a deterrent effect. It should be remembered that the problem was and is very substantial. Without increased enforcement efforts on the part of the City, being an illegal taxi operator is a relatively low-cost, low-risk business enterprise.

#### Adjudications

The BTEP continues to receive strong support from the City Attorney's Office. All of the City's bandit cases are adjudicated by the City Attorney's Hollywood Branch, which serves the Hollywood Superior Court. Over 90% of bandit defendants plead guilty. The overall conviction rate is about 95%. Convicted bandits must pay fines and may opt to perform five eight-hour days of "Hollywood Beautification" to avoid the financial penalty (except the Public Defender fee, if applicable). Convicted bandits get 12 months probation, or 24 to 36 months for repeat offenders. Probation violators get greater fines, lengthier "Hollywood Beautification" sentences, but rarely get jail time due to the low priority of the crime and jail overcrowding. The cost of an arrest without an impound is about \$500 - an amount an intrepid bandit can recoup in a few days. With an impound, however, the cost is closer to \$1,500 and this often results in far greater financial difficulty for the arrestee.

The City Attorney's Office has been hit very hard with budget cutbacks due to the City's unprecedented fiscal crisis. There have been discussions within the City Attorney's Office regarding whether to keep the Hollywood Division operating as previously. There have been staff reductions at that office. Staff is closely monitoring these developments and will keep the Board informed of any changes in venue or procedures affecting BTEP prosecutions.

#### Goals for 2011

As staff discussed in the BTEP report for 2009, the Department and the Board anticipated at the start of the BTEP that LAPD would conduct enforcement activities at hotels and other venues where towncars and limousines - which may or may not have state Public Utility Commission (PUC) licenses - operate like taxicabs, accepting non-prearranged, walk-up business. However, LAPD declined to do operations at those venues pending clarification from the City Attorney's Office on the amount of authority the City has in prosecuting PUC licensees who violate the City's taxicab laws.

In January 2008, the City Attorney's Office prepared a letter to LAPD management advising against having LAPD enforce LAMC Sections 71.02(a) and 71.03(d) or impound PUC licensed vehicles. Their analysis stated that the authority of the State of California to regulate PUC licensed charter party carriers (TCPs) preempts the City's authority to regulate such vehicle operators. They advised that City law enforcement personnel may be able to cite TCP operators who violate PUC codes.

In late 2009, the City Council and Mayor approved an ordinance establishing LAMC Section 71.27 **INSPECTION OF LIMOUSINE WAYBILLS**. It specifies that City enforcement officials have the authority to inspect the waybills of TCP operators to assure that all trips are prearranged as mandated by PUC rules.

In addition, at the behest of the limousine industry, the California legislature approved Assembly Bill 2572 (Bradford) in 2010, which staff believes eliminates the preemption concerns raised by the City Attorneys advising LAPD. The key elements of the bill are highlighted in Attachment B. LADOT and LAPD supervisors of BTEP have met and discussed these developments with the City Attorneys. We believe that we will have a green light to proceed with substantial bandit towncar enforcement in the very near future.

Communications from taxi drivers indicate that bandit towncars are a primary concern. Many towncar operators continue to have arrangements with hotels in which substantial numbers (if not all) of good trips from non-prearranged, walk-up passengers are funneled away from taxis to towncars. Enforcement against these kinds of arrangements will also be enhanced by final approval of the "Doorman" ordinance, which has been reviewed and approved by your Board and the City Council and is now pending final wording by the City Attorney. See Attachment C for a copy of the most recent iteration of the ordinance.

We believe the new ordinance and changes in the state PUC Code will facilitate effective enforcement against towncars and vehicles-for-hire illegally operating as taxicabs, particularly at hotels and night clubs, where many illegal pickups occur. This aspect of bandit enforcement is the top priority of the BTEP in 2011.

## CONCLUSION

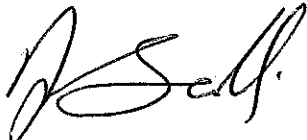
The numbers of bandit taxicab arrests resulting from the BTEP are unprecedented in the City's history. Combined with increased impounds, the program has clearly created a far less accommodating environment for unlicensed taxicabs in Los Angeles. Given the estimated number of bandit operators there is still a great deal of work to do. However, both agencies (LADOT and LAPD) have seen that bandits are increasingly wary and more difficult to arrest. The Bandit Taxicab Enforcement Program (BTEP) has dramatically raised the profile of bandit enforcement throughout the City.

The continued large number of arrests, combined with the dramatically increased number of 30-day impounds in all bandit arrests, had a strong effect on bandits in 2010. However, the downturn in the economy did cause new bandits to appear, including first-timers who advertised taxi services with their private cars via the internet.

Staff will continue to work with the City Attorney's Office to clarify the enforcement approaches that can be used to suppress such illegal activities.

The BTEP was enacted as a 12-month pilot program, subject to renewal based upon the judgment of its efficacy by the Taxicab Commission and the City Council. At this time, after four full calendar years of operations, the Department believes the program is working very well. It has taken a very nominal contribution of 20 cents per taxi trip by the traveling public to fund bandit enforcement efforts on a higher and more effective level. And, even during an unprecedented crisis with the City's budget, the program is independently funded and not subject to cutbacks. It has provided a fine example of two City departments working cooperatively to address a previously intractable public safety issue.

Approved:



**AMIR SEDADI**  
Interim General Manager

Date Signed: 2/10/11

Attachments

B11-013.tmd

### History of Bandit Taxi Arrests and Vehicle Impounds



Impounds	180	388	446	1061	812
DOT Arrests	315	464	402	127	130
LAPD Arrests	0	652	1025	1017	906
Total Arrests	315	1116	1427	1144	1036
Ttl Arrest & Impound	495	1504	1873	2205	1848

BILL NUMBER: AB 2572    CHAPTERED  
BILL TEXT

CHAPTER 472  
FILED WITH SECRETARY OF STATE    SEPTEMBER 29, 2010  
APPROVED BY GOVERNOR    SEPTEMBER 29, 2010  
PASSED THE SENATE    AUGUST 23, 2010  
PASSED THE ASSEMBLY    AUGUST 24, 2010  
AMENDED IN SENATE    AUGUST 18, 2010  
AMENDED IN SENATE    AUGUST 4, 2010  
AMENDED IN ASSEMBLY    MAY 5, 2010  
AMENDED IN ASSEMBLY    APRIL 21, 2010

INTRODUCED BY    Assembly Member Bradford

FEBRUARY 19, 2010

An act to amend Sections 5360, 5373.1, 5374, 5374.5, 5378, 5378.6, 5385, 5392, and 5411.5 of the Public Utilities Code, relating to charter-party carriers of passengers.

LEGISLATIVE COUNSEL'S DIGEST

AB 2572, Bradford. Charter-party carriers of passengers.

The California Constitution establishes the Public Utilities Commission with jurisdiction over all public utilities, and authorizes the Legislature, unlimited by the other provisions of the Constitution, to confer additional authority and jurisdiction upon the commission, that is cognate and germane to the regulation of public utilities. Charter-party carriers of passengers, as defined, are subject to the jurisdiction and control of the commission under the Passenger Charter-Party Carriers' Act. The act defines a charter-party carrier of passengers, subject to certain exceptions, to mean every person that is engaged in the transportation of persons by motor vehicle for compensation, whether in common or contract carriage, over any public highway.

This bill would provide that a charter-party carrier of passengers includes any person, corporation, or other entity engaged in the provision of a hired driver service when a rented motor vehicle is being operated by a hired driver. The bill would, however, make certain provisions of the act inapplicable to a charter-party carrier of passengers engaged in the provision of a hired driver service when a rented motor vehicle is being operated by the hired driver, and make certain insurance requirements applicable only to the driver supplied by the charter-party carrier of passengers engaged in the provision of a hired driver service when the car is separately rented.

Under existing law, a violation of the Passenger Charter-Party Carriers' Act or an order or direction of the commission pursuant to the act is a crime.

This bill, by expanding the definition of a charter-party carrier of passengers, would impose a state-mandated local program by expanding the definition of a crime.

The act requires a charter-party carrier of passengers to obtain from the commission a certificate of public convenience and

necessity, or for certain carriers, to obtain a permit, sets forth the requirements to be met before a certificate or permit may be issued or renewed, establishes fees to be charged by the commission to different classes of certificate holders and for permit holders for issuance or renewal of a certificate or permit, and provides that a certificate or permit, or renewal thereof, is effective for 3 years, unless suspended or revoked by the commission.

This bill would revise the fees charged by the commission for a new or renewed certificate or permit. The bill would authorize the commission to cancel, revoke, or suspend any operating certificate or permit upon the failure of a certificate or permit holder, or of any of its employees, to follow any order, decision, rule, regulation, direction, demand, ordinance, or other requirements established by the governing body of an airport.

Existing law authorizes a peace officer, as defined, that arrests a person for operating a charter-party carrier of passengers without a valid certificate or permit to impound and retain possession of the vehicle, subject to certain exceptions and provisions for notice and return of the vehicle. Existing law limits this authority to arrests made at a public airport or within 2 miles of the international border with Mexico.

This bill would delete that limitation.

Existing law requires that an impounded vehicle be immediately returned to the owner, without cost to the owner, if the infraction or violation is not prosecuted or is dismissed, or used in violation of a specified law without the knowledge and consent of the owner.

This bill would delete the requirement that the impounded vehicle be returned without cost to the owner. The bill would require that if a vehicle is seized due to a violation of a person other than the owner, the impounded vehicle be returned to the owner after all impoundment fees are paid.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. It is the intent of the Legislature to achieve all of the following:

(a) Ensure that the Public Utilities Commission utilizes access to information on drivers for licensed charter-party carriers of passengers through the Department of Motor Vehicle's Employer Pull Notice Program implementing Section 1808.1 of the Vehicle Code.

(b) Ensure the public safety when utilizing the services of charter-party carriers of passengers and to increase enforcement of laws to prevent illegal charter-party operators.

(c) Have the Public Utilities Commission implement procedures to have an approved drug and alcohol testing provider submit to the commission timely information on the status of licensed charter-party carriers of passengers that have contracted with the drug and alcohol testing provider for compliance with commission rules and statutes.

(d) Create an online renewal process for charter-party carriers of

read:

5385. A charter-party carrier of passengers, except those engaged in the provision of a hired driver service when a rented motor vehicle is being operated by the hired driver, shall not operate any motor vehicle on any public highway unless there is displayed on the vehicle a distinctive identifying symbol in the form prescribed by the commission, showing the classification to which the carrier belongs. Such an identifying symbol shall not be displayed on any vehicle until a permit or certificate of public convenience and necessity under this chapter has been issued to the carrier. The identifying symbol displayed by charter-party carriers subject to the Interstate Commerce Commission shall serve in lieu of the display requirements of this section.

SEC. 9. Section 5392 of the Public Utilities Code is amended to read:

5392. (a) The protection required under Sections 5391 and 5391.2 shall be evidenced by the deposit of any of the following with the commission covering each vehicle used or to be used under the certificate or permit applied for:

(1) A policy of insurance, issued by a company licensed to write insurance in this state, or by nonadmitted insurers subject to Section 1763 of the Insurance Code, if the policies meet the rules promulgated therefor by the commission.

(2) A bond of a surety company licensed to write surety bonds in the state.

(3) Evidence of the qualification of the charter-party carrier of passengers as a self-insurer as may be authorized by the commission.

(b) This section applies only to the driver supplied by a charter-party carrier of passengers engaged in the provision of a hired driver service when a rented motor vehicle is being operated by the hired driver. The requirements of this section do not apply to the separately rented vehicle.

SEC. 10. Section 5411.5 of the Public Utilities Code is amended to read:

5411.5. (a) Whenever a peace officer, as defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, arrests a person for operation of a charter-party carrier of passengers without a valid certificate or permit, the peace officer may impound and retain possession of the vehicle.

(b) Whenever a peace officer, as defined in Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code, arrests a person for operating a charter-party carrier of passengers as a taxicab in violation of an ordinance or resolution of a city, county, or city and county, the peace officer may impound and retain possession of the vehicle.

(c) If the vehicle is seized from a person who is not the owner of the vehicle, the impounding authority shall immediately give notice to the owner by first-class mail.

(d) The vehicle shall immediately be returned to the owner if the infraction or violation is not prosecuted or is dismissed, the owner is found not guilty of the offense, or it is determined that the vehicle was used in violation of Section 5411 without the knowledge and consent of the owner. The vehicle shall be returned to the owner upon payment of any fine ordered by the court. If the vehicle is seized due to a violation of a person other than the owner of the vehicle, the vehicle shall be returned to the owner after all impoundment fees are paid. After the expiration of six weeks from the

final disposition of the criminal case, unless the owner is in the process of making payments to the court, the impounding authority may deal with the vehicle as lost or abandoned property under Section 1411 of the Penal Code.

(e) At any time, a person may make a motion in superior court for the immediate return of the vehicle on the ground that there was no probable cause to seize it or that there is some other good cause, as determined by the court, for the return of the vehicle. A proceeding under this section is a limited civil case.

(f) No peace officer, however, may impound any vehicle owned or operated by a nonprofit organization exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code which serves youth or senior citizens and provides transportation incidental to its programs or services or a rented motor vehicle that is being operated by a hired driver of a charter-party carrier of passengers that is providing hired driver service.

SEC. 11. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

**ORDINANCE NO. \_\_\_\_\_**

An ordinance adding Section 71.28 to Article 1 of Chapter VII of the Los Angeles Municipal Code to prohibit the payment of compensation to gain access to vehicle passengers.

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. Section 71.28 is added to Article 1 of Chapter VII of the Los Angeles Municipal Code to read:

**SEC. 71.28. COMPENSATION TO GAIN ACCESS TO PASSENGERS.**

(a) It shall be unlawful for any person to pay, or agree to pay, any owner of any hotel, apartment house, motel, inn, rental units, restaurant, bar, or other business establishment, or an agent or employee of any such owner, for recommending or directing any passenger without a reservation made on a prearranged basis to ride in a specific Automobile-For-Hire or Taxicab, or to a specific company that owns an Automobile-For-Hire or Taxicab.

(b) It shall be unlawful for any owner of a hotel, apartment house, motel, inn, rental units, restaurant or bar, or other business establishment, or for an agent or employee of any such owner, to accept or agree to accept payment for recommending or directing a passenger without a reservation made on a prearranged basis to ride in a specific Automobile-For-Hire or Taxicab, or to a specific company that owns an Automobile-For-Hire or Taxicab.