

LOS ANGELES TAXI WORKERS ALLIANCE

... *Fighting for the Dignity, Respect, and Rights of Taxi Workers*

April 11, 2007

RECEIVED

Via Hand Delivery

OCT 26 2010

Honorable Los Angeles City Council
200 N. Spring Street
Los Angeles, CA 90012

Attn: Honorable City Councilmember Wendy Greuel
Chair, Transportation Committee

Attn: Honorable City Councilmember Janice Hahn
Chair, Trade, Commerce, and Tourism Committee

Dear Honorable Councilmembers:

On behalf of the more than 1,100 taxicab drivers who have pledged their support for the Los Angeles Taxi Workers Alliance ("LATWA"), we thank you for your commitment to providing the highest quality service to passengers and ensuring just and sustainable working conditions for drivers.

LATWA believes that the well-being of workers is intimately tied to the quality of taxicab service, the safety and satisfaction of passengers, and the reputation of the City of Los Angeles as a desirable destination for travelers. The lack of financial transparency and accountability in Los Angeles' taxi industry is a classic example of how taxicab company mismanagement is detrimental to both taxi workers and passengers.

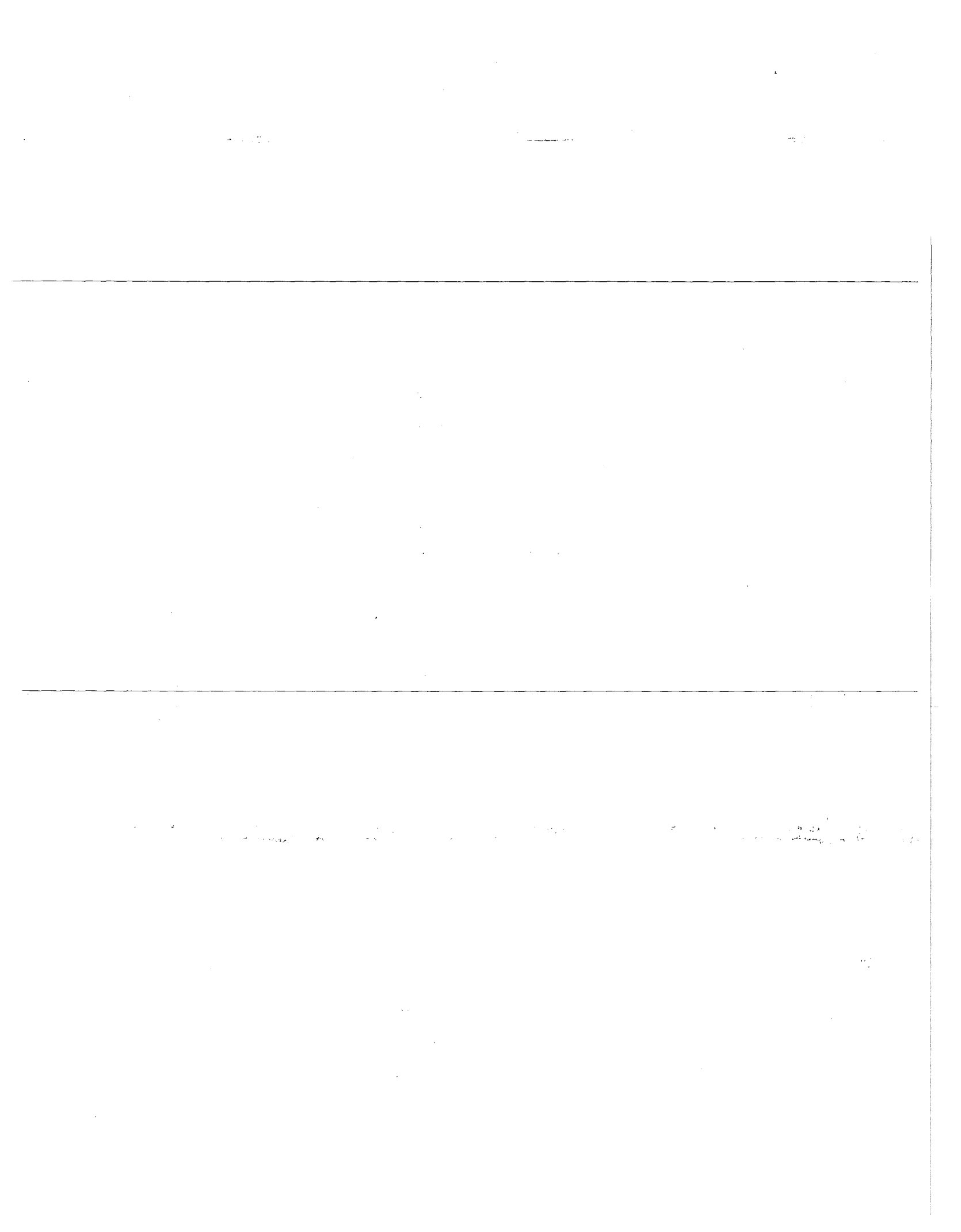
The purpose of the following analysis and recommendations is to address how the City of Los Angeles can require taxicab companies to "open their books" to the benefit of both drivers and passengers. This submission supplements Sections IV and VI of LATWA's "Sweatshops on Wheels: Review and Recommendations for L.A.'s Taxicab Industry," (see attached) which are incorporated herein by reference.

❖ ***SUMMARY: City has the Power and Duty to Require Taxicab Companies to Operate with the Financial Transparency and Accountability Necessary to Ensure Fair, Reasonable Meter Rates for Passengers and a Living Wage for Drivers.***

A critical issue that affects the well-being of both taxi workers and passengers is **the lack of financial transparency and accountability** in the City's taxicab industry.

Each owner operator annually pays approximately \$15,000 in fees to his respective cab company for shareholder dues and liability insurance, in addition to "special assessments" that are levied without adequate explanation or justification. Yet, despite being shareholders of their companies, owner operators are provided scant information about company finances and operations.

For example, management conflicts of interest are not disclosed to shareholders and major contracts are awarded to vendors without competitive bidding. As a result, shareholders are kept in the dark and have



no way of ascertaining whether management are paying fair market value for big ticket items such as insurance and no way of knowing the financial condition of the company and, hence, the value of their investments.

When shareholders ask questions about why the companies are charging them thousands of dollars a year and how their money is spent, they often are retaliated against and find their livelihoods threatened.

Based on LATWA's preliminary analysis, under state and municipal laws, the City of Los Angeles has ~~both the power and duty to require the companies to "open their books" to taxi workers who toil for less than the City's living wage while paying excessive, unjustified fees to the companies without financial transparency and accountability. "Opening the books" is critical to reduce such company fees and ensure that drivers are able to earn a living wage while also maintaining reasonable, fair rates for passengers.~~

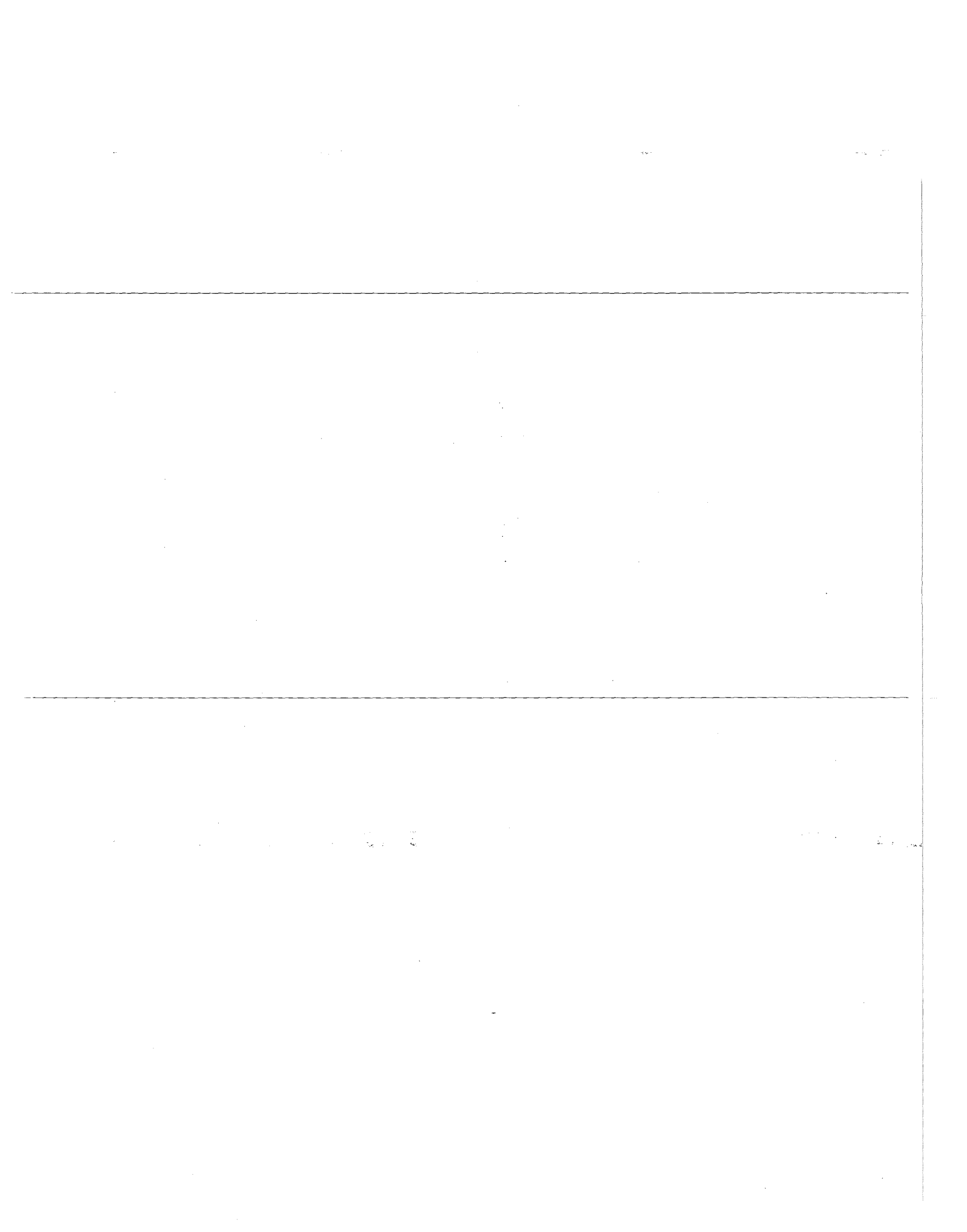
DISCUSSION

I. Lack of Financial Transparency and Accountability to Owner Operators (i.e. Shareholders)

Despite the cooperative structure of most of the taxicab companies, owner operators who are shareholders of the companies (hereinafter "shareholders") pay thousands of dollars in fees to the companies without receiving adequate information about how their hard-earned monies are spent. When shareholders ask questions about company finances, they often are retaliated against.

- ***An owner operator/ shareholder pays approximately \$15,000 in company fees each year:*** After investing tens of thousands of dollars for each company share (representing one taxicab), a shareholder pays to his respective company approximately \$15,000 in shareholder dues and liability insurance each year. In addition, "special assessments" often are levied without any justification or explanation.
- ***Companies fail to provide shareholders with basic financial information:*** Yet, shareholders for the most part are not provided with basic financial information such as audited financial statements, auditors' reports, annual reports, disclosure of officer and director compensation, disclosure of conflicts of interest, or documentation relating to the major expenses of the company. Even members of company boards of directors have reported not receiving this type of information.
- ***Without adequate financial information, shareholders are kept in the dark about how their hard-earned monies are spent:*** As a result, shareholders are kept in the dark and have no way of ascertaining whether management are paying fair market value for big ticket items such as insurance and no way of knowing the financial condition of the company and, hence, the value of their investments.
- ***Taxicab companies' claims of financial transparency are unfounded:*** After the City Council instructed the Los Angeles Department of Transportation (LADOT) on September 29, 2006, to report on "how it regulates the financial component of the co-operatives," some of the companies tried to make it appear that they provide shareholders with financial information.

For example, after LADOT asked the companies in the fall of 2006 about their financial disclosure practices, L.A. Taxi Cooperative, Inc. ("Yellow Cab Company") finally made audited financial statements available to Yellow Cab shareholders. Yet, these financial statements are essentially meaningless because they contain virtually no information about Administrative Services



Cooperative (“ASC”), the parent cooperative which oversees and runs Yellow Cab and through which all Yellow Cab monies are passed through.

- ***Retaliation against workers who dare to ask questions:*** When shareholders dare to ask the companies questions about how their money is being spent and management decisions affecting the value of their investments, they often face retaliation. They are singled out by management in attempts to scare shareholders into silence or ordered to the companies’ “kangaroo courts” for disciplinary proceedings that violate basic due process.

II. Yellow Cab’s Refusal to Open the Books

A case in point is Yellow Cab Company, the largest franchised company in the City with 739 authorized taxicabs and a member of the Administrative Services Cooperative (ASC) which operates and oversees Yellow Cab. Long-time shareholders in Yellow Cab report receiving virtually no meaningful information regarding the company’s operations or financial condition. This is despite the fact that Yellow Cab is a consumer cooperative corporation under California law.

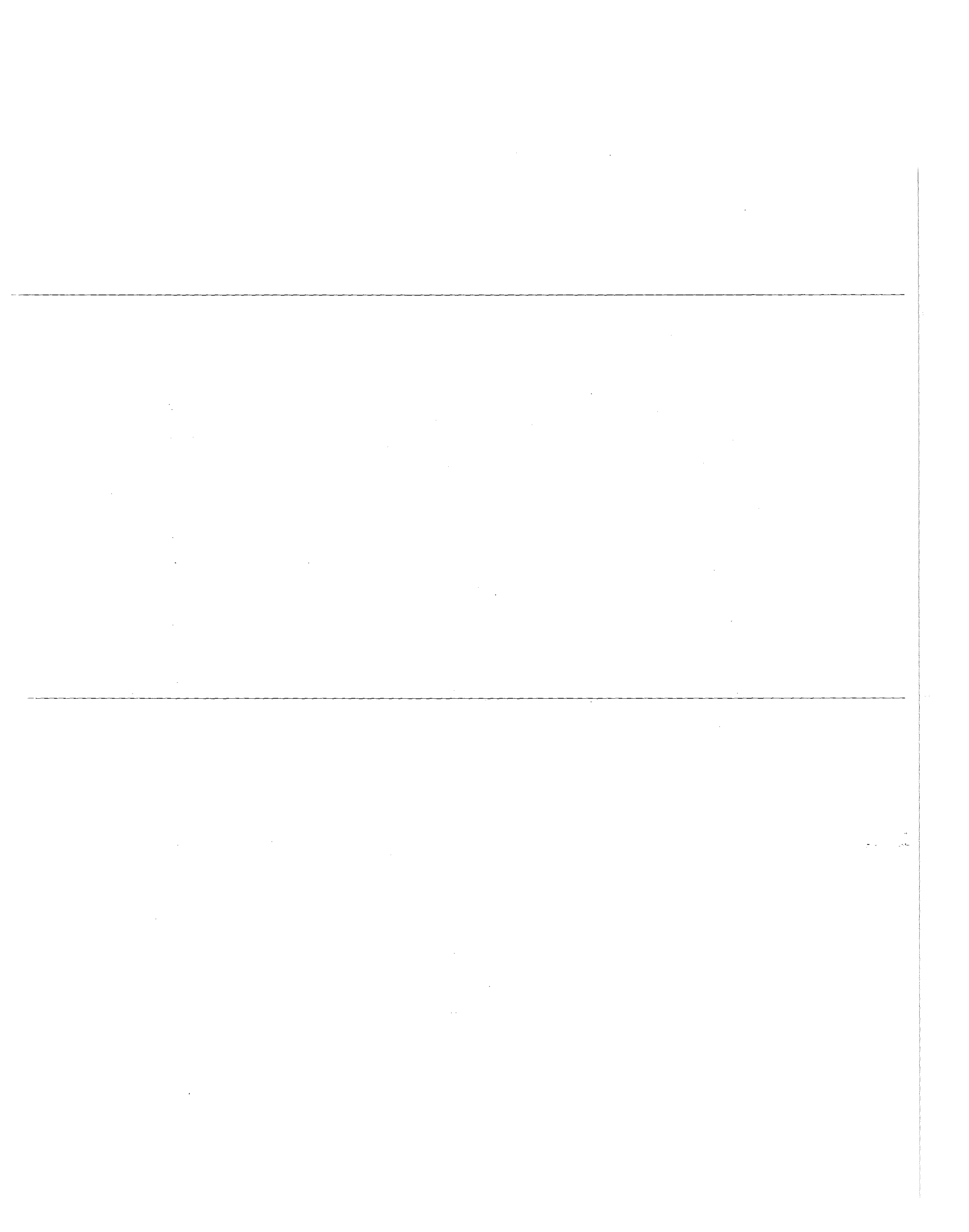
The following are a few examples of Yellow Cab’s refusal to “open the books” to shareholders:

- ***Failure to provide information on no-bid multimillion dollar contract awarded to Rouse family-controlled Van Ness Management:*** The board and management of Yellow Cab and ASC recently decided to renew – without any shareholder input – a multimillion dollar contract with Van Ness Management without any open bidding. Van Ness is controlled by the Mitchell Rouse family; William Rouse is a management official of Van Ness while also serving as General Manager of ASC.

Deeply concerned about the lack of competitive bidding and the apparent conflicts of interest, shareholders sent a letter to Yellow Cab management in December 2006 asking questions about the no-bid Van Ness Management contract.

Yellow Cab management failed adequately to answer the shareholders’ questions, failed to provide a copy of the Van Ness contract as requested, and singled out and made defamatory statements about one of the shareholders who had signed the December letter. Yellow Cab also shortly thereafter ordered a shareholder who had gathered signatures for the December letter to appear for a company disciplinary hearing without providing any written notice of the charge(s) against him. (See Exhibit 1)

- ***Refusal to Provide Data on ASC and Insistence on Confidentiality Agreement that would Prevent Disclosure of Information to City Officials:*** A 2006 request by shareholders for financial and operational information was refused by management, unless the shareholders agreed to strict confidentiality that would have kept the documents from the City Council, the Board of Taxicab Commissioners, and the LADOT. Yellow Cab also refused to allow inspection of any documents related to ASC, its parent cooperative. (See Exhibit 2)
- ***Yellow Cab has a History of Failing to Open Its Books:*** Yellow Cab’s refusal to grant shareholders access to financial documents is not a new phenomenon. For example, in August 2002, the L.A. Yellow Cab Owners Drivers Association, composed of Yellow Cab shareholders, sent a letter to Yellow Cab management asking for information such as



financial statements, audit reports, and copies of insurance policies. In the letter, shareholders also raised questions about board conflicts of interest and the need to appoint auditors. (See Exhibit 3) They report that they did not receive a response from Yellow Cab management.

Yellow Cab 2007 Board Election Marred by Irregularities

Company management often tout the cooperative structure of their companies as evidence that they are democratically governed by workers. Yet, for years, taxi workers have reported that company board elections are marred by irregularities and that management pushes for its own slate of directors in an intimidating manner that quells any opposition.

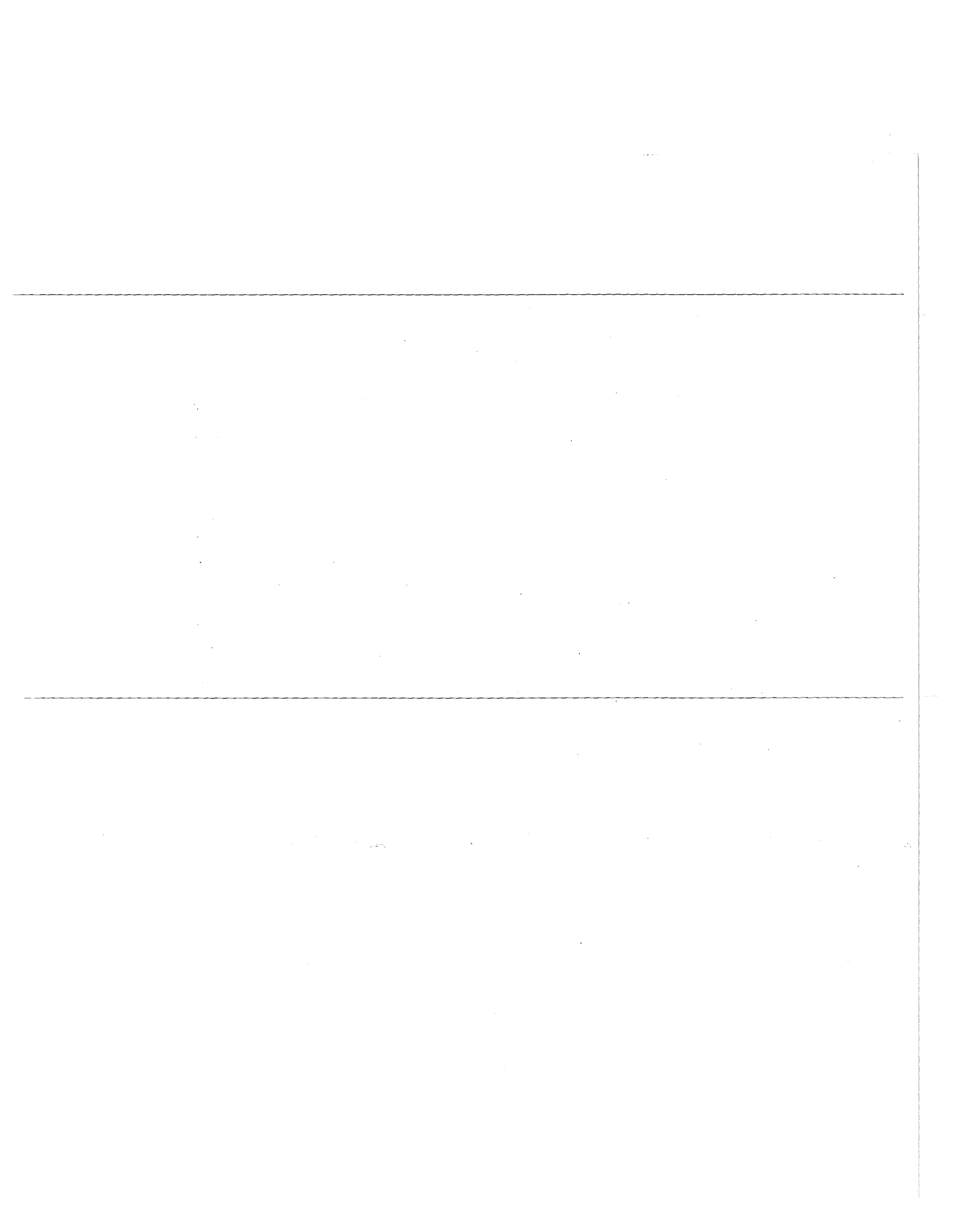
The recent 2007 Yellow Cab board election illustrates this dilemma. On March 24, 2007, L.A. Taxi Cooperative, Inc. ("Yellow Cab Company") conducted an election to elect six members to its board of directors. Concerned about past election irregularities, several shareholders requested that Yellow Cab management agree to safeguards to ensure a clean, fair, transparent election.

Not only did management reject most of these safeguards, but management also conducted an illegitimate recount on April 2, 2007, in an attempt to overturn the victories of two reform candidates duly elected to the board and instead re-elect Martiros Manukyan, the incumbent company president. Not surprisingly, this is exactly what happened.

The irregularities associated with the 2007 Yellow Cab board election and recount include:

- ***Conflicts of interest and election procedures which unfairly favored management candidates.***
- ***Martiros Manukyan chaired the board election despite himself being a candidate.***
- ***Management rejected shareholders' requests for a hand count and insisted on using a computer ballot tabulation machine despite past irregularities.***
- ***Cast ballots were kept in an unlocked shoebox for over one week between the March 24 election and April 2 recount.***
- ***Management refused to permit Yellow Cab shareholders to observe the recount on April 2, 2007.***
- ***Management-designated inspector of election refused to certify in writing chain of custody of ballots at recount on April 2.***
- ***At April 2 recount, William Rouse denied entrance to counsel for two duly elected directors' whose board positions were at stake.***
- ***Management rejected shareholders' calls for a new election after the recount to ensure that their votes are fairly and accurate counted.***

Please see Exhibit 4 for a more detailed account of the irregularities associated with the 2007 Yellow Cab board election that highlight the need for a new election.



III. United Independent Taxi Drivers, Inc.'s Refusal to Open the Books

The lack of financial transparency and accountability is not unique to Yellow Cab. Another company, United Independent Taxi Drivers, Inc. ("UITD) also has a history of denying shareholders access to financial information. The following are a few examples:

- ***Management refusal to provide shareholders with copies of 2006 forensic audit of UITD:***
Despite resistance by management, a forensic audit of UITD recently was conducted. Shareholders of UITD each paid approximately \$135 to pay for the forensic audit. Yet, management and all but two of the UITD Board of Directors decided to deny shareholders the right to have copies of the forensic audit. Instead, shareholders were permitted to view the audit during a restricted number of hours each Friday in the presence of company management. In January 2007, several shareholders made a formal written request for copies of the forensic audit. Company management to date has not responded to their request. (See Exhibit 5)
- ***Shareholders filed lawsuit against company to "open the books":*** After repeated requests for financial information to no avail, several UITD shareholders pooled together their own funds to hire an attorney and filed a lawsuit against the company and management in 2005. The shareholders sought to inspect and copy basic financial documents such as annual financial statements and board documents documenting actions taken to address "inappropriate accounting" concerns contained in a 2004 Board-approved Audit Committee Report. (Buchanan v. UITD, et al., L.A. Superior Court, BS 098813, filed Aug. 22, 2005) Although the court ruled in favor of the shareholders, they still have not obtained access to the relevant financial documents.

IV. City Has the Authority and Duty to Require Taxicab Companies to Comply with State Laws Granting Shareholders Access to Companies' Financial Records

As the above examples attest, taxicab companies have operated for years without financial transparency and accountability, systematically denying shareholders access to financial information relating to the value of their investments.

Based on our preliminary legal research, LATWA believes that the City has both the authority and power to require taxicab companies to permit shareholders access to company financial documents.

A. City's Inadequate Oversight of Financial Transparency Issues

The City Attorney was instructed by the City Council in its September 29, 2006, motion to report back on issues raised in "Driving Poor," the 2006 UCLA study of Los Angeles' taxi industry, including the topic of "transparency of the current cooperative taxi ownership." Yet, the City Attorney's office has not provided any legal or factual analysis on the issue of financial transparency and accountability.

The only reference LATWA has been able to find is in the April 2, 2007 memo from the LADOT to the City Council entitled "Taxicab Driver Economic & Working Conditions" (CF 06-2340). The report states on page 2 that the "City Attorney has not noted any discrepancies with California corporate law requirements, although the City cannot in itself determine if any records have been withheld, or misrepresented in the past."

Blank header area with faint horizontal lines.

Main body of the page containing faint, illegible text and horizontal lines.

Bottom section of the page with faint, illegible text.

This raises several questions. What is the basis for the statement that the “City Attorney has not noted any discrepancies with California corporate law requirements”? Indeed, the deputy city attorney has been present when numerous shareholders have complained to the Taxicab Commission about the companies’ failure to provide financial information.

Moreover, the Deloitte & Touche audit of UITD was brought to the attention of the LADOT a few years ago. The audit included findings such as destruction of financial documents, misclassification of political contributions, and \$2 million dollars in checks made payable to cash. (See Exhibit 6) Yet, City officials took no action.

What is the basis for the statement that the City “cannot in itself determine if any records have been withheld, or misrepresented in the past”? Have the City Attorney’s office or LADOT conducted any investigations into the numerous driver complaints that have been raised before Taxicab Commission? For example, LADOT officials were present when UITD shareholders complained to the Taxicab Commission about management’s refusal to provide copies of the forensic audit.

Particularly in light of the taxi industry being a public utility, the inadequacy of the City’s oversight of the companies’ financial and accounting practices is extremely troubling.

B. LATWA’s Preliminary Legal Analysis

LATWA’s preliminary legal research indicates that the City has the power to require that companies permit shareholders access to companies’ financial and accounting information.

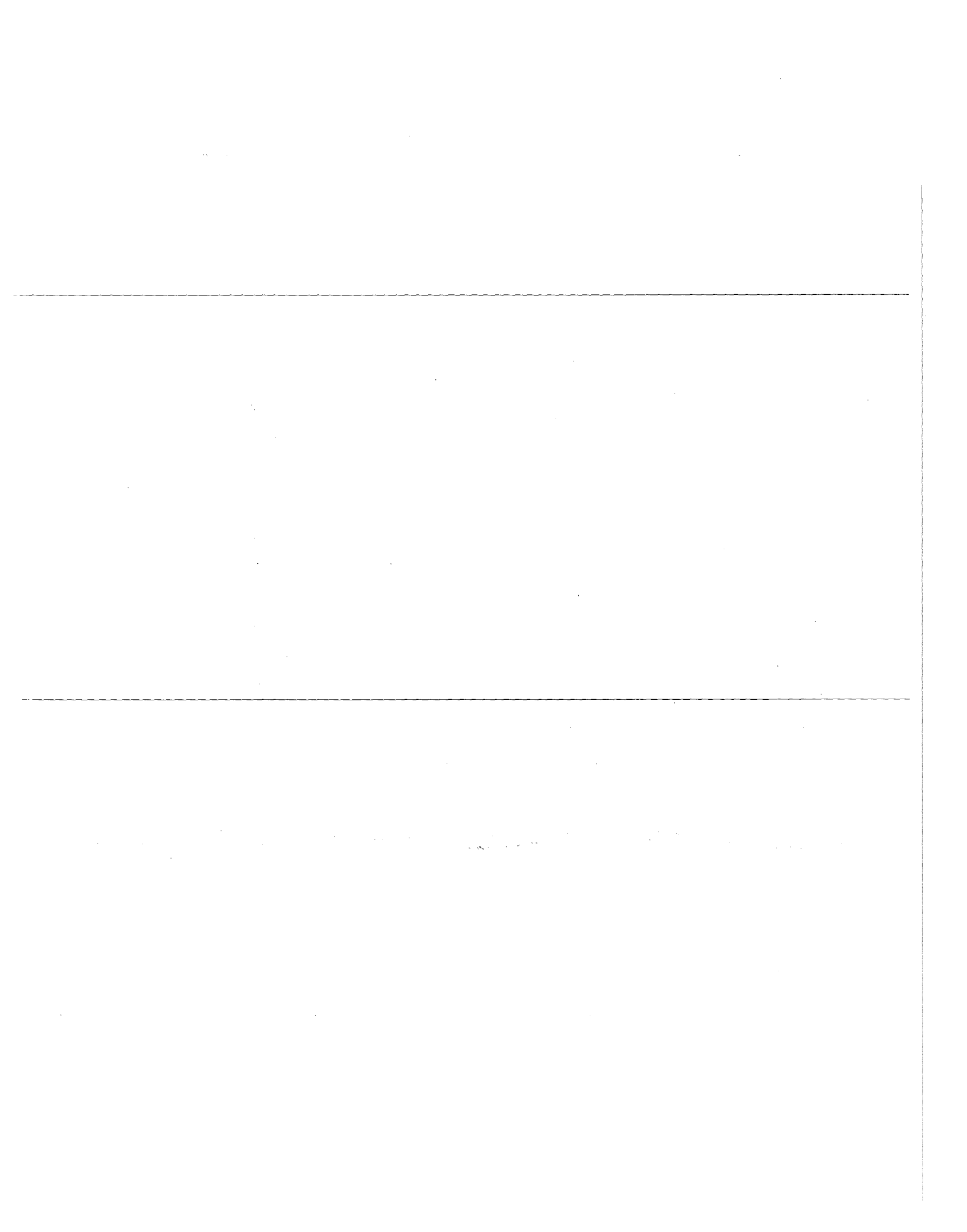
California law and municipal ordinances accord the City the power to grant franchises to and regulate private companies for the provision of public utilities. This City power is reflected in the Los Angeles City Charter, Article XX, § 210-211 and in the franchise ordinances that constitute the agreements between the franchised taxicab companies and the City.

(i) Government Code

With regard to each city’s taxi industry, the California Government Code requires that “every city or county shall protect the public health, safety, and welfare by adopting an ordinance or resolution in regards to taxicab transportation service.” Cal. Gov’t. Code § 53075.5(a). The Government Code specifies that cities establish policies for entering the taxicab business, setting taxicab rates, and drug-testing drivers. However, municipal power is not limited to these matters; the state reserves further power to the cities, stating that “[n]othing in this section prohibits a city . . . from adopting additional requirement for a taxicab to operate in its jurisdiction.” Cal. Gov’t. Code § 53075.5(d).

(ii) City Administrative Code: Taxicab Commission has power and duty to ensure franchised taxicab companies comply with applicable City and state laws

The City’s Administrative Code establishes the Board of Taxicab Commissioners (the “Taxicab Commission”), which is responsible for “those matters pertaining to the rules and regulations governing the taxicab utility industry.” Los Angeles, Cal., Admin. Code, § 22.488(a). The Administrative Code provides that the taxi industry, as a City utility, is subject to regulation at the City’s discretion. Using this discretion, the City has reserved the power to examine the franchised companies’ property and records and to prescribe a regulatory scheme for the operation of the privately owned franchises. Los Angeles, Cal., Admin. Code, § 22.488(g)(2)(A)-(B).



Moreover, the Administrative Code also gives the Taxicab Commission the power and duty to “[i]nspect all of those taxicab utilities as to their compliance with their franchises, the ordinances of the City and the laws of the state, and as to their service generally, and to enforce in the manner prescribed by law compliance with the terms of the applicable franchises, ordinances or laws.” Los Angeles, Cal., Admin. Code, § 22.488(g)(2)(D). Thus, under the Administrative Code, the Taxicab Commission has a duty to ensure the franchised companies comply with their franchises and applicable City and state laws.

~~**(iii) City Taxicab Franchise Ordinances: Companies required to comply with City right of inspection of companies’ property and financial records**~~

The franchise ordinances also require that the City be given access to the books and records of the franchised taxicab companies. § 5.4(a) of the form franchise ordinance states:

“At all reasonable times, the Grantee and its driver/manager Members shall permit any duly authorized officer or employee in the classified service of the City to examine all property of the Grantee and driver/manager Member . . . and to examine and transcribe any and all books, accounts, papers, maps and other records kept or maintained by the Grantee or driver/manager Members under their control which [relate to] the operations, affairs, transactions, property or financial condition of the Grantee.”

Thus, the franchise ordinances require the companies to comply with City inspection of their property and financial documentation.

(iv) State Laws Require Access to Shareholders of Company Books and Records

Various state laws require that shareholders be given access to corporate books and records if they demonstrate a purpose reasonably related to their request for access. California courts have broadly interpreted the “purpose reasonably related” requirement and found that it includes the following purposes: ascertaining the financial condition of the corporation and ascertaining whether there has been mismanagement. 2-13 Ballantine and Sterling California Corporation Laws § 272.

(v) Preliminary Conclusion: City has power and duty to ensure greater financial transparency and accountability

Accordingly, the Taxicab Commission has the power and duty to ensure that the taxicab companies are operating in accordance with their franchises and city and state laws – including the state laws requiring taxicab companies to comply with proper shareholder requests for access to books and records.

V. Policy Recommendations to Ensure Greater Financial Transparency and Accountability

For a detailed account of LATWA’s policy recommendations on how to ensure greater financial transparency and accountability in Los Angeles’ taxi industry, please see pp. 14-15 of “Sweatshops on Wheels.” (See attached) LATWA currently is formulating additional recommendations, and will present those ideas to City officials in the near future.

The City of Los Angeles has tremendous power to decide whether taxi workers continue to live and work in poverty, or will work under decent conditions. LATWA looks forward to working with the City and all committed partners in ending the abuses in the industry and affording taxi workers the dignity and respect they deserve.

Blank header area with faint horizontal lines.

Large blank area with faint horizontal lines, possibly a separator or a large empty section.

Bottom section of the page with faint horizontal lines, possibly a footer or a continuation of the main content area.

EXHIBIT

1

Handwritten text, possibly a title or header, located at the bottom of the page. The text is faint and difficult to read, but appears to contain several lines of information.

April 10, 2007

Via Hand Delivery and Certified Mail

2006-2007 Board of Directors
Martiros Manukyan, 2006-2007 President
L.A. Taxi Cooperative, Inc. dba Yellow Cab Company
2129 W. Rosecrans Avenue
Gardena, CA 90249

William Rouse
General Manager, Administrative Services Cooperative, Inc. and
Van Ness Management
2129 W. Rosecrans Avenue
Gardena, CA 90249

Re: Award of No-Bid Multimillion Dollar Contract to Van Ness Management/Rouse Family

Dear Management:

We are shareholders/members of L.A. Taxi Cooperative, Inc. ("Yellow Cab Company"). We write in response to the January 15, 2007, letter from Martiros Manukyan and William Rouse to Yellow Cab shareholders about Van Ness Management. We are deeply troubled that, rather than answer our legitimate questions about the no-bid contract awarded to Van Ness Management – a critical issue that affects the company and our shareholder investments -- management instead has chosen to mislead and intimidate shareholders, and single out Sentayehu Silassie, in an apparent attempt to divert attention from your actions.

Management has a history of not providing us with adequate information about our cooperative's operations, management, and financial dealings. Because of this, we felt we had no choice but to send you a letter on December 12, 2006, about your recent decision to extend the Van Ness Management contract without any open bidding. We simply were trying to find out information that affects where our money goes and that management already should have shared with all cooperative members.

The recent fiasco of a Yellow Cab board election is a perfect example of why it is important that shareholders have a voice in the selection of management. Why are we paying more than \$500,000 a year to Van Ness Management when they have proved unable to conduct a clean, fair, legitimate board election without conflicts of interest and other irregularities? We are outraged that management conducted an illegitimate recount that attempted to strip duly elected reform directors of their seats in favor of Martiros Manukyan and another management-backed candidate.

With all due respect, your January 15 letter tells us virtually nothing. You say, "trust us, listen to us, everything is fine." If this is true, there should be nothing in the least bit offensive or troubling about our requests. We want, as is our right, to see the company's documents showing

us that what you say is true. If no such documents exist, please admit it. With this letter, we renew all of our requests for documents – not conclusory and self-serving statements from management – reflecting our company’s business. For your convenience, we restate those requests below.

Management’s Failure to Answer Our Questions

In your January 15 letter, you failed to answer many of the questions that we asked, such as:

- **Who negotiated the extension of the Van Ness Management contract on behalf of the various parties?**
 - **How much money has been paid to Van Ness and Taxi Equipment Company over the years by shareholders of Yellow Cab? We would like to know how much has each shareholder paid to Van Ness and Taxi Equipment Company over the length of the contracts? How long was each contract in place? How much money have Van Ness and Taxi Equipment collected, respectively, from Yellow Cab shareholders?**
 - **How much more money will we have to pay to Van Ness with this new extension of the contract? You did not adequately answer this question in your January 15 letter. You state only that it costs each share \$13.78 per week in management fees. What is the total amount in fees that Yellow Cab shareholders pay to Van Ness each year? What is the total amount in fees that all the member fleets of ASC pay to Van Ness each year?**
 - **What exactly are the services that Van Ness has provided and will provide to us? You did not answer this question in your January 15 letter.**
-
- **Has there been an evaluation of Van Ness’ performance? In your letter, while you state that there was an evaluation, all you do is list self-serving platitudes that fail to shed light on the state of our company’s management and operations under Van Ness’ control.**
 - **Copies of Van Ness-Yellow Cab/ASC contract. You did not comply with our request for copies of the contract. We reiterate our request so that we can better understand your decision to continue to retain Van Ness without any competitive bidding, to understand the terms and conditions of the contract (which you state in your January 15 letter are the same as before), and to ensure that management is making decisions in the best interests of all Yellow Cab shareholders.**

We call on you to answer our questions about these issues honestly and openly instead of trying to scare, intimidate, and mislead shareholders. If Yellow Cab is truly a cooperative, then management should prove it by acting like it.

Yellow Cab/ASC Financial Operations and Management

The lack of competitive bidding and the control that Van Ness Management and the Rouse family have over Yellow Cab and ASC operations is deeply concerning to us. Shareholders have poured thousands of hard-earned dollars into this cooperative, and rely on these investments to be able to drive cabs to support our families.

Your January 15 letter raises additional issues affecting the value of our investments that we would like you to address:

- **Van Ness Management Personnel:** You state that Mitch, Alice, William, and John Rouse, as well as David Koscielak and Stuart Crust, provide services to Yellow Cab on behalf of Van Ness Management. We would like to know the name(s), position(s) and title(s) of each Van Ness Management director, officer, employee, or affiliate who plays a role in or provides services to Yellow Cab and/or ASC. We want to know their position(s) and title(s) with Van Ness; their position(s) and title(s), if any, with Yellow Cab or ASC; their actual function(s) and role(s) with respect to Yellow Cab and ASC; and the amount(s) of their compensation from ASC and the member fleets, including the specific amount(s) paid by Yellow Cab shareholders. Do any of these individuals own shares in Yellow Cab or the other ASC fleets? If so, how many shares do they own?
- **Yellow Cab Board of Directors:** We would like to know whether any of the directors or officers of Yellow Cab are employees of Yellow Cab; employees, officers, directors, or contractors of ASC; or employees, officers, directors, contractors, or affiliates of Van Ness Management or its affiliates. If so, please provide the names of the directors, the titles and positions held, whether they are compensated for holding such positions and, if so, the amounts of compensation.
- **Competitive Bidding on Insurance and Other Contracts:** You state that our “[i]nsurance costs are among the lowest in L.A.” We would like to know what exactly are the insurance costs for Yellow Cab and ASC. Please provide us with copies of our current insurance policies, including the price of insurance. Does management conduct open, competitive bidding of our insurance contract? What about other contracts for major expenses like radio frequencies or dispatch system? If so, please explain what has happened in the past. If not, why not?
- **Breakdown of Membership Dues/Where Our Money Goes:** You state that “[o]ur dues are the lowest in Los Angeles.” We would like you to provide a breakdown by percentage and annual dollar amount of how our dues are spent by management. Where does our money go?

Rather than claiming to know what shareholders feel, management should provide us with the basic information we’ve requested so that we can make up our own minds whether our cooperative is being managed ethically, transparently, and efficiently.

Management Intimidation, Scare Tactics, and Misleading Statements

If Yellow Cab is supposed to be a cooperative democratically controlled by us the members – as you claim to City officials when it suits your purposes -- then why have our questions been met with:

- **Intimidation and threats of retaliation** – After we sent the December 2006 letter, the Vice President of the Yellow Cab board approached several shareholders who signed the letter. He intimidated and threatened them about signing the letter.

Furthermore, shortly after we sent the letter, Altaye Asfaw, who collected many of the signatures for the letter, was ordered to appear at a disciplinary hearing without being told what he was being charged with and why. Just a few weeks earlier, Mr. Asfaw was told by the Yellow Cab Board Vice-President that he is “under the company microscope.”

- **Retaliatory and False, Misleading Statements against Sentayehu Silassie** – Your January 15 letter also singles out Sentayehu Silassie apparently to instill fear in drivers of what might happen if they dare to ask management questions. Your letter states that the “primary author of the [December 12, 2006] letter is member Sentayehu Silassie” and then go on to claim that “Mr. Silassie is lying in his letter” and you “question the sincerity of his motives.”

Your statements are false and defamatory. First, Mr. Silassie is just one (1) of 39 shareholders/drivers of Yellow Cab who signed the December letter. We simply listed Mr. Silassie’s address as the place for you to send your written response. Your attempt to single out Mr. Silassie and make an “example” of him is unjustified and immoral.

Second, in accusing Mr. Silassie of “lying” about not having heard of Van Ness Management, you conveniently omit a critical part of the December letter – that “[u]ntil recently,” shareholders had not heard of Van Ness. You also conveniently overlook the fact that there were 38 other signatures on the letter.

The important point here – which you seem intent on covering up -- is that most of us shareholders know virtually nothing about Van Ness Management – what it does, what role it plays in our company’s operations, and how much of our money goes to the Rouse family and others running Van Ness.

We sent the letter asking questions about Van Ness and Taxi Equipment Company because management keeps us in the dark even though we are shareholders. If anything, the fact that we asked about Taxi Equipment Company shows how in the dark we are about management’s running of our cooperative.

- **Veiled threats that we must blindly obey management or the value of our shares will go down** -- In your January 15 letter, you claim that “when former Yellow Cab Board members took the Cooperative on a very confrontational and counter-productive path

against management," some "shareholders sold their shares for under \$10,000." You also "urge [us] to reject the politics of division."

Why is it supposedly "counter-productive" or "divisive" for us to ask questions about management's critical decisions that affect us all as shareholders? Don't we have a right to know why management decided to extend the Van Ness Management contract? Isn't it *our* money that's going to Van Ness and has been for years? If Yellow Cab is truly a cooperative, then isn't management supposed to gather input and direction from the members? Why are you trying to scare us into silence?

Please send a prompt written response to each of us who have signed this letter. We ask that you refrain from your typical scare tactics, threats, and self-serving comments. If any retaliatory action is taken against anyone who signs this letter, we will take the necessary steps to ensure that management is held accountable.

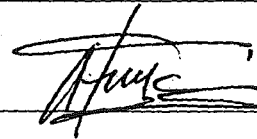
Sincerely yours,

Name

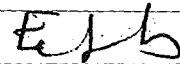
Share Number

Signature

ALTAYE ASFAW 6148



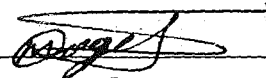
EYOB DESTA 6679



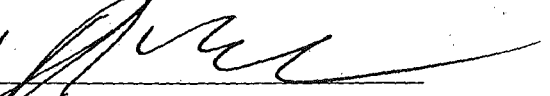
Sentayehu G. Silassie 6119



Moges Wandemikru 6634



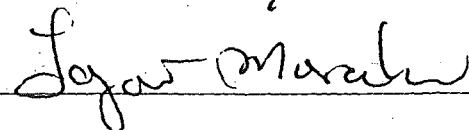
Ahmed K. Beasra 602



MANUEL AVELAR 6302



LAZARO Morales 6514

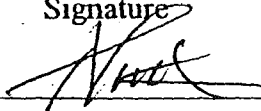
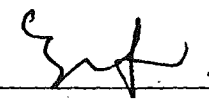
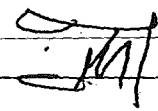
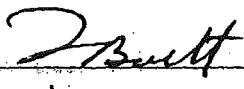
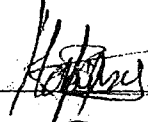
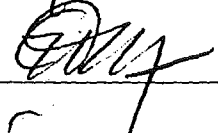
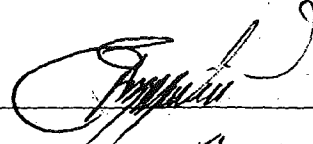
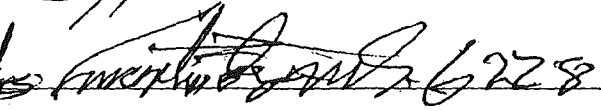


against management," some "shareholders sold their shares for under \$10,000." You also "urge [us] to reject the politics of division."

Why is it supposedly "counter-productive" or "divisive" for us to ask questions about management's critical decisions that affect us all as shareholders? Don't we have a right to know why management decided to extend the Van Ness Management contract? Isn't it our money that's going to Van Ness and has been for years? If Yellow Cab is truly a cooperative, then isn't management supposed to gather input and direction from the members? Why are you trying to scare us into silence?

Please send a prompt written response to each of us who have signed this letter. We ask that you refrain from your typical scare tactics, threats, and self-serving comments. If any retaliatory action is taken against anyone who signs this letter, we will take the necessary steps to ensure that management is held accountable.

Sincerely yours,


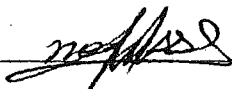
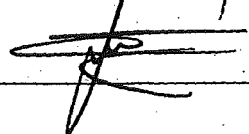
Name	Share Number	Signature
Aby Yonas H'	6078	
Israel Tadesse	6580-4	
Mekonnen Weldesadik	6644-4	
Zaino Bura		
Habib	6182	
GIRMA D. GEBREWELDE	6212	
Ernesto Melendez	6052	
Martin Otero Morales	6228	

against management,” some “shareholders sold their shares for under \$10,000.” You also “urge [us] to reject the politics of division.”

Why is it supposedly “counter-productive” or “divisive” for us to ask questions about management’s critical decisions that affect us all as shareholders? Don’t we have a right to know why management decided to extend the Van Ness Management contract? Isn’t it *our* money that’s going to Van Ness and has been for years? If Yellow Cab is truly a cooperative, then isn’t management supposed to gather input and direction from the members? Why are you trying to scare us into silence?

Please send a prompt written response to each of us who have signed this letter. We ask that you refrain from your typical scare tactics, threats, and self-serving comments. If any retaliatory action is taken against anyone who signs this letter, we will take the necessary steps to ensure that management is held accountable.

Sincerely yours,

Name	Share Number	Signature
MULAF MEKURA	6622	
ASSEFA NEGUSE	6722	
Abiy Firdos	6408	Abiy
Wondesen Bekem	6461	

against management,” some “shareholders sold their shares for under \$10,000.” You also “urge [us] to reject the politics of division.”

Why is it supposedly “counter-productive” or “divisive” for us to ask questions about management’s critical decisions that affect us all as shareholders? Don’t we have a right to know why management decided to extend the Van Ness Management contract? Isn’t it *our* money that’s going to Van Ness and has been for years? If Yellow Cab is truly a cooperative, then isn’t management supposed to gather input and direction from the members? Why are you trying to scare us into silence?

Please send a prompt written response to each of us who have signed this letter. We ask that you refrain from your typical scare tactics, threats, and self-serving comments. If any retaliatory action is taken against anyone who signs this letter, we will take the necessary steps to ensure that management is held accountable.

Sincerely yours,

Name

Share Number

Signature

Name	Share Number	Signature

Received 4/10/0
10:20
[Signature]
[Signature]



January 15, 2007

To All Shareholders of
L.A. Taxi Cooperative, Inc.

Re: Questions Regarding the Extension of the Management Contract

Dear Fellow Shareholders:

Enclosed you will find a letter addressed to the Yellow Cab Board of Directors, Martin Manukyan, President of the Cooperative, and William Rouse, our General Manager, presenting questions concerning the recently approved 5-year extension of the Cooperative's management contract with Van Ness Management, Inc., Mitchell Rouse's management company. The primary author of the letter is member Sentayehu Silassie, although as you can see it is signed by several other shareholders and some lease drivers.

We brought the letter to the January meeting of the Board of Directors to discuss our response, and we have decided that the letter should be answered for the benefit of all shareholders. The following is our response to the letter.

First, to explain the Board's action, each member Cooperative of ASC, including ~~Yellow Cab, is a party to an agreement with Van Ness Management through which Van Ness provides management consulting services, including the services of our General Manager and several other individuals. Under its terms, this agreement is set to expire May 7, 2007.~~

In September 2006, Van Ness proposed an extension of the contract on the same terms and conditions. Over the course of the next several months, the Boards of Directors of each and every Cooperative ~~discussed~~ the proposed extension and voted unanimously to extend the agreement for five years. Our own Board of Directors considered the matter very carefully before voting. We will explain below why this is the right decision for the Cooperative.

Second, it needs to be clear that L.A. Taxi Cooperative, Inc. does not have an agreement any longer with Taxi Equipment Company, Inc. ("TEC"). As most of you already know, our agreement with TEC ended when Yellow Cab purchased and installed the DDS dispatch system in October 2003. At that time, TEC returned each of the \$490 deposits it held to Yellow Cab for its use in the down payment on the DDS system. Today, TEC has an agreement with the other four member fleets of ASC, but not Yellow Cab.

Some of the signers to the letter are former Yellow Cab Board members. They certainly already know that Yellow Cab does not have an agreement with TEC. This and other parts of the letter make us believe that either the signers have not read what they signed or that the letter is just an attempt to confuse you, the shareholders.

Third, we want to remind you, the shareholders, of the suffering we went through when former Yellow Cab Board members took the Cooperative on a very confrontational and counter-productive path against management. Many of our members got disgusted and sold their shares, driving our share value down. Sadly, some shareholders sold their shares for under \$10,000. Unhappiness was everywhere in our co-op.

By contrast, look at all that we have accomplished since the Board adopted the attitude that we should work with management. Things have never been better for the co-op. Our business is stronger than ever. Our dues are the lowest they have ever been. Our share values are up (around \$30,000), and climbing. And, even though we pay the lowest dues per car, we have the top management in the City that represents us well.

Turning to the letter, Mr. Silassie first claims, "we have not even heard of Van Ness." There is no other way to put it: This is a lie. Since July, Mr. Silassie's lawyer has made several written demands for information about Van Ness, yet now he claims he's never even heard of Van Ness? Over the years, Mr. Silassie and all other shareholders have received letters from Mitchell Rouse or William Rouse on Van Ness letterhead, yet now Mr. Silassie claims he's never heard of Van Ness? Mr. Silassie has complained about those letters, yet now he claims he's never heard of Van Ness? Each shareholder has been provided with the offering circular that explains who Van Ness is. Because Mr. Silassie is lying in his letter, we question the sincerity of his motives.

Nevertheless, as stated above, Van Ness is Mitchell Rouse's management company that provides the services of Mitch and Alice Rouse, William Rouse, our General Manager, and several other individuals, including David Koscielak, CFO, Stuart Crust, Paratransit Manager, and John Rouse, the brand manager for the Long Beach Yellow Cab fleet. For most shareholders, Van Ness is the very reason why they felt safe enough to invest their money in our Cooperative in the beginning. For most shareholders, the work of Van Ness is a large reason for the success of our fleet and the other ASC member fleets today.

Next, the letter asks about whether Yellow Cab, ASC and the other co-ops opened up the management contract to competitive bidding. The answer is: no. It was not necessary or desirable. The unanimous consensus of all board members of all fleets is that we are happy with our management and want to keep them. The proposal made was to keep everything the same for the next five years. It was unnecessary to open the issue up to bidding. Besides, we already know that we have the city's top taxicab management team.

The question makes it sound like competitive bidding would be normal under this circumstance, but that is not the case. With only the possible exception of the signers of

the letter, no one wants a change. And the Yellow Cab Board believes that most Yellow Cab shareholders are happy with the way things are. The proposal was reasonable.

Going back to the letter, its next point looks like another deliberate attempt to confuse you. William Rouse's positions within both Van Ness Management and ASC do not present a conflict of interest. Under ASC's management contract with Van Ness, his services as General Manager of ASC are provided by – and paid for by – Van Ness. He holds a title with ASC because that title is necessary for him to carry out his functions for ASC. William Rouse's appointment was approved by the ASC Board. In September, William Rouse presented Van Ness' proposal to each Board of Directors, and each Board of Directors discussed the matter outside his presence, asked him whatever questions they wanted, took all the time they wanted to think about the issues, asked more questions, had more discussions, and made their decision. Mr. Rouse is not a director on any cooperative board. He did not vote.

Next, the letter asks about the contracts. The TEC contract doesn't apply to Yellow Cab. Under the Van Ness agreement, each share is charged \$13.78 per week in management fees. Furthermore, the signers to the letter who have been Yellow Cab Board members already know this because they have participated (along with about 50 other Board members from the different fleets) every year in the budget and dues-setting process. Under the terms of the agreement, the only increase is for inflation.

The letter asks if there has been an evaluation of Van Ness' performance. The answer is: yes. Our management team has, literally, hundreds of accomplishments to its credit, all of which benefit the co-ops. The Board considered all of the following, and more:

- The principals of Van Ness are the founders of L.A. Taxi Cooperative.
- Many of our shareholders would not own anything if it were not for the efforts of Mitch and Alice Rouse.
- Van Ness Management has successfully safeguarded our investments and managed the company through tremendous growth.
- Van Ness Management has developed a top-notch team at ASC, beginning with Kia Tehrani and continuing to the last employee, who provide excellent service to the shareholders and our passengers.
- Van Ness Management has developed a book of accounts for all of the Cooperatives that is the largest in the business.
- Van Ness Management has developed and perfected a school run program that brings millions of dollars in revenue every year to our drivers.

- Yellow Cab's call count is higher than it ever has been. Our level of business has never been stronger.
- Mitchell Rouse successfully brought to L.A. Taxi the Yellow Cab name, a name that, by itself, develops new business for our drivers every day.

-
- When Yellow Cab decided in 2003 to switch from TEC's MADS system to the DDS dispatch system, it was Mitchell Rouse who led the negotiations to get us the best deal possible from DDS, and it was our management who facilitated our successful transition to the new system.
 - Now, our management has negotiated a change of radio frequencies at no cost to the co-op that will improve our radio coverage.
 - Mitchell Rouse continues to provide the co-ops with the use of our cashiering system – free of charge.
 - During the 2000 refranchising process, William Rouse authored our franchise proposals that earned the top scores and enabled Yellow Cab to unexpectedly be granted 13 additional taxicab operating authorities.

- Van Ness has provided William Rouse's expertise as an attorney to the cooperatives without charge, which it was never required to do. Since his return to ASC in 1998, William Rouse has successfully represented the cooperatives in several unfair competition lawsuits against bandit taxi companies – something no other company in Los Angeles has been doing.

-
- In its annual LADOT ratings, Yellow Cab is consistently one of the highest-rated taxicab companies in Los Angeles. We are only one of 3 companies that received every franchise extension at the first evaluation.

- Through the efforts of Van Ness Management, Yellow Cab has established its identity as the industry leader in Los Angeles.

- Our management has shown local industry leadership on a wide variety of issues ranging from fighting the AQMD and Rule 1194 to addressing issues with the LADOT.

- Van Ness Management are industry leaders, recognized nationwide. William Rouse is the current President of the Taxicab Paratransit Association of California (TPAC), and a Board Member and member of the Executive Committee of the Taxi Limousine & Paratransit Association (TLPA), the international industry trade association. Mitchell Rouse is a past President of TLPA and TPAC, the founder of all of the co-ops and SuperShuttle, and is recognized around the world as a leader in the field of ground transportation.

- The fiscal management of ASC is excellent. Past due shareholder balances are at their lowest ever. Driver balances are low. Our dues are the lowest in Los Angeles. Insurance costs are among the lowest in L.A. And the company's financial strength is better than ever.

- ~~William Rouse has discussed with the Board at several meetings his vision for~~ adopting new technology to improve our company. He is excited about the future and we share his excitement.
- Yellow Cab is only one of five fleets in ASC. The other fleets have their own accomplishments to point to, but every fleet is in agreement that we should keep our management.

Under the circumstances the only reasonable decision was to continue on with the same agreement that we have with our management. And, we certainly did not want to have a change in management before the end of the current franchise period in December 2010. That's why the Board asked Van Ness to remain as management at least through to the next franchise period.

We believe that almost every shareholder feels exactly as we do. The company is headed in the right direction and no change is necessary.

Finally, we urge you to reject the politics of division, and embrace unity. The past has shown that we are better off when we work together.

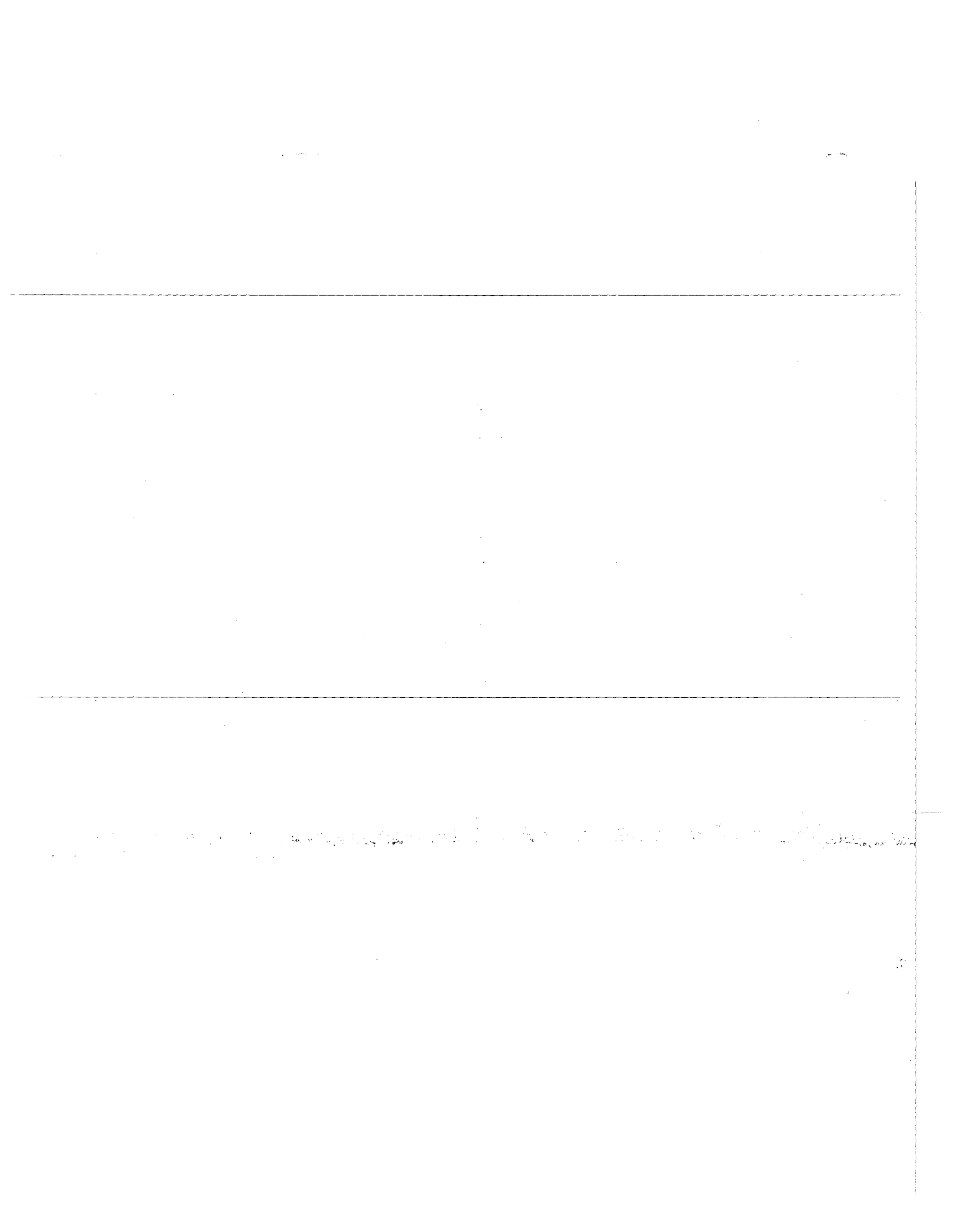
Very truly yours,



MARTIROSI MANUKYAN
President
L.A. Taxi Cooperative, Inc.



WILLIAM J. ROUSE
General Manager
Administrative Services Cooperative, Inc.



December 12, 2006

Via Certified Mail

Board of Directors
Martiros Manukian, CEO
William Rouse, Agent

L.A. Taxi Cooperative, Inc. *dba* Yellow Cab Company
2129 W. Rosecrans Avenue
Gardena, CA 90249

William Rouse
General Manager, Administrative Services Cooperative, Inc.
2129 W. Rosecrans Avenue
Gardena, CA 90249

Re: Contracts with Van Ness Management and Taxi Equipment Company

Dear Gentlemen:

We are writing to you regarding the recent decision of the Board of Directors and management of Yellow Cab Company and Administrative Services Cooperative ("ASC") to renew the Yellow Cab/ASC contracts with Van Ness Management ("Van Ness") and Taxi Equipment Company ("TEC") through 2010. As shareholders of Yellow Cab, a member of the ASC cooperative, we are extremely concerned about the decision of Yellow Cab and ASC to extend these contracts.

First, no information has been provided to shareholders about this important issue. Until recently, we had not even heard of Van Ness and were not aware that our cooperative has a contract with Van Ness; we do not even know what services Van Ness supposedly provides to us. We have not been informed at all regarding the renewal of the Van Ness and TEC contracts, nor have we been given any materials or information about this issue. As hard-working cab drivers who have invested tens of thousands of dollars in Yellow Cab and who pay thousands of dollars to the company each year, we have a right to be informed about major decisions that affect how our hard-earned money is spent and the value of our shares.

Second, we would like to know whether any competitive bidding took place to provide management services and a radio dispatch system to our company. Did Yellow Cab and ASC management allow other companies besides Van Ness and TEC to bid to provide these services? Were any alternatives explored or price comparisons conducted? If not, why not?

Third, the fact that Bill Rouse, the registered agent of Yellow Cab and the General Manager of ASC, is also the Vice President of Van Ness and a member of the Mitchell Rouse family which controls TEC, is a conflict of interest. We understand that it was Bill Rouse who requested to the boards of directors of Yellow Cab and ASC that the contracts with Van Ness and TEC be renewed. Isn't Bill Rouse, as General Manager of ASC, supposed to act in our

interest as shareholders of Yellow Cab, a member of the ASC cooperative? Shouldn't Bill Rouse, in his capacity as General Manager of ASC, explore the best possible options for Yellow Cab and ASC so that we get the best deal we can? Who negotiated the contracts on behalf of Yellow Cab and ASC? Who negotiated the contracts on behalf of Van Ness and TEC?

Fourth, we also have general questions about the contracts. How much money has been paid to Van Ness and TEC over the years by us shareholders of Yellow Cab? How much more money will we have to pay to Van Ness and TEC with this new extension of the contracts? What exactly are the services that Van Ness and TEC will provide to us? Has there been any evaluation of their performance over the years?

We request that Bill Rouse, the Yellow Cab Board of Directors, and the other management of Yellow Cab and ASC immediately answer these questions in writing so that we may better understand your actions and ensure that financially prudent decisions are made on behalf of all Yellow Cab shareholders. In this regard, it also would be helpful to receive copies of the Van Ness and TEC contracts so that we know what it is you all have agreed to on our behalf (without seeking our input).

We look forward to a written response from you very soon. You may send the written response to: Sentayehu Silassie, 2120 2nd Ave, Apt 19, L.A., CA 90018.

Sincerely yours,

Print Name

Signature

~~MEKONNEN B LEMMA~~

~~MEKONNEN B LEMMA~~

MANUEL AVOLAR

Manuel Avolar

LAZARO MORALES

Lazar Morales

AHMED BEFSAHU

Ahmed Befsa

EYOB DESTA

Eyob Desta

MEKONNEN B LEMMA

Mekonnen B Lemma

interest as shareholders of Yellow Cab, a member of the ASC cooperative? Shouldn't Bill Rouse, in his capacity as General Manager of ASC, explore the best possible options for Yellow Cab and ASC so that we get the best deal we can? Who negotiated the contracts on behalf of Yellow Cab and ASC? Who negotiated the contracts on behalf of Van Ness and TEC?

Fourth, we also have general questions about the contracts. How much money has been paid to Van Ness and TEC over the years by us shareholders of Yellow Cab? How much more money will we have to pay to Van Ness and TEC with this new extension of the contracts?

What exactly are the services that Van Ness and TEC will provide to us? Has there been any evaluation of their performance over the years?

We request that Bill Rouse, the Yellow Cab Board of Directors, and the other management of Yellow Cab and ASC immediately answer these questions in writing so that we may better understand your actions and ensure that financially prudent decisions are made on behalf of all Yellow Cab shareholders. In this regard, it also would be helpful to receive copies of the Van Ness and TEC contracts so that we know what it is you all have agreed to on our behalf (without seeking our input).

We look forward to a written response from you very soon. You may send the written response to:

Sincerely yours,

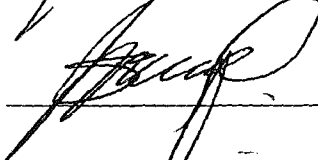
Print Name

Signature

ABEBE T. MENTALE



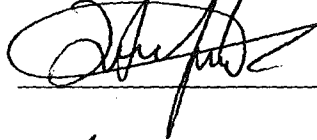
Demissew H. Negash



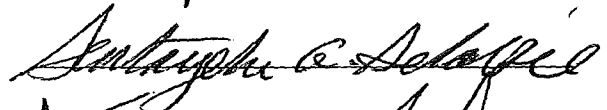
BENIAM TEKLU



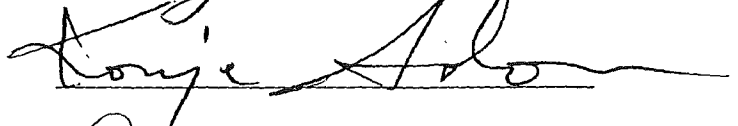
Zeharias Feyisa



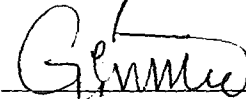
Sentayehu G. Selassie



Koneje Solomon



Gemma Gashaw



interest as shareholders of Yellow Cab, a member of the ASC cooperative? Shouldn't Bill Rouse, in his capacity as General Manager of ASC, explore the best possible options for Yellow Cab and ASC so that we get the best deal we can? Who negotiated the contracts on behalf of Yellow Cab and ASC? Who negotiated the contracts on behalf of Van Ness and TEC?

Fourth, we also have general questions about the contracts. How much money has been paid to Van Ness and TEC over the years by us shareholders of Yellow Cab? How much more money will we have to pay to Van Ness and TEC with this new extension of the contracts? What exactly are the services that Van Ness and TEC will provide to us? Has there been any evaluation of their performance over the years?

We request that Bill Rouse, the Yellow Cab Board of Directors, and the other management of Yellow Cab and ASC immediately answer these questions in writing so that we may better understand your actions and ensure that financially prudent decisions are made on behalf of all Yellow Cab shareholders. In this regard, it also would be helpful to receive copies of the Van Ness and TEC contracts so that we know what it is you all have agreed to on our behalf (without seeking our input).

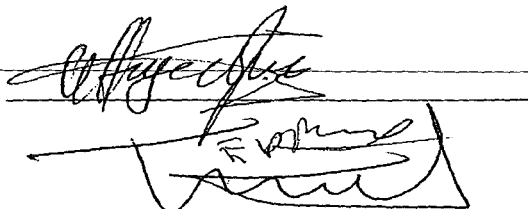
We look forward to a written response from you very soon. You may send the written response to:

Sincerely yours,

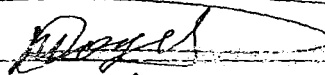
Print Name

Signature

ATAYE A. ASFAW
TEDROS B HAILE



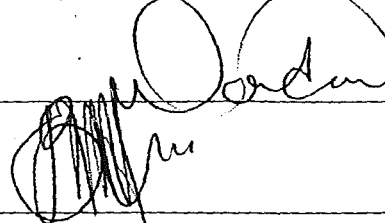
Moges Wondesenberk



HANNA MESTIN

HANNA MESTIN

Wondesen Beku
BELAY - ENGODA



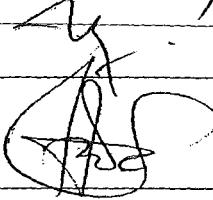
Print Name

Signature

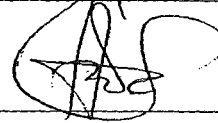
ASSEFA NEGUSE



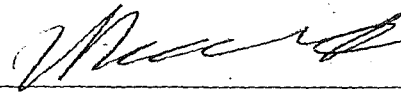
MULAT ASFAW



Abiy Fildhu



Boris Mungye



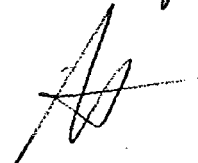
Habb Mohammed



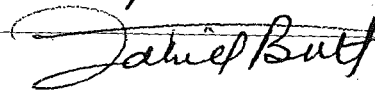
GIRMA D. GEBREWENDE



TSEHAYE ARAIA



ZAHID BUTT



TOROS MIKAYELVANI



Leron Murtchyan



Ganibyan Vanyan

A. Torosyan Yell Cab
6422

ANTRANIK TOROSSIAN

Edvard Navasardyan



Print Name

Signature

Melanie Leasing d

M. Leasing d

Ernesto Melendez

Ernesto Melendez

A. M. Ahmed

A. M. Ahmed

BAIK. V. BROADMAN

BAIK. V. BROADMAN

R. Rubera

R. Rubera

MARINE

MARINE

Mekonnen

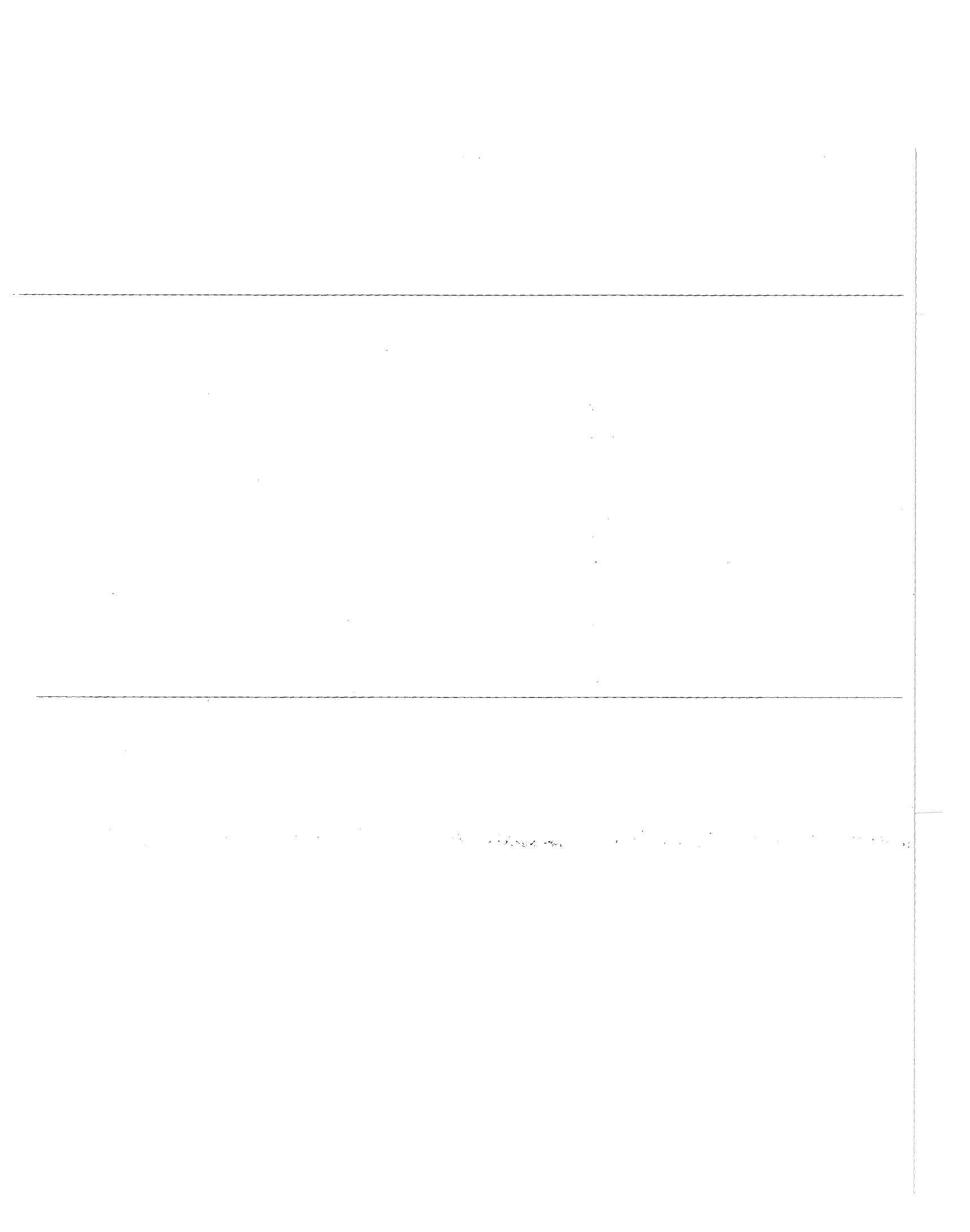
Mekonnen

Adamyah ValuzH

Adamyah ValuzH

EXHIBIT

2



LEGAL AID FOUNDATION OF LOS ANGELES

ATTORNEYS AT LAW

Central Office
1550 W. Eighth Street
Los Angeles, CA 90017-4316
(213) 640-3881

8601 South Broadway
Los Angeles, California 90003-3319
Telephone: (213) 640-3884
Fax: (213) 640-3988

Long Beach Office
110 Pine Avenue, Suite 420
Long Beach, CA 90802-4421
(562) 435-3501

East Office
5228 E. Whittier Boulevard
Los Angeles, CA 90022-4013
(213) 640-3883

Santa Monica Office
1640 Fifth Street, Suite 124
Santa Monica, CA 90401-3343
(310) 899-6200

West Office
1102 Crenshaw Boulevard
Los Angeles, CA 90019-3111
(323) 801-7989

(213) 640-3978

Our File Number

August 25, 2006

Via Facsimile (310) 470-8354 and U.S. Mail

Theodore E. Guth
Guth Christopher LLP
10866 Wilshire Blvd., Suite 1250
Los Angeles, CA 90024

Re: L.A. Taxi Cooperative, Inc. ("Yellow Cab") Document Request -- Shareholders Zahid Butt and Sentayehu Silassie

Dear Mr. Guth:

I am writing to confirm our telephone conversation today regarding my clients' request to inspect and copy L.A. Taxi Cooperative, Inc. ("Yellow Cab") and Administrative Services Co-Op ("ASC") documents.

First, with respect to the issue of Yellow Cab's proposed confidentiality agreement, I understand that your position is two-fold: 1) Yellow Cab will not allow my clients to inspect and copy any documents unless they sign a confidentiality agreement; and 2) the confidentiality agreement proposed by Yellow Cab prohibits my clients from disclosing any information to persons other than "professionals employed by you [my clients] or on your [my clients] behalf, and other members of the Coop, who need to know the Confidential Information for the purpose of assisting you in the Purpose and who agree to maintain the confidentiality of the Confidential Information."

When I suggested during our conversation that the confidentiality agreement be modified instead to prohibit disclosure to any direct or indirect competitors, you would not agree to accept this modification. When I asked that you provide a list of specific documents that Yellow Cab would like to keep confidential (as I mentioned in previous correspondence, we are open to discussing this), you said that it would be impossible to produce such a list beforehand.

Blank header area with faint horizontal lines.

Large blank rectangular area, possibly a placeholder for a drawing or diagram.

Section of text containing faint, illegible markings and a horizontal line.

Bottom section of the page with faint, illegible markings.

August 25, 2006

Thus, I understand that Yellow Cab's position is such that, in order to obtain access to *any* Yellow Cab-related documents, my clients would have to sign a confidentiality agreement limiting them to disclosing information only to a select group of individuals, namely advisors and other shareholders, who *also* would be required to keep such information confidential.

~~This effectively means that my clients would be prohibited from sharing any information with individuals such as: members of the City Council, including the Transportation Committee; the Board of Taxicab Commissioners; and officials of the Los Angeles Department of Transportation, including the Taxicab Administrator. As you know, the City of Los Angeles oversees the franchise awarded to Yellow Cab.~~

Second, with respect to the scope of my clients' request to inspect and copy documents, you stated that Yellow Cab's position is that the company will provide limited access only to accounting books and records, bylaws, and a limited number of as-yet-unspecified documents which are easily searchable. You stated explicitly that Yellow Cab also will not produce any "third party" documents to my clients, including ASC documents. This is despite the fact that, as you know, Yellow Cab is a member of the ASC Co-Op.

Thus, Yellow Cab is refusing to allow my clients to inspect and copy other requested documents that directly bear on the value of their investments in the company, including: business and financial plans; insurance policies and related documents; transfers of Yellow Cab shares involving Enterprise Finance; documents relating to Yellow Cab's contracts to provide taxicab services to school students; and all ASC-related documents. In addition, you stated that our requests for copies of documents relating to Yellow Cab's retention of your services in this matter, ~~including the monetary amounts you and your firm are being paid and the sources of such funds,~~ are not relevant to my clients' investments in Yellow Cab.

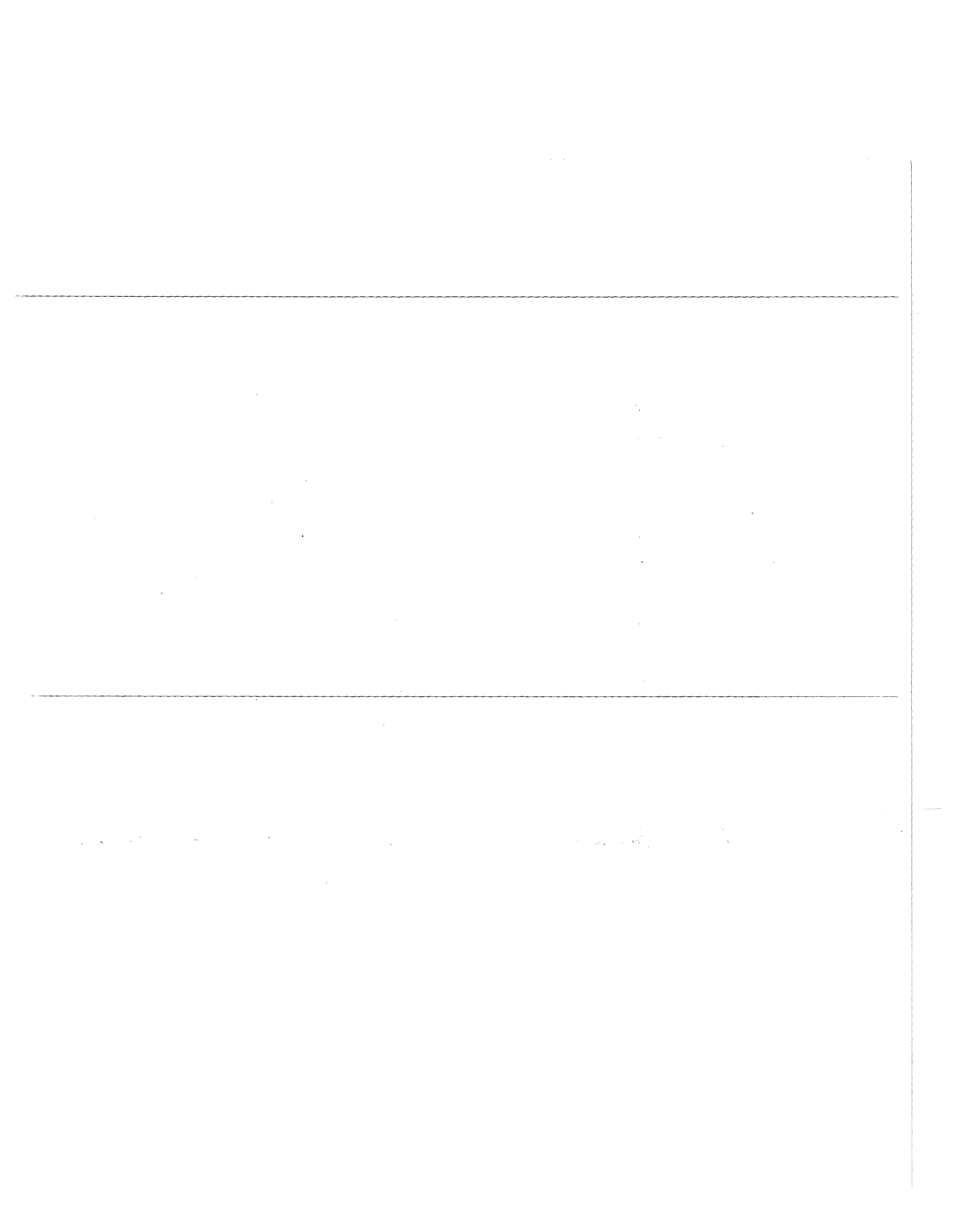
As I mentioned to you, we believe that there is legal authority requiring Yellow Cab to provide my clients with access to documents beyond just the accounting books and records and bylaws.

We are concerned about the lack of progress in this matter, especially given that we requested to inspect and copy the documents over one month ago. As I mentioned to you, we believe that a confidentiality agreement barring disclosure to any direct or indirect competitors would reasonably protect the company's interests while maintaining my clients' inspection rights. I ask that you reconsider your position so that we may move forward on this matter.

Sincerely yours,



Betty Hung, Esq.



August 17, 2006

VIA FACSIMILE TO (213) 640-3988

Betty Hung, Esq.
Legal Aid Foundation of Los Angeles
8601 South Broadway
Los Angeles, California 90003

Re: Mr. Butt and Mr. Silassie/L.A. Taxi Cooperative, Inc.

Dear Ms. Hung:

As I indicated in my voicemail, Bill Rouse asked me to call you to discuss moving this situation forward. Since we have been trading calls, in the meantime I am enclosing a copy of the Confidentiality Agreement that was inadvertently omitted from Bill's prior letter.

Very truly yours,



Theodore E. Guth

TEG:lt

CC:
060817 Ltr to Hung

Blank header area with faint horizontal lines.

Large blank area with faint horizontal lines, possibly a separator or a large empty section.

Blank area below the second horizontal line.

Bottom section of the page with faint horizontal lines and some very light, illegible markings.

Zahid Butt
Sentayehu Silassie
c/o Betty Hung, Esq.
Legal Aid Foundation of Los Angeles
8601 South Broadway
Los Angeles, California 90003

Gentlemen:

For the purpose (the "Purpose") of understanding the allocation and expenditure of funds by LA Taxi Cooperative, Inc. (the "Coop"), we will be providing access to the accounting books and records of Coop, and certain other information, which include information (the "Confidential Information") not generally available to the public. You hereby agree to keep all Confidential Information confidential and not to disclose any Confidential Information to any person other than Permitted Parties. ("Permitted Parties" means professionals employed by you or on your behalf, and other members of the Coop, who need to know the Confidential Information for the purpose of assisting you in the Purpose and who agree to maintain the confidentiality of the Confidential Information.) You agree to be responsible for any damages (including reasonable attorneys' fees) suffered by Coop or its members for misuse of Confidential Information by you or any person to whom you directly or indirectly disclose Confidential Information.

This Agreement will be governed by and construed in accordance with the laws of the State of California without regard to conflict of law provisions thereof, and may not be amended except by a writing executed by both you and Coop. No failure or delay by Coop in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise preclude any other or further exercise of that or any other right, power or privilege. Without limiting the rights and remedies otherwise available to it, you agree that Coop would be irreparably harmed by any breach or threatened breach of this Agreement and accordingly Coop shall be entitled to equitable relief by way of injunction.

Please confirm your agreement with the foregoing by signing and returning to the undersigned the duplicate original of this letter enclosed herewith, which will then constitute a binding agreement between Coop and you in accordance with its terms.

Very truly yours,
LA Taxi Cooperative, Inc.

By: _____

Its: _____

Accepted and Agreed:

Zahid Butt

Sentayehu Silassie

[Faint, illegible text at the top of the page]

[Large block of faint, illegible text in the middle of the page]

[Faint, illegible text below the middle section]

[Faint, illegible text at the bottom of the page]

LEGAL AID FOUNDATION OF LOS ANGELES

Central Office
1550 W. Eighth Street
Los Angeles, CA 90017-4316
(213) 640-3881

East Office
5228 E. Whittier Boulevard
Los Angeles, CA 90022-4013
(213) 640-3883

ATTORNEYS AT LAW
8601 South Broadway
Los Angeles, California 90003-3319
Telephone: (213) 640-3884
Fax: (213) 640-3988

Long Beach Office
110 Pine Avenue, Suite 420
Long Beach, CA 90802-4421
(562) 435-3501

Santa Monica Office
1640 Fifth Street, Suite 124
Santa Monica, CA 90401-3343
(310) 899-6200

West Office
1102 Crenshaw Boulevard
Los Angeles, CA 90019-3111
(323) 801-7989

(213) 640-3978

Our File Number

July 21, 2006

Via Certified Mail

Martiros Manukian, CEO
William Rouse, Agent
L.A. Taxi Cooperative, Inc. dba Yellow Cab Company
2129 W. Rosecrans Avenue
Gardena, CA 90249

Dear Mssrs. Manukian and Rouse:

I represent Zahid Butt and Sentayehu Silassie, members of L.A. Taxi Cooperative, Inc., dba Yellow Cab Company ("Yellow Cab"). As shareholder members of Yellow Cab, my clients have a right to inspect and copy documents of the company. Accordingly, pursuant to Cal. Corp. Code §§ 12580 *et seq.*, I am requesting on behalf of my clients copies of the following documents, all of which are reasonably related to my clients' interest in Yellow Cab:

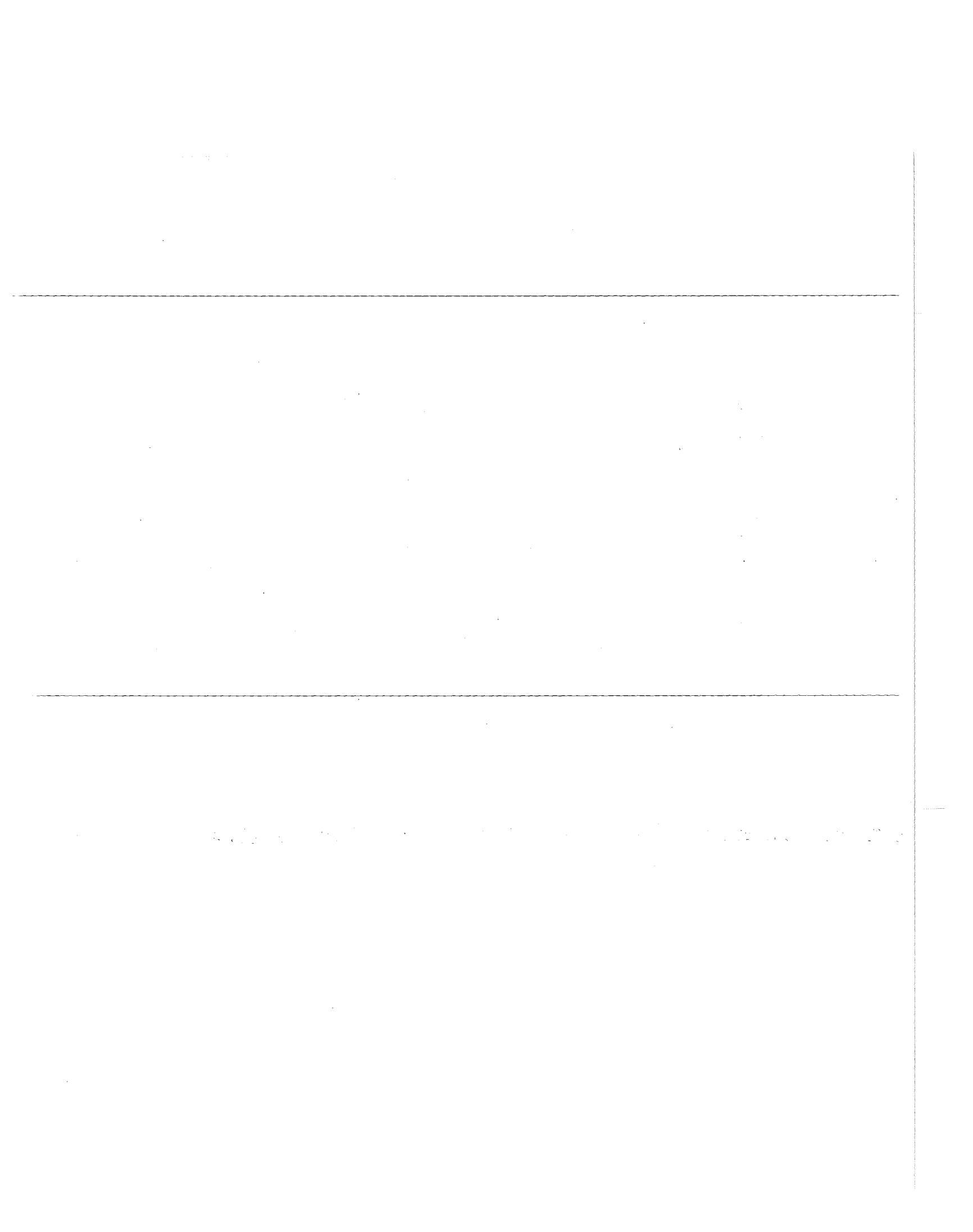
1. All Yellow Cab financial reports and statements from January 2003 through the present, such as but not limited to profit and loss statements and expenditure reports, including any attachments or exhibits;
2. Current Yellow Cab annual budget, including any notes and assumptions explaining specific line items, variance reports, and attachments or exhibits;
3. All internal or external audits conducted of Yellow Cab finances from January 2000 through the present, including any attachments or exhibits;
4. Yellow Cab annual reports, including any attachments or exhibits, for each year since 2003;
5. Federal and state income tax returns filed by Yellow Cab for each year since 2003;
6. All Yellow Cab business and financial plans, including any revisions or amendments thereof and any attachments or exhibits, submitted to LADOT pursuant to franchise ordinance requirements from 1999 through the present;
7. All documents submitted to LADOT by Yellow Cab as evidence of insurance or a program of self-insurance, including any revisions or amendments thereof and any attachments or exhibits, from 1999 through the present;



8. All agreements between Yellow Cab and any entities providing insurance coverage for Yellow Cab and/or its members, including but not limited to liability, collision, and AD&D insurance, from 2003 through the present;
9. All documents containing information on the current price of liability, collision, and AD&D insurance paid by Yellow Cab on behalf of its members, including the current annual price of each type of insurance per taxicab;
- ~~10. All current Yellow Cab insurance policies, including but not limited to liability, collision, and AD&D insurance policies, for Yellow Cab and/or its members;~~
11. All records related to the allocation of payments by Yellow Cab members to any fund to cover potential liability, in addition to or other than a policy of insurance, from 2003 through the present;
12. All records related to the allocation of payments by Yellow Cab members to any self-insurance fund or relating to any program of self-insurance from 2003 through the present;
13. All records related to the sale or transfer of Yellow Cab shares by Enterprise Finance to other individuals or entities from 2002 through the present;
14. All records related to Yellow Cab shares which were sold, transferred, or reverted to Enterprise Finance from 2002 through the present;
15. All agreements between Yellow Cab and any entities, including but not limited to school districts, to provide taxicab services to school students from 2002 through the present; and
16. All documents containing information on the specific monetary amounts received by Yellow Cab for providing taxicab services to school students from 2002 through the present, including but not limited to the monetary amount(s) received by Yellow Cab per student per month for providing such services.

In addition, my clients hereby request that Yellow Cab, as a member of Administrative Services Cooperative, Inc. ("ASC"), request, obtain, and provide copies of the following ASC documents which are related to my clients' interest in Yellow Cab:

1. All ASC financial reports and statements from January 2003 through the present, such as but not limited to profit and loss statements and expenditure reports, including any attachments or exhibits;
2. Current ASC annual budget, including any notes and assumptions explaining specific line items, variance reports, and attachments or exhibits;
3. All internal or external audits conducted of ASC finances from January 2000 through the present, including any attachments or exhibits;
4. ASC annual reports, including any exhibits or attachments, for each year since 2003;
5. Federal and state income tax returns filed by ASC for each year since 2003;
6. All ASC business and financial plans, including any revisions or amendments thereof and any attachments or exhibits, submitted to LADOT pursuant to city franchise ordinance requirements from 1999 through the present;
7. All ASC documents submitted to LADOT as evidence of insurance or a policy of self-insurance, including any revisions or amendments thereof and any attachments or exhibits, from 1999 through the present;



July 21, 2006

8. All agreements entered between ASC and any entities providing insurance coverage for ASC and/or its members, including but not limited to liability, collision, and AD&D insurance, from 2003 through the present;
9. All documents containing information on the current price of liability, collision, and AD&D insurance paid by ASC on behalf of its members, including the current annual price of liability, collision, and AD&D insurance per taxicab;
10. All current insurance policies providing any type of coverage, including but not limited to liability, collision, and AD&D, for ASC and/or its members;
11. All records related to the allocation of payments by ASC members to any fund to cover potential liability, in addition to or other than a policy of insurance, from 2003 through the present;
12. All records related to the allocation of payments by ASC members to any self-insurance fund or relating to any program of self-insurance from 2003 through the present;
13. All records related to the sale or transfer of ASC member shares by Enterprise Finance to other individuals or entities from 2002 through the present;
14. All records related to ASC member shares which were sold, transferred, or reverted to Enterprise Finance from 2002 through the present;
15. All agreements between ASC and any entities, including but not limited to school districts, to provide taxicab services to school students from 2002 through the present;
16. All documents containing information on the specific monetary amounts received by ASC and/or its members for providing taxicab services to school students from 2002 through the present, including but not limited to the monetary amount(s) received by ASC and/or its members per student per month for providing such services.
17. Any and all contracts entered between ASC and any vendors, including but not limited to Van Ness Management, for an amount over \$10,000 from 2002 through the present.

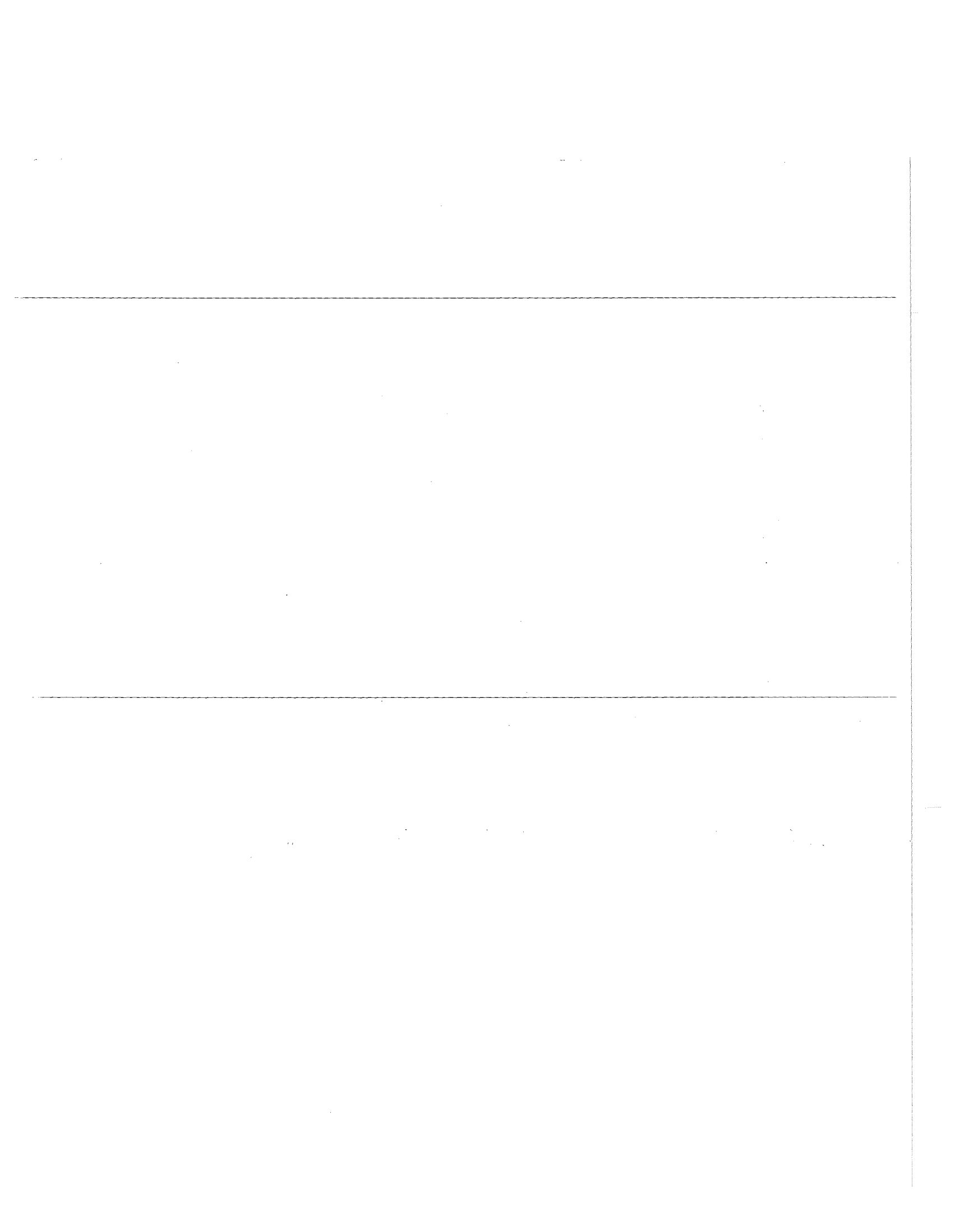
Please provide to me all Yellow Cab documents within 10 calendar days of the date of this letter, and all ASC documents within 15 calendar days. I understand that, rather than your sending me copies of the requested documents, you may prefer that my clients inspect and copy the documents on the Yellow Cab Company premises. If you prefer such an arrangement, I request that my clients be allowed to inspect and copy the documents within the same 10 or 15-day timeframe noted above.

Thank you in advance for your cooperation. I look forward to hearing from you very soon.

Sincerely,



Betty Hung, Esq.



Exhibit

3



L.A. Yellow CAB Owners Drivers Association
5208 West Pico Blvd. Ste. #8
Los Angeles, CA 90019
(323) 634-0892

August 19, 2002

Martiros Manukyan
President
LA TAXI Cooperative, INC.
2129 Rosecrans Avenue
Gardena, CA 90249

**Re: Shareholders' concern and
document disclosure request**

Dear Mr. Manukyan:

We, the shareholders of L.A. Yellow Cab, want to resolve the following issues as soon as possible. We expect to get proper and reasonable responses within forty-five days.

-
1. The Board of Directors should consist of seven Directors.
 2. The President and the Chairman of the Board should be full time, paid employees, working for the shareholders.
 3. The Chief Financial Officer (CFO) and the Secretary of the Board must be nominated by the President and approved by majority vote of the Board, and work under the control of the President.
 4. Every Shareholders and Board of Directors Meeting must be thoroughly recorded, written up, and permanently maintained by the secretary in a formal document, the Minutes of the Meeting. The agenda items should be clearly stated, with complete records of which speakers spoke for or against each issue, with a concise statement of their arguments. The Minutes of the Meeting must be readily available during normal office hours for the shareholders to read or copy.
 5. The Board shall make available copies of the 1999, 2000 and 2001 financial statements and full audit report.
 6. The Board shall make available copies of the 1999, 2000 and 2001 insurance loss of run and the manner in which coverage was purchased.



To: Martiros Manukyan
Re: Shareholders' concern and
Document disclosure request
August 19, 2002
Page 2 of 3

7. The Board shall make available copies of any legal contract or informal agreement we have with organizations, corporations or individuals.
8. The business relationships between City Cab and management must be fully disclosed.
9. Member Dues should be reduced to 200.00 a week for a 12 months period. Due to the present business situation many shareholders will be unable to survive under the current membership fee structure.
10. Many shareholders are complaining about the repeated computer malfunctions. We demand that TSI honor the contract.
11. Many shareholders including the Secretary of the Treasury have reported many apparent financial irregularities. Therefore, in order to analyze the situation, we respectfully request that the shareholders be allowed to appoint 3 auditors with appropriate budget. These auditors should report only to the shareholders.
12. The complex bylaws written by management should be replaced by new, simple-to-understand bylaws. To revise this important document, a Bylaw Review Committee should be chosen by the shareholders as soon as possible, with appropriate budget.
13. The shareholders want the Board to be free, fair and in control of the budget. In order to avoid conflict of interest, any member who has any interest in any company that has a contract with L.A. Yellow Cab coop, or who benefits himself or herself, or their extended family in any way, directly or indirectly, must resign from the Board of Directors.
14. We respectfully request that Fiesta Cab not operate in the area that has traditionally been the L.A. Taxi business area and that dispatchers stop giving them the outside calls from the east and southeast areas.



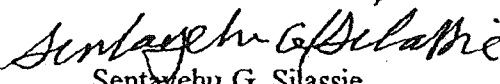
Martiros Manukyan
Re: Shareholders' concern and
Document disclosure request
August 19, 2002
Page 3 of 3

15. Outside calls from the north and northwest areas, which used to be quite frequent, are not coming to us anymore. We need to know why these business opportunities seem to have dried up.

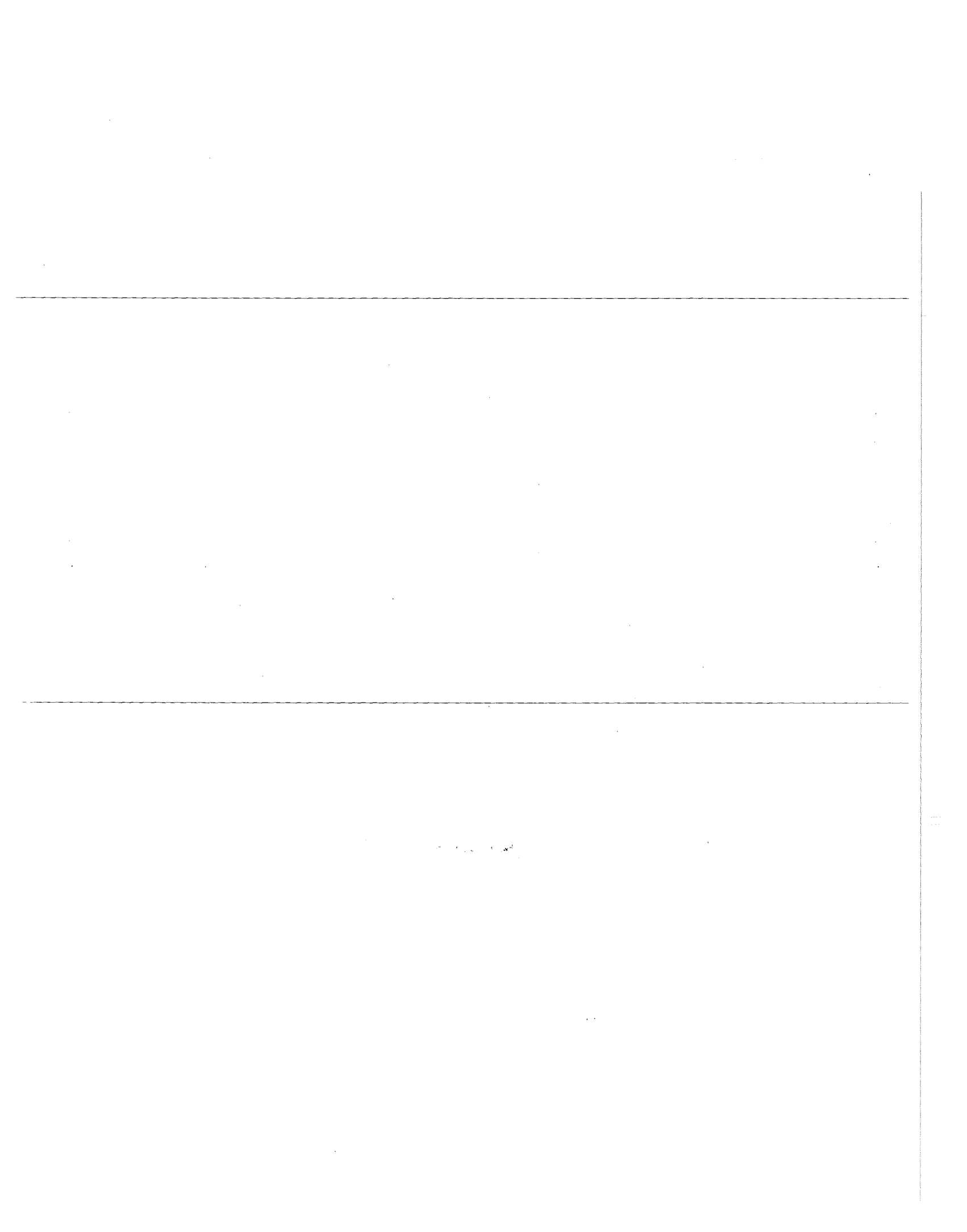
16. Assets and liabilities of L.A. Taxi coop and any assets sold or purchased in the last two years must be fully disclosed.

Thank you for your courtesy and cooperation.

Very Truly,

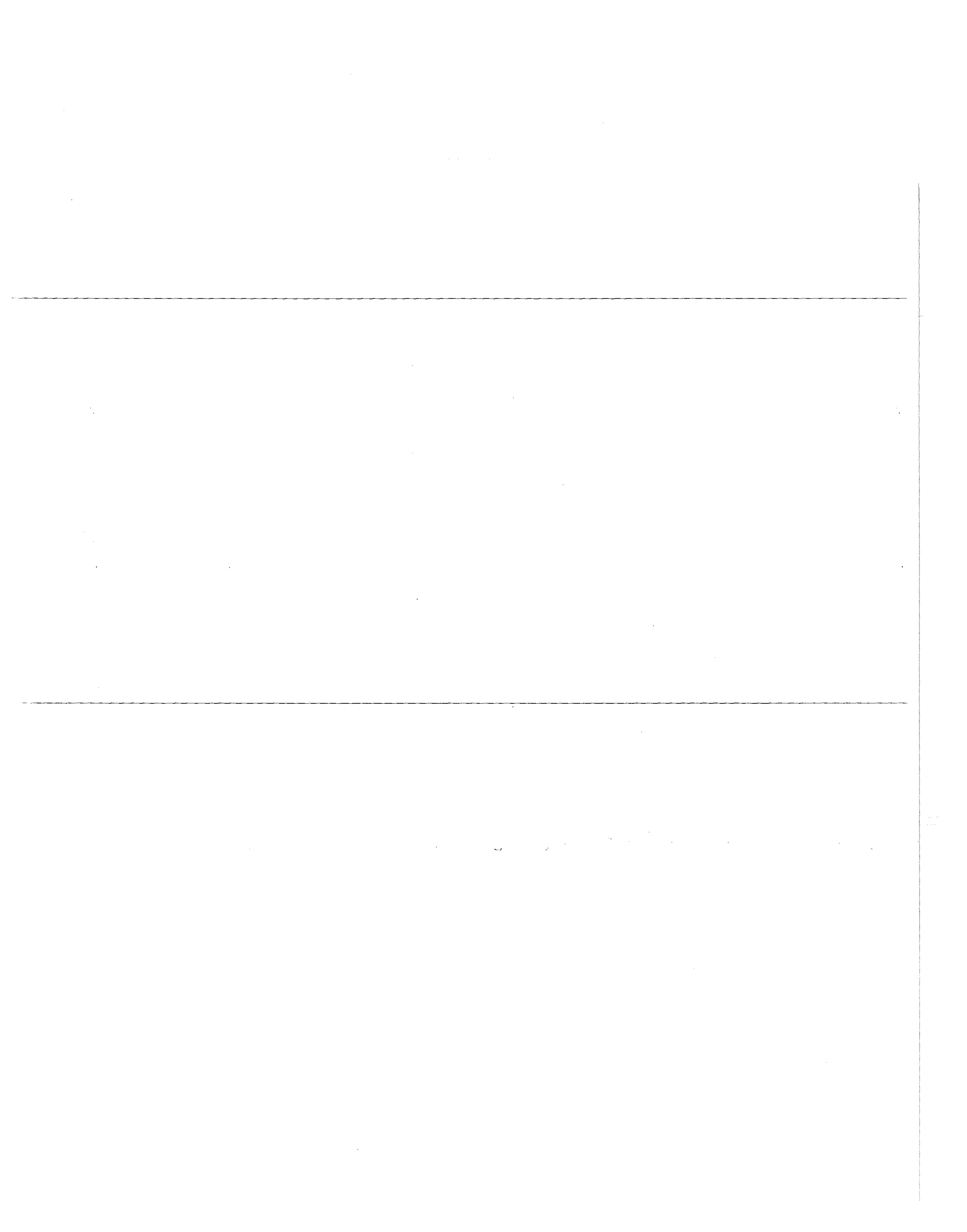

Sentayehu G. Silassie
President

Cc: Mitch Rouse



Exhibit

4



YELLOW CAB COMPANY
BOARD ELECTION IRREGULARITIES – 2007
April 11, 2007

On March 24, 2007, L.A. Taxi Cooperative, Inc. (“Yellow Cab Company”) conducted an election to elect six members to its board of directors. Concerned about past election irregularities, several shareholders requested that Yellow Cab management agree to safeguards to ensure a clean, fair, transparent election. Management rejected most of these safeguards, resulting in several improprieties that favored management candidates. For example, Martiros Manukyan chaired the election despite himself being a candidate.

Nonetheless, due to the insistence of shareholders that a neutral, independent inspector of election (Jim Lafferty of the National Lawyers Guild) be present, the March 24 election results were fair and valid. Two reform candidates, Eyob Asrat Desta and Lazaro Morales Chavarria, were elected and Mr. Manukyan received the second to lowest number of votes.

Two days after the election, however, Yellow Cab management sent a letter to all shareholders broadcasting without any proof that an alleged “error” had occurred, and that Mr. Manukyan and another management-backed candidate should have won the seats held by Mssrs. Desta and Chavarria. Despite shareholder protests, management conducted a recount on April 2, 2007, which resulted not surprisingly in Mr. Manukyan and the other management candidate allegedly winning the seats of Mssrs. Desta and Chavarria.

The following is a synopsis of irregularities relating to and the lack of integrity of the 2007 Yellow Cab board election and recount.

Irregularities at the April 2, 2007, Management-Proposed Election Recount

- ***Management Refused to Permit Yellow Cab Shareholders to Observe Recount:*** One of the fundamental issues at stake on April 2 was whether the votes cast by Yellow Cab shareholders on March 24, 2007, for their choice of board candidates would truly, fairly, and accurately be counted. Yet, not only did management insist on conducting an illegitimate recount, but without any justification, management also denied Yellow Cab shareholders the right to observe the supposed recount of *their* own votes. At least 10 Yellow Cab shareholders were denied entrance to observe the recount. Yet, management employees were allowed to observe the recount.

- ***Despite Repeated Requests, Lists of Shareholders Who Voted on March 24 Were Not Provided Until Recount:*** William Rouse stated in a March 26, 2007 letter to Yellow Cab shareholders that duly elected directors, Eyob Asrat Desta and Lazaro Morales Chavarria, whose seats were at stake in the recount had been sent the sign-in sheets that they requested. In reality, management failed to provide such lists despite multiple requests. To the contrary, management withheld the sign-in sheets from Mssrs. Desta and Chavarria until they again demanded the lists at approximately 12 p.m. on April 2 at the entrance to the hotel meeting room where the recount was held. As a result of management withholding the sign-in sheets, Mssrs. Desta and Chavarria were unable to ascertain, prior to the recount, the number of shareholders who actually registered and ostensibly voted at the March 24 election.

- ***Management-designated Inspector of Election Refused to Certify in Writing Chain of Custody of Cast Ballots:*** At the April 2 management recount, the management-designated inspector of election, Jeffrey Gilbert, refused to sign an up-to-date certificate attesting to the chain of custody of the cast ballots. Given that one week had elapsed since Mr. Gilbert provided a chain of custody certificate dated March 26, 2007, Mr. Gilbert was asked to attest to the chain of custody of the cast ballots as of the April 2 management recount. Mr. Gilbert refused to sign the certificate of chain of custody that Msrs. Desta and Chavarria provided to him, citing that the certificate incorrectly stated that he had locked the ballot box on March 24, 2007, when he had not. Mr. Desta offered to make that correction on the chain of custody certificate and asked Mr. Gilbert sign the corrected certificate. Mr. Gilbert still refused to sign the chain of custody certificate. Nonetheless, management proceeded with the recount.
- ***Cast Ballots Kept in an Unlocked Shoebox in a Home Office for Over One Week:*** According to Mr. Gilbert, the ballots cast on March 24, 2007, were kept in an unlocked shoebox in his home/office during the nine (9) days between the election and the management recount. Moreover, for the management recount to have even a semblance of legitimacy, the management-designated inspector of election should have started the proceeding by unlocking a locked box containing the cast ballots. That is not what happened. To the contrary, according to Msrs. Desta and Chavarria, when they entered the room on April 2, the ballots were already spread out on the table (after having been kept in an unlocked shoe box for over a week, as noted above). The lack of appropriate security for the cast ballots further highlights the lack of integrity and legitimacy of the management recount.
- ***Management Denied Entrance to Counsel for Two Directors' Whose Board Positions Were At Stake:*** Without providing any justification pursuant to state laws or the Yellow Cab bylaws, William Rouse denied entrance to counsel of record for two of the duly elected directors, Lazaro Morales Chavarria and Eyob Asrat Desta, whose board positions were at stake. Instead, Mr. Rouse engaged in baseless name calling while denying Msrs. Chavarria and Desta their right to have counsel present during the management recount.
- ***Management Refused Request for a New Election:*** Despite the panoply of irregularities in the course of the 2007 Yellow Cab election and management recount, management denied shareholders' call for a new board election and instead threatened to sue counsel for Msrs. Desta and Chavarria.

Lack of Integrity of Management-Proposed Election Recount

- ***Yellow Cab Management Rejected Shareholders' Requests for a Hand Count and Immediate Hand Recount on March 24:*** Concerned about the use and integrity of management's computer ballot counting machine, shareholders demanded prior to the March 24 election that a full hand count of auditable paper ballots be conducted rather than computer tabulation. Management rejected this request, insisting on using their computer machine. Still concerned about the integrity of management's computer machine, at the election on March 24, shareholders specifically requested of William Rouse that an immediate hand recount of ballots be conducted after the computer tabulation of results. Mr. Rouse categorically rejected this request for a hand recount. It was only after management-backed candidates, including Martiros Manukyan, lost the election that management sought a recount.
- ***An Immediate Hand Recount Should Have Been Conducted on March 24:*** After the announcement of results on March 24, Martiros Manukyan announced that he would seek a recount. One shareholder called management-designated inspector of election, Jeffrey Gilbert, and specifically requested an immediate on-site recount. Instead of conducting an immediate recount, Yellow Cab management waited over one week to conduct a recount.

- ***Yellow Cab Management Broadcast to All Shareholders an Alleged “Error” Occurred in the March 24 Election Without Any Evidence or Proof:*** Without adequate proof or explanation, management sent a letter about an alleged error in election results to the entire membership of the cooperative and attempted to cast doubt on the election results. This raises several concerns, including: Why was the alleged error not immediately identified at the March 24 election? Why the belated announcement to all shareholders in William Rouse’s March 26, 2007, letter without even the courtesy of first informing the duly elected board members of this supposed mistake? Why was management suddenly so supportive of a recount when management rejected previous shareholder requests for a recount?
- ***Management Failed to Provide Written Notice of Recount to Duly Elected Board Members and Counsel:*** Despite several requests by Mr. Chavarria and Mr. Desta and their counsel, Yellow Cab management failed to provide proper written notice regarding management’s proposed election recount on April 2, 2007.
- ***Yellow Cab Management’s Double Standard/ Rejected Past Shareholder Requests for Election Recounts:*** In 2005, Yellow Cab management and the newly elected board of (management-backed) directors rejected a demand by Yellow Cab shareholders for a recount of ballots without any justification. The 2005 recount request was based on the shareholders’ concerns about numerous election irregularities, including Yellow Cab management’s insistence on using and operating a computer ballot counting machine despite shareholder protests.

Management Rejected Shareholders’ Requests for a Hand Count and Insisted on Using Computer Machine

- ***Manukyan and Yellow Cab Management Insisted on Using Computer Ballot Tabulation Machine:*** Despite shareholder requests for a hand count of auditable paper ballots, Manukyan and Yellow Cab management insisted on using the computer ballot tabulation machine at the March 24 election. Yellow Cab management personnel rejected shareholders’ demands for a hand count and instead provided (and apparently programmed) the computer machine used at the March 24 election.
- ***Past Irregularities with Computer Ballot Tabulation Machine:*** In past Yellow Cab elections, management used the computer ballot tabulation machine in spite of shareholder opposition. When shareholders protested and demand a hand recount of the ballots, Yellow Cab management refused their request.

Conflicts of Interest

- ***Manukyan Chaired Election Despite Being a Candidate:*** Yellow Cab President and candidate for the Yellow Cab board of directors Martiros Manukyan chaired the March 24, 2007, election despite repeated shareholder protests over his conflict of interest.
- ***Management Rejected Shareholders’ Requests that Candidates Disclose Conflicts of Interest:*** Martiros Manukyan and Yellow Cab management refused shareholders’ requests that board candidates disclose all conflict(s) of interest prior to the board election. This is despite Mr. Manukyan’s admission that, as recently as two years ago, employees of Van Ness Management (which has a multimillion dollar contract with Yellow Cab and is controlled by the Mitchell Rouse family) either served on or ran for the Yellow Cab board.

Election Procedures Which Unfairly Favored Management Candidate(s)

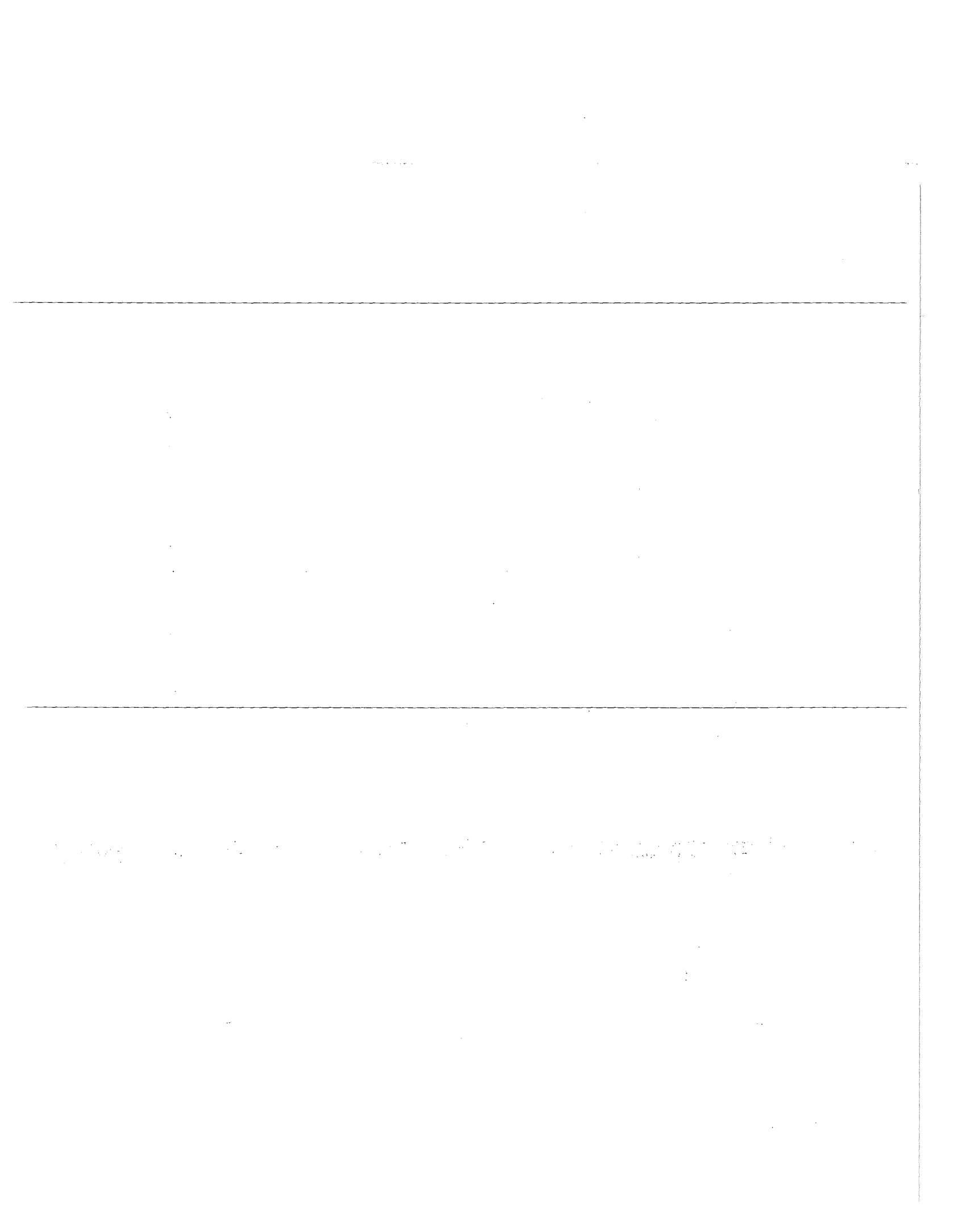
- ***Manukyan Prevented Shareholders from Speaking and Asking Questions Prior to Election:*** Manukyan exercised his role as chair of the meeting and election to avoid questions and deflect any criticism of his track record. Manukyan denied shareholders the right to ask questions and to speak on critical company issues prior to casting of ballots.
- ***Manukyan Spoke to Shareholders 5 to 8 Times Longer than Other Board Candidates:*** Martiros Manukyan and Yellow Cab management restricted board candidates to a mere two minutes each despite requests from shareholders that candidates be given more time to address shareholders on critical issues facing the company. While imposing the time limit on other candidates, Manukyan afforded himself the additional opportunity of giving a "President's Message" that lasted at least 10 to 15 minutes.
- ***Manukyan Stood Next to Candidates During their Speeches:*** Manukyan stood right next to Altaye Asfaw, a candidate for the board, in an intimidating manner while Mr. Asfaw was giving his speech. It was only after protests by a shareholder from the floor that Manukyan sat down.
- ***Management Employees Oversaw and Administered Several Critical Components of the Election:*** Company employees supervised by management operated several critical components of the election, including: registration of shareholders; evaluation of shareholder eligibility to vote; and handling and distribution of ballots.

Management Withheld Information from Duly Elected Board Members, Board Candidates, and Shareholders

- ***Failed to Provide Name and Other Information on Management-designated Security:*** Yellow Cab management refused to disclose background information on management's designated security for the election, including the name of the security firm and whether it has ties or affiliations to the Mitchell Rouse family.
- ***Failed to Number-Code Election Ballots and Provide to Shareholders for Review:*** Yellow Cab management refused repeated shareholder requests for a copy of the ballot prior to the March 24, 2007, election – the very ballot which now is in question. Yellow Cab management also failed to heed shareholder requests that each ballot be coded with a serial number in order to ensure that the marked ballots are auditable.
- ***Resisted Providing Information on Management-designated Inspector of Election:*** Despite repeated shareholder inquiries prior to and after the March 24 election, management failed to provide the name or any other background information on their designated inspector of election. It was only after numerous written requests that management provided a modicum of information at the 11th hour before the April 2 recount.

Exhibit

5



January 5, 2007

VIA HAND DELIVERY

Martin Shatakhyan, President
Mlese Adamu, Treasurer
United Independent Taxi Drivers, Inc.
900 N. Alvarado
Los Angeles, CA 90026

Dear Gentlemen:

We are writing because we are deeply concerned about management's refusal to provide members with copies of the recently released forensic audit of United Independent Taxi Drivers, Inc. ("UITD") finances.

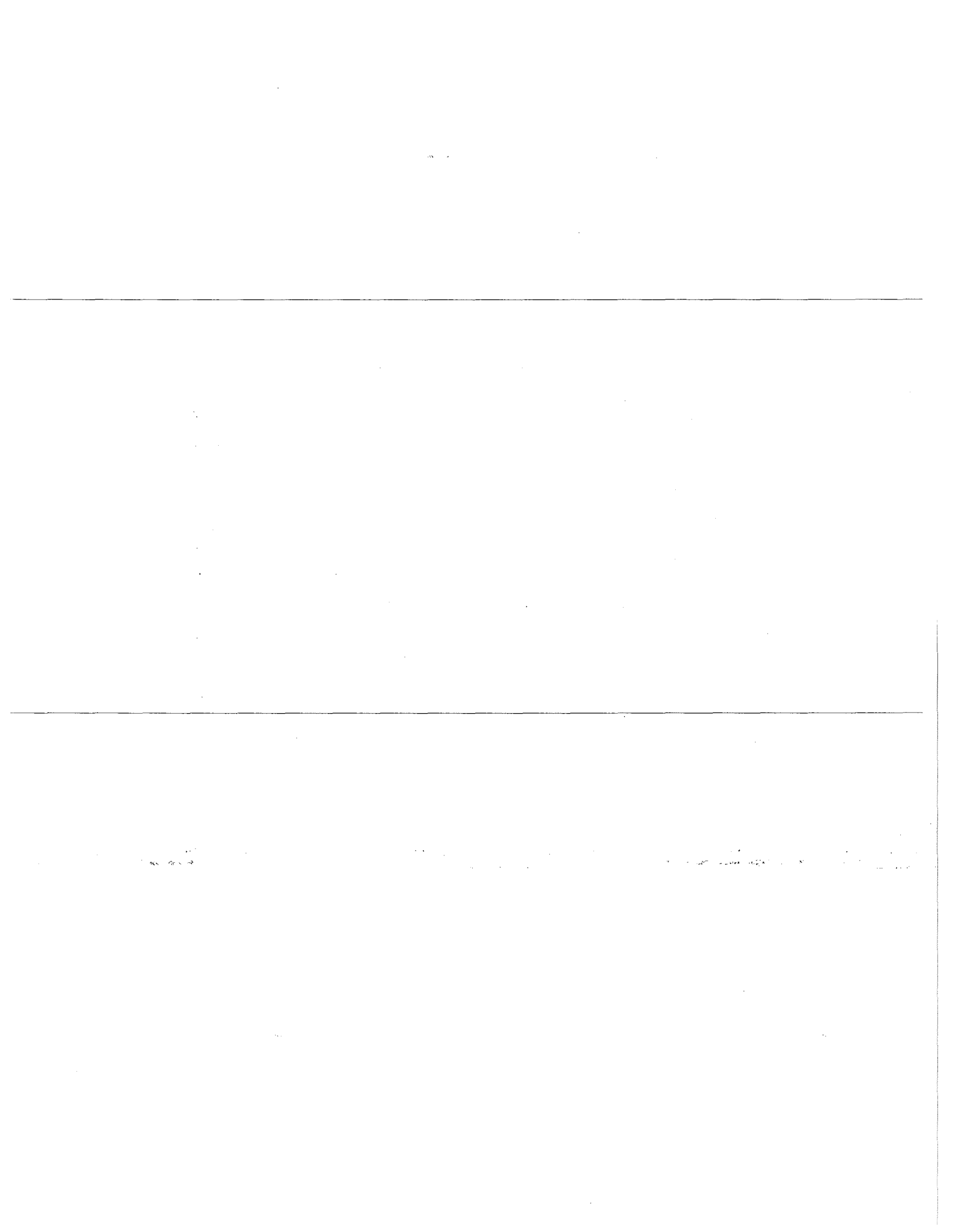
As members of UITD who invested thousands of dollars in the company and who continue to pay thousands of dollars each year for member dues, insurance, and special assessments, we have a strong interest and stake in knowing how our hard-earned money is being spent by company management. We have a right to know whether UITD finances – and our hard-earned dollars – are being properly managed, whether UITD financial policies and practices are sound, and whether any improvements need to be made to UITD's financial practices to protect the company and all of our members.

This is the reason why we each paid approximately \$135 dollars to the company as requested to pay for the forensic audit of UITD conducted by Stonefield Josephson ("Forensic Audit"). We believed that it was important to get to the bottom of the numerous issues relating to financial mismanagement at UITD. We paid for the Forensic Audit because we thought it would help us to understand how management is spending our money and the impact on the value of our investments in the company.

Yet, management and all but two of the Board of Directors are now denying us members the right to have copies of the Forensic Audit – even though we are the ones who paid to fund it. Aren't we supposed to be a democratic membership organization? Shouldn't we as members have the right to have copies of the Forensic Audit that we can take the time to read and truly understand what is going on with what is supposed to be OUR company?

Instead management apparently doesn't trust us or has something to hide since you only will allow us to examine the Forensic Audit at the UITD office in the presence of a UITD officer and not make copies. How are we supposed to review and really understand the Forensic Audit if we can look at it only under these Big Brother-type circumstances?

We urge you to reconsider your decision and immediately provide to each and every member of UITD a copy of the Forensic Audit.



We request a written response from you to be received by January 8, 2007. You can send the response to: Tamirat Chilot, 1963 Bedford St., Apt. 4, L.A., CA 90034. We look forward to your cooperation.

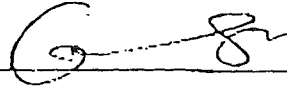
(With exception of employees information) TAC

Sincerely yours,

Print Name

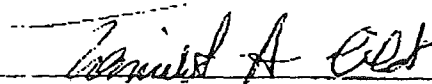
Signature

Guomard Sine



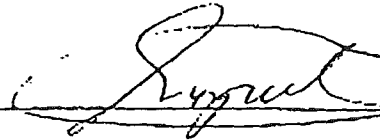
#112

TAMIRAT A. CHILOT



#1299

Robert L. Norman



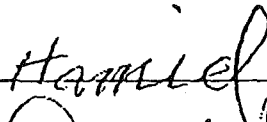
#192

Martel Reid

MARTEL REID

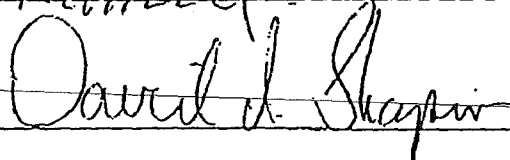
#43

H. Scapin



#129

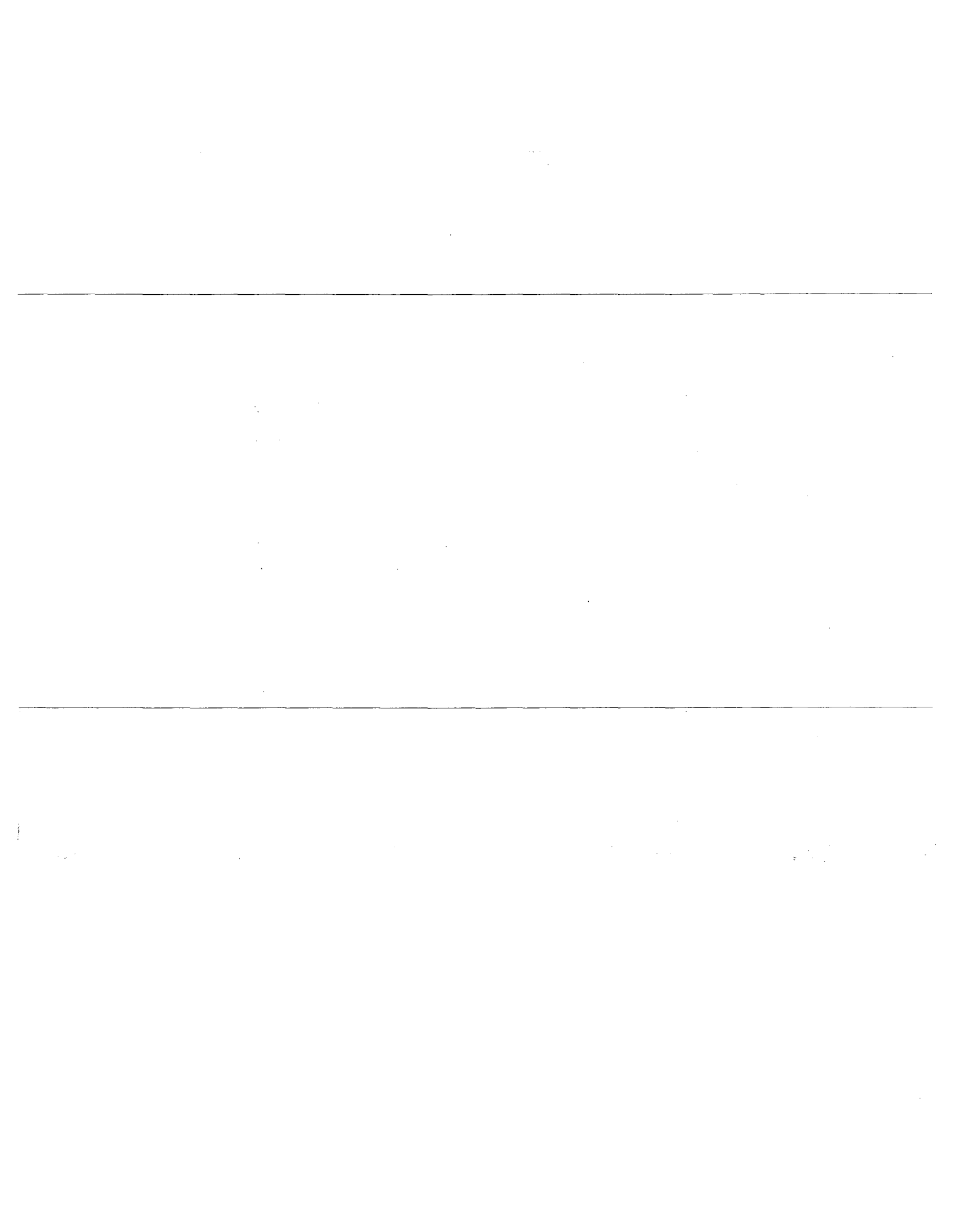
DAVID I. SHAPIRO



#1

Exhibit

b



United Independent Taxi Drivers, Inc.

October 23, 2001

**Deloitte
& Touche**

Privileged and Confidential
Tentative and Preliminary
Prepared for Discussion Purposes Only

1

Summary of Key Findings

- Violations of Corporate Bylaws
- Destruction of financial records
- Lack of documentation for financial transactions, including:
 - ▶ Related party transactions
 - ▶ Debt agreements
 - ▶ Insurance premiums & coverages
 - ▶ Hotel & parking lease expenses
- Loan repayments to Michael Adler via checks payable to “cash” to various individuals
- Misclassification of political contributions
- Potential conflicts of interest by vendors/members

Summary of Key Findings

- Insufficient training and experience of accounting personnel
- Poor filing system of books and records
- No audit of member dues
- \$2 million in checks made payable to “cash” in 1999 and 2000
- Insurance payments by members were substantially less compared to actual insurance payments made by UTTD to John Burnham & Co.
- Interest payments to PM Factors
 - ▶ Exceeding contractual terms
 - ▶ Lacking specificity as to term and rate

