The Public Ought To Know

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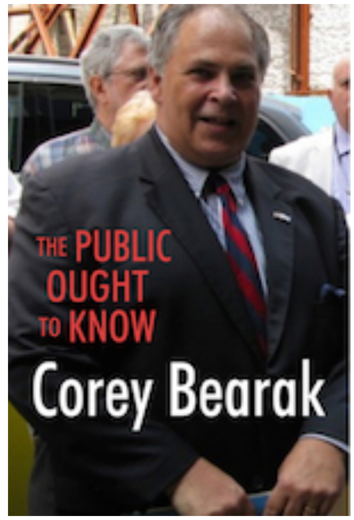
By Corey Bearak

Do UBER Operations skirt the law



We all have seen and/ or heard of the ads on the side of MTA buses seeking drivers for Uber. The ads promise drivers who leave Yellow Taxis or Black Car fleets and affiliations big bucks, $60,000 per year. Enticing income opportunity for drivers or perhaps a sophisticated bait and switch. The spin around Uber promotes drivers owning their own existing vehicles jumping to Uber, some working part-time earning key extra dollars to supplement their earnings. Well, a closer look suggests a much different paradigm.

An article thus summer disclosed Uber leases cars direct to drivers through a subsidiary called Xchange Leasing. The Uber financing program offers monthly payments much higher than the typical car lease, essentially providing unaffordable subprime loans to drivers. One report involved $1,000 monthly loans payments at a 22.75 interest rate. (See Recode.Net, 7/29)

The subprime financing relationship that involved Santander bank faced scrutiny by the authorities and Under recently ended it; but the dollars still rolled in.   The process involves Uber which collects the dough deducting the payments. Not an easy situation to extricate one from; it connects – perhaps chain might be a better word – its drivers to its ecosystem.

This lease financing scheme, an almost no money down game, sucks in drivers who just do not realize how high monthly payments lock them into Uber without any real ability to move back to other driving opportunities in the FHV industry. The only thing clear about Uber is how it makes money for it investors. It remains unclear that it really serves the interest of those who drive its vehicles. Still more to come.

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