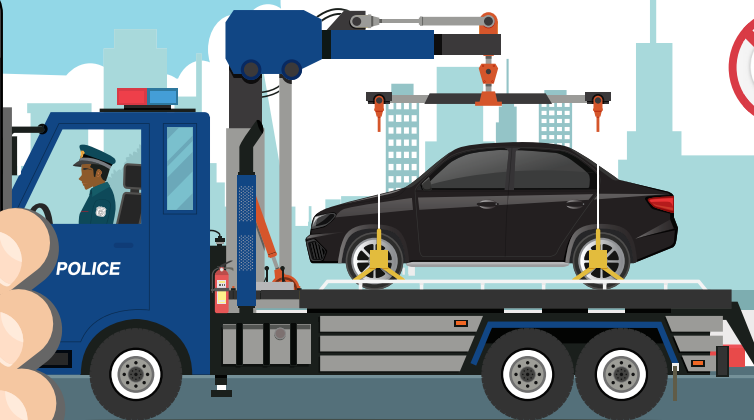




University
Transportation
Research Center

Addressing Unlicensed & Illegal Ride Hailing in the NY/NJ Metro Region



Author:

Matthew W. Daus. Esq.,

Transportation Technology Chair, UTRC

September 2025

Combating Illegal and Unlicensed For-Hire Drivers

Matthew W. Daus, Transportation Technology Chair

University Transportation Research Center

September 2025

Contents

Scope and Purpose	i
Executive Summary	i
Methodology	iii
I. Background.....	1
A. Illegal Street Hails	1
Case Study: Persistent Hustlers at JFK Airport.....	2
B. Unlicensed Pre-Arranged Services.....	2
Case Study: NYC WhatsApp Dispatcher Networks (Virtual Bases)	4
C. Why Unlicensed Operators Are a Problem	6
1. Insurance Gaps	6
2. Passenger Safety Risks.....	8
3. Unfair Competition, Tax Evasion & Fraud.....	10
D. Why Unlicensed Operations Persist.....	11
1. Barriers to Lawful Entry	11
2. Higher Take-Home Pay Outside the System.....	11
3. Lack of Effective Enforcement	12
4. Difficulty Distinguishing between Legitimate Rideshare Drivers & Off-App Activity	13
5. The Public Is Unaware	13
6. Virtual Base Enforcement Issues	14
II. Solutions to the Problem.....	15
A. Enforcement Through Fines, Vehicle Seizure, and Criminal Penalties.....	15
B. Criminalize Impersonating a Rideshare, For-Hire Vehicle, or Taxi Driver.....	18
C. Target Illegal Dispatcher Networks	19
D. Laws Targeting Advertising of Unlicensed For-Hire Services.....	20
E. Technological Solutions.....	21
1. Use of Data Analytics to Support Enforcement	21
2. Digital Verification Requirements for TNCs	21
3. Mobile Reporting Tools	22
F. Measures Targeting Illegal Street Hails at Airports & Venues	22

G.	Public Awareness & Education Campaigns	24
IV.	Recommendations.....	27
V.	Conclusion	28

Scope and Purpose

This report examines the rise of illegal and unlicensed for-hire vehicle (FHV) operations in New York and New Jersey, focusing on unauthorized taxis, limousines, and off-platform rideshare drivers. It identifies the risks they pose, the regulatory gaps they exploit, and the enforcement challenges confronting state and local authorities.

Aimed at policymakers, regulators, law enforcement, and industry stakeholders, the report draws on legal analysis, field investigations, and case studies to highlight how these drivers evade oversight and undermine public safety and legitimate businesses.

The goal is to support a more strategic, coordinated response—offering practical solutions for enforcement and regulation in the region and insights relevant to other jurisdictions facing similar threats.

Executive Summary

Illegal and unlicensed for-hire drivers pose increasing safety, legal, and economic risks in communities across the United States. They transport passengers without required licensing, insurance, or regulatory oversight, putting riders at risk while undermining compliant businesses and depriving governments of critical revenue.

Unlicensed services often operate through illegal street hails or unauthorized pickups in high-demand areas like airports, nightlife zones, and event venues. Passengers may unknowingly ride with drivers lacking background checks, insurance, or vehicle inspections—leaving them vulnerable in case of an accident. Unlicensed operators also undercut licensed drivers and operations by avoiding taxes, fees, and safety regulations.

Illegal operations persist for several reasons: barriers to lawful entry into the industry, low enforcement levels, limited public awareness, and easy online advertising through platforms like Facebook, Craigslist, and Yelp. Many enforcement agencies lack the resources, personnel, or legal tools to keep up with the scale of the problem, especially as illegal operators adopt increasingly sophisticated tactics.

This report examines the nature of unlicensed for-hire activity, identifies enforcement gaps, and outlines policy tools and best practices.

Key Recommendations

1. Strengthen Enforcement Authority

Expand the powers of regulatory and enforcement agencies to issue civil fines, suspend or revoke licenses, and impound unlicensed vehicles. Enact laws to criminalize driver impersonation, misuse of rideshare decals, and unauthorized operations at transit hubs.

2. Deploy Undercover Stings and Surge Patrols

Increase targeted enforcement at high-risk locations—airports, stadiums, and nightlife areas—especially during peak periods. Encourage interagency coordination among law enforcement, transportation regulators, and port authorities.

3. Target Illegal Advertising

Prohibit the promotion of unlicensed for-hire services through websites, apps, and social media platforms (*e.g.*, Craigslist, Facebook, Yelp, WhatsApp). Use digital evidence, including screenshots and metadata, to pursue violators and apply escalating penalties for repeat or organized offenders.

4. Target Unlicensed Virtual Bases

Enforce against licensed drivers accepting trips through WhatsApp or other unlicensed groups by requiring electronic trip record checks, issuing solicitation and non-cooperation summonses, and using repeat-offender provisions to suspend or revoke licenses, while also pursuing penalties against unlicensed base operators.

5. Mandate Robust Enforcement

Direct taxi and limousine regulators and port authorities to allocate sufficient resources toward detecting and prosecuting unlicensed drivers and dispatchers. Enforcement must be consistent and visible to ensure statutory penalties function as an effective deterrent.

6. Leverage Technology for Detection and Reporting

Implement geofencing requirements, automated license plate readers, and mobile reporting tools to identify unlicensed drivers at high-risk locations. Partner with transportation network companies (TNCs) to flag off-app solicitations and issue in-app safety alerts. Develop tools for the public to report illegal activity in real time.

7. Enhance Passenger Awareness

Launch public awareness campaigns to warn riders about the risks of unlicensed drivers. Train frontline workers (*e.g.*, airport, hotel, and venue personnel) to help riders identify and connect riders with legal transportation providers.

8. Foster Collaboration with Industry Associations

Regulatory and enforcement agencies should collaborate with industry associations, such as the Chauffeured Transportation Association of New Jersey (CTANJ), to enhance intelligence gathering, share best practices, and support compliant drivers and operations. These associations provide valuable on-the-ground insights into emerging trends, illicit operator tactics, and regulatory challenges. Formalizing collaboration through regular communication, advisory roles, or joint outreach can help tailor enforcement strategies, improve public awareness efforts, and ensure that policies reflect the realities of the for-hire transportation industry.

9. Support Lawful Entry into the Market

Reform licensing requirements to reduce unnecessary costs and red tape that drive for-hire drivers underground. Offer clear legal pathways to become licensed and insured.

10. Advance Legislative Reform

Enact laws to:

- Authorize vehicle seizure for repeat offenders.
- Criminalize fraudulent representation, including impersonation and use of fake or expired credentials or decals.
- Require regulators to publish searchable license databases for public verification; require license numbers in all advertising.
- Expand the scope of regulation to cover informal ride networks not governed by existing TNC or base licensing laws.

Together, these strategies provide a comprehensive framework for cracking down on illegal for-hire activity, safeguarding passengers, and leveling the playing field for licensed drivers and companies.

Methodology

This report employs a mixed-methods approach that combines industry collaboration, primary source accounts, and secondary data review to analyze the scope of illegal for-hire vehicle operations in New York and New Jersey. Research was conducted in partnership with the Black Car Assistance Fund and the Chauffeured Transportation Association of New Jersey (CTANJ), both of which provided access to member perspectives and industry data. In addition, the research team engaged with licensed limousine companies operating in New York City and New Jersey. These participants supplied first-hand accounts, documentary evidence, and screenshots that illustrate how illegal drivers and operations organize, solicit passengers, and compete with compliant businesses.

To safeguard the privacy and safety of contributors, the identities of individual drivers and bases (whether licensed or not) are not disclosed in this report. Where screenshots or other documentary evidence are included, identifying details have been withheld to prevent potential retaliation against the individuals or entities that provided them. This confidentiality measure ensures that the report can present reliable evidence while protecting those who assisted in the research.

The report also incorporates statutory and regulatory materials, including relevant provisions of New York and New Jersey law, as well as publicly available enforcement statistics published by the New York City Taxi and Limousine Commission and other local authorities. Comparative

analysis was used to highlight differences in statutory penalties and enforcement practices across jurisdictions. By integrating stakeholder testimony with regulatory and enforcement data, the report aims to provide a comprehensive and empirically grounded account of the illegal for-hire vehicle market and the challenges it presents to regulators, industry participants, and consumers.

I. Background

Illegal and unlicensed for-hire drivers are individuals or companies that transport paying passengers without meeting the legal requirements for licensing, insurance, or regulatory oversight. These operators function outside the bounds of laws designed to protect public safety and ensure accountability. They typically solicit riders through street hails or pre-arranged bookings, but lack the authority to do so legally.

A. Illegal Street Hails

An illegal street hail occurs when a driver not legally authorized to accept street hails picks up a passenger, often by pulling over when they see someone hailing a cab or searching for a rideshare driver.¹ Only licensed taxis—or in certain jurisdictions, specially designated vehicles such as NYC Street Hail Liveries—may legally accept hails from the street or without prearrangement. Illegal pickups are common in high-traffic areas such as airports, transit hubs, nightlife districts, and major event venues, particularly when demand outpaces the availability of legal services.

Drivers engaging in illegal street-hails may have credentials to provide prearranged service, such as a chauffeur’s license or for-hire vehicle registration. Some are rideshare drivers, licensed only for pre-arranged trips via a TNC, who unlawfully pick up passengers directly.

Illegal street-hail activity tends to concentrate in high-demand areas where passengers are plentiful, licensed taxis and rideshare options are scarce, and enforcement is inconsistent or stretched thin. These environments create ideal conditions for unlicensed drivers to operate with low risk and high reward.

- **Airports and Transit Hubs:** Drivers solicit arriving travelers unfamiliar with local transportation rules, sometimes posing as licensed limousine or rideshare drivers.
- **Nightlife Districts:** Intoxicated or distracted passengers are prime targets for impersonation scams (*e.g.*, “Are you waiting for an Uber?”).
- **Stadiums and Event Venues:** Surge pricing and limited availability push crowds toward quick, off-app rides for cash.
- **Major Multi-Day Events:** High-profile events like the Super Bowl, Kentucky Derby, or Olympics create demand spikes that overwhelm legal supply, allowing illegal operators to exploit gaps.

¹ In regulatory or legal contexts, the term “street hail” is often used to contrast with “pre-arranged” rides, especially when defining legal boundaries for ride services like taxis, limousines, and rideshares.

Case Study: Persistent Hustlers at JFK Airport

At John F. Kennedy International Airport, the hustle is alive and well. Unlicensed drivers—known in industry circles as “hustlers”—work the terminals daily, targeting travelers who are often exhausted, unfamiliar with the city, and easy prey. Security personnel describe the operation as routine: the same faces appear day after day, circling the arrival areas, scanning for passengers to approach. When police show up, the drivers scatter, only to regroup minutes later once the coast is clear. It is a cat-and-mouse game in which enforcement rarely seems to gain the upper hand.

The vehicles used in these hustling schemes often carry private plates, similar to TNC vehicles, muddying the waters of enforcement. If the cars are not affiliated with New York City Taxi and Limousine Commission (NYC TLC) licensees, the responsibility may fall to the Port Authority. Yet this jurisdictional ambiguity has created an enforcement gap. The activity is not confined to the curb, either. Hustlers have been seen walking inside terminals, weaving through baggage claim and greeting areas, pitching rides directly to unsuspecting passengers.

One source, returning to JFK on a JetBlue flight, reported seeing eight drivers openly hustling rides at the terminal.² Port Authority staff were present but disengaged, some with headphones on, appearing to ignore the activity entirely. The same source overheard drivers quoting exorbitant fares to travelers—evidence not just of unauthorized solicitation, but of outright gouging.

These accounts reveal a troubling pattern: unlicensed drivers have figured out how to stay one step ahead of the rules. They vanish at the first sight of law enforcement, then return moments later, emboldened by the lack of consistent crackdowns. The perception, both from employees and security personnel, is that compliance simply is not being prioritized. And without a unified enforcement approach from the NYC TLC and the Port Authority, hustling at JFK is likely to continue unchecked.

Some have suggested more aggressive penalties, such as suspending licenses after multiple violations, as a deterrent. But such measures would only work if the citations are actually issued and followed through with coordinated action. Right now, the reality at JFK suggests a system that looks the other way—while passengers are left vulnerable and legitimate operators are undercut by an underground market thriving in plain sight.

B. Unlicensed Pre-Arranged Services

Unlicensed pre-arranged services involve drivers or companies accepting bookings in advance—often through a website or phone—without the necessary permits to operate legally. These operators may look and act like legitimate limousine companies: they accept electronic

² To ensure the safety and privacy of individuals who contributed evidence, the source is not being disclosed.

payments, set up business entities, employ drivers, and in some cases even charge taxes. But behind the façade, they are evading critical licensing, safety, and insurance requirements.



Figure 1. Facebook Marketplace screenshot.

transportation in New Jersey. In one investigation, a driver operated an LLC and employed two independent contractors to provide services. Others charged sales tax, despite New Jersey repealing the sales tax on limousine services in 2017.³ Some operated fleets of vehicles or had a

These businesses post ads on Craigslist, Yelp, and Facebook, or build professional-looking websites with logos, booking engines, and credit card payment options. They use search engine marketing to lure customers to their website. To the untrained eye, they are indistinguishable from regulated providers.

If you want to understand how easy it is to be misled, try this yourself: Google your hometown and “airport car service.” You will see dozens of polished websites promising professional transportation. Can you tell which ones are licensed and insured, and which ones are completely illegal? Most people can’t—and that’s the problem. Consumers searching online are often unknowingly directed to unlicensed operators who look legitimate but are not. To the average consumer, there’s no way to tell whether a booking request is tied to a regulated operator—or to a hustler with a smartphone.

The growth of the rideshare industry has made the issue even worse. Some app-based drivers build their own private client base and start offering rides outside of the platform, violating both local laws and the terms of service of the rideshare companies.

The Chauffeured Transportation Association of New Jersey (CTANJ) has documented several cases of unlicensed operators advertising on online platforms and providing for-hire

³ www.nj.gov/treasury/taxation/limousine-operators.shtml; NJ Rev Stat § 54:32B-3

network of drivers. These findings highlight how unlicensed operations can mimic legitimate businesses in form, while evading oversight and putting passengers at risk.

Case Study: NYC WhatsApp Dispatcher Networks (Virtual Bases)

In New York City, a sprawling underground market has taken shape online, where dispatchers and drivers connect through WhatsApp groups that look more like digital dispatch systems than informal chat threads. Behind the glossy names—*Platinum Luxury Transportation*, *Black Diamond Limousine*, *Prime Time Luxury Chauffeur*—are groups with hundreds, sometimes over a thousand members, many of them operating completely outside the law.

The playbook is simple. There's an administrator who monitors the group, admitting and expelling members. The members are dispatchers and drivers. Dispatchers post ride requests, often taken from internet bookings, and drivers respond to claim them. These groups replicate the functions of For-Hire Bases but operate entirely outside NYC's licensed base system.

Many dispatcher names and phone numbers appear on public websites, Yelp pages, or Facebook listings for limousine services. One investigation uncovered that the WhatsApp number of a dispatcher named was the very same number listed on the website of a NYC TLC-licensed base, a NYC TLC-licensed base. Even though the base has a license, there is a serious concern that bases may not be properly vetting drivers and vehicles to ensure compliance with NYC TLC rules, and siphoning business from legitimate companies.

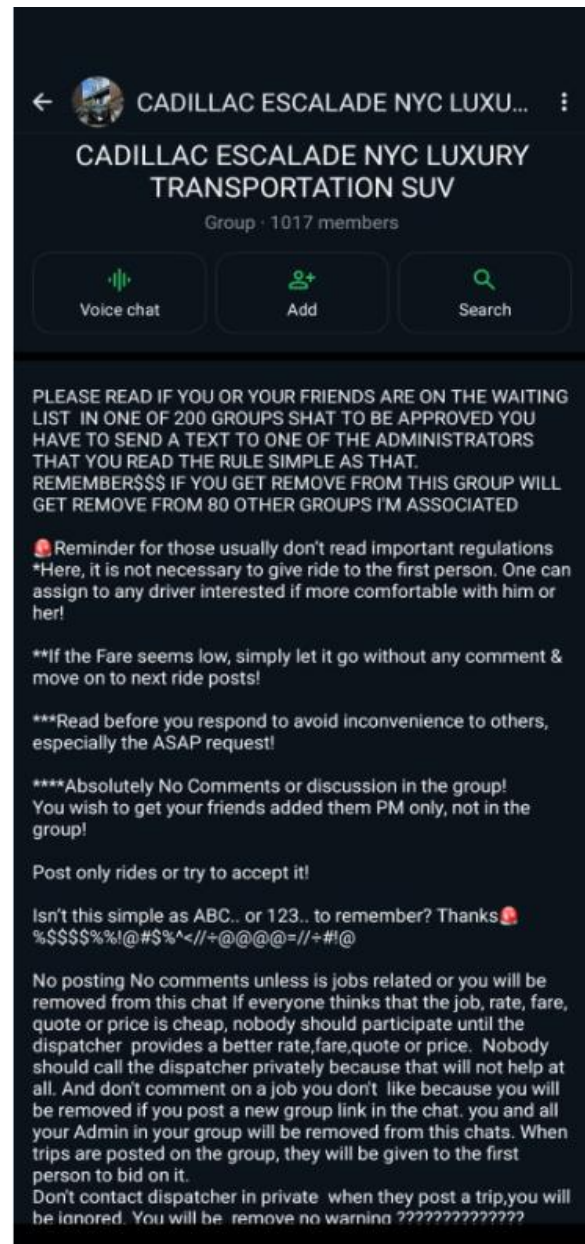


Figure 2. Screenshot of WhatsApp driver group rules

Inside the groups, the rules are spelled out bluntly (see Figure 2). One post warns members that group admins will remove drivers without a picture of themselves and their car. Another adds a more menacing note: “REMEMBERS\$\$\$ IF YOU GET REMOVE FROM THIS GROUP WILL GET REMOVE FROM 80 OTHER GROUPS I’M ASSOCIATED.” Drivers are even instructed to follow strict posting formats when advertising jobs, or risk having their posts deleted.

And the jobs themselves are anything but small-scale. In addition to SUV and sedan trips to the airport, posts have sought drivers with infant car seats, wheelchair-accessible vehicles, and even 50–60 passenger buses—services that require extensive licensing and insurance (see Figure 3). In short, the underground dispatch market is competing head-to-head with legitimate operators, but without the compliance costs or consumer protections.

The scale is staggering. Group rosters read like the membership list of a major trade association:

- NYC Luxury Chauffeurs – 1,061 members
- Time Square VIP Limo – 1,021 members
- The Plaza Hotel Doorman – 1,014 members

Even smaller groups with 916 members represent hundreds of active drivers and dispatchers operating in plain sight.

Taken together, these WhatsApp networks are more than just chat groups. They are the infrastructure of an unlicensed transportation economy. The NYC TLC’s rules prohibit for-hire vehicle drivers from accepting passengers except through a licensed base.⁴ These groups have been brought to the NYC TLC’s attention repeatedly, yet little visible action has been taken. Despite mounting evidence and industry complaints, the agency has not demonstrated a sustained strategy to investigate or dismantle these networks. By failing to act, regulators have allowed illegal operators to entrench themselves in the market, eroding consumer protections and undermining legitimate businesses.

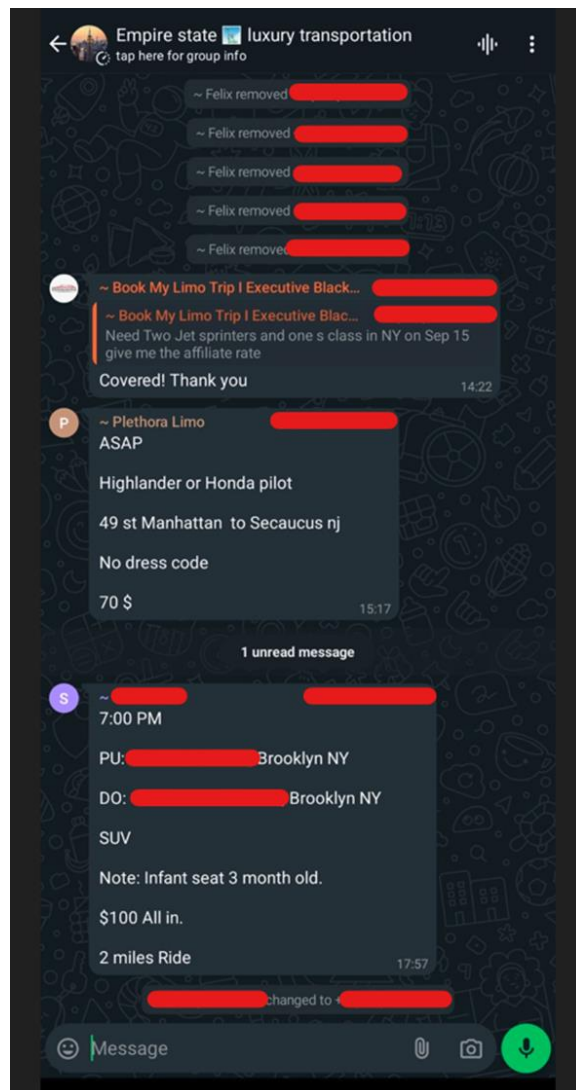


Figure 3. Screenshot of WhatsApp driver group dispatch

⁴ 35 RCNY § 80-19(c)(1)

C. Why Unlicensed Operators Are a Problem

Unlicensed for-hire drivers pose serious safety, legal, and financial risks to passengers and undermine fair competition. Without proper insurance, vehicle inspections, or background checks, these operators expose the public to unacceptable levels of risk and deprive governments and licensed businesses of revenue and accountability.

1. Insurance Gaps

a) Vehicle Insurance

Unlicensed drivers—including rideshare drivers operating off-app—lack the commercial vehicle insurance required for transporting passengers. As a result, passengers, pedestrians, or other drivers may be left uncompensated in the event of a crash. CTANJ found that several unlicensed drivers believed they were adequately insured simply by increasing their personal policy limits, demonstrating a widespread misunderstanding of coverage requirements.

Most personal auto policies include a livery exclusion, which denies coverage when a vehicle is used to transport passengers for a fee.⁵ If an unlicensed for-hire driver is involved in an accident while working, their insurance will likely deny liability, personal injury protection (PIP), and property damage (PD) claims. Injured parties may be forced to sue the driver personally—often a futile path due to limited assets—or seek compensation through their own uninsured/underinsured motorist (UM/UIM) coverage, if available.

Even drivers with rideshare endorsements on personal auto policies are not covered when driving off-app. These endorsements, and the blanket liability coverage provided by the rideshare companies, only apply while the driver is logged into the app and engaged in authorized trips. Similarly, even a commercial auto policy may deny coverage if the driver lacks the necessary for-hire licensing, based on policy exclusions for illegal or unauthorized activity or for material misrepresentations about licensing status during the application process.⁶

It is critical to highlight the stark contrast between legitimate, regulated operators and those working illegally.

Insurance Requirements

Jurisdiction/Category	Guaranteed Insurance Coverage
New Jersey – Limousine	\$1.5M CSL

⁵ See NYCCRR § 60-1.2(a).

⁶ In some states, public policy or state insurance regulations may limit the insurer’s ability to deny third-party liability even when the insured is unlicensed. However, insurers generally have stronger grounds to deny first-party coverage or cancel the policy going forward.

Jurisdiction/Category	Guaranteed Insurance Coverage
New Jersey – TNC (On App)	Ride request accepted until trip completed: \$1.5M liability + \$1.5M UM/UMI App on, available for ride request: \$50,000 / \$100,000 / \$25,000
New York State – Limousine/Livery	\$25,000 / \$50,000 bodily injury + \$50,000 / \$100,000 death + \$10,000 property damage + \$50,000 PIP (local regulator may require higher coverage)
New York State (Outside NYC) – TNC (On-App)	Ride request accepted until trip completed: \$1.25M liability + \$1.25M UM/UMI App on, available for ride request: \$75,000 / \$150,000 / \$25,000
New York City – Black Car Base	\$100,000 / \$300,000 bodily injury or death + \$10,000 property damage + PIP
New York City – Luxury Limousine Base FHV	\$500,000 / \$1M bodily injury or death + PIP
Off-App/Illegal Operators	\$0

This disparity underscores why unlicensed operations are such a threat: not only do they bypass insurance and safety requirements, but they also shift the cost of accidents and injuries onto passengers, victims, and the public.

b) Workers' Compensation Insurance

An overlooked but serious risk of unlicensed for-hire transportation is that drivers have no workers' compensation protection when doing this work. For drivers who would otherwise be eligible for workers' comp when driving for a licensed limousine company or a TNC, taking an off-the-books job eliminates that protection entirely. If an accident occurs, there is no wage replacement for lost time from work and no coverage for medical expenses. This leaves drivers—and their families—without the safety net that regulated operators are required to provide.

In New York, the Black Car Fund provides workers' compensation and other benefits to affiliated drivers. But its protections only apply to trips dispatched through Member Bases. If a driver takes an illicit trip, even if they are affiliated with a Member Base, they are excluded from coverage. Beyond losing workers' comp, they may also forfeit eligibility for additional benefits

under the Fund's Drivers Benefits Program, including wellness services and the \$100,000 death benefit for eligible licensed drivers killed while working.

The problem is not limited to New York. In New Jersey, properly licensed limousine operators are required to provide workers' compensation for their drivers, and TNCs also provide coverage under state law. But drivers who engage in unlicensed work step outside these protections. In effect, they forfeit the benefits they would otherwise receive if they operated through legitimate channels.

From a policy standpoint, this creates a double harm: passengers are exposed to uninsured operators, while drivers face life-altering risks with no safety net. Stronger enforcement and clear education are needed so drivers understand that by participating in unlicensed operations, they are giving up critical protections they would otherwise have under workers' compensation systems.

2. Passenger Safety Risks

Unlicensed for-hire drivers bypass critical safety requirements designed to protect the public, placing passengers at risk. In contrast, licensed operators must adhere to a robust set of safety standards intended to ensure that only qualified individuals operate well-maintained, properly insured vehicles. These standards vary by jurisdiction and operator type (*e.g.*, limousine, taxi, or TNC), but generally include the following:

- **Background Checks**

As part of the licensing process, limousine, taxi, and TNC drivers typically undergo background checks that screen for serious criminal offenses and driving violations. By contrast, unlicensed drivers are not screened at all. They may have histories of DUI, sexual assault, or violent crimes that would bar them from operating legally. Background checks are a minimum safety standard for any legitimate transportation service.

- **Vehicle Inspections**

Licensed taxis, limousines, and rideshare vehicles are subject to routine safety inspections, either annually or more frequently, depending on the jurisdiction. Unlicensed vehicles may operate with bald tires, defective brakes, or other hazards, especially given the heavy usage that for-hire vehicles endure.

- **Driver Identification and Accountability**

Licensed operators maintain trip logs and driver records, allowing for investigation and recourse in the event of misconduct or any issue. Licensed drivers typically display official permits or licenses in the vehicle (*e.g.*, driver ID, chauffeur's permit). If a customer is overcharged, assaulted, or loses property, there is a record of the trip and a licensed business or regulator to hold accountable. In contrast, illegal drivers often leave no paper trail, making it nearly impossible for victims to recover lost property, report abuse, or seek justice after an incident. Illegal drivers may target vulnerable

passengers—such as tourists or intoxicated individuals—posing risks of scams, theft, or assault.

Licensed Driver & Vehicle Safeguards

Jurisdiction	Regulator	Driver Safeguards	Vehicle Safeguards
New Jersey – Limousine	NJ MVC ⁷	Standard NJ driver's license plus MVC Limousine Certification. Fingerprint-based State criminal background check required for chauffeurs. ⁸	Annual state inspection at an MVC facility.
New Jersey – TNC	NJ Attorney General/NJ MVC under TNC Safety & Regulatory Act ⁹	Valid NJ driver's license. Name-based background check required: either AG-approved method (name-based) or, if not approved, fingerprint check via NJ State Police. ¹⁰	Annual inspection by TNC to ensure vehicle safety; TNC must certify vehicles meet MVC safety criteria (brakes, tires, <i>etc.</i>). ¹¹
New York State – Limousine/Livery	Local municipalities	NYS Class E (taxi/livery), plus local chauffeur/for-hire permit where required (varies). Often, a fingerprint/background check is administered by the municipality (varies). Drug testing varies by municipality.	Annual NYS DMV inspection required statewide, plus local inspection in some jurisdictions (<i>e.g.</i> , Nassau County requires semi-annual).
New York (outside NYC) – TNC	NYS DMV	Valid NYS driver's license. TNC must enroll drivers in NYS DMV's continuous record monitoring program (LENS), which notifies the TNC of new violations or arrests. ¹² Name-based criminal history check using a DMV-approved method.	Annual NYS Safety Inspection (all vehicles in NYS must pass); TNC must certify vehicles meet DMV safety criteria (brakes, tires, <i>etc.</i>). ¹³
NYC – FHV	NYC TLC	NYC TLC Driver License (lets you drive taxi, livery, black car, limousine) plus a NYS driver's license (Class E/D).	Vehicles must be inspected every four months (every third inspection by NYC TLC). ¹⁴

⁷ N.J.S.A. 48:16

⁸ N.J. Stat. § 48:16-22.3a

⁹ N.J.S.A. 39:5H

¹⁰ N.J.S.A. 39:5H-17. N.J.; Stat. § 39:5H-20

¹¹ N.J. Stat. § R.S.39:8-1

¹² N.Y. Vehicle and Traffic Law § 1692(9)

¹³ N.Y. Veh. & Traf. Law §1696(4).

¹⁴ 35 RCNY § [59A-26\(a\)](#)

Jurisdiction	Regulator	Driver Safeguards	Vehicle Safeguards
		Fingerprint-based background check (NYC TLC fingerprints all new applicants). Annual drug test required for NYC TLC drivers.	
Illegal Operators	None	None	None

Unlicensed drivers bypass all of these safeguards. The result is an unregulated market where passengers face elevated risks of injury, fraud, or worse, with virtually no recourse when problems occur. The tragic 2019 death of Samantha Josephson—murdered after entering a car she mistook for her Uber—underscores the high stakes of this issue.

3. Unfair Competition, Tax Evasion & Fraud

Illegal operators undercut licensed services by avoiding the costs of insurance, inspections, permits, and taxes. This creates an uneven playing field, placing financial strain on compliant drivers and discouraging others from following the rules. Over time, widespread noncompliance erodes the legitimacy and effectiveness of the entire regulatory framework.

The financial consequences are significant. Governments lose millions in licensing fees, vehicle registration, airport access charges, and taxes.

Many unlicensed drivers operate on a cash basis or use untraceable digital payments (*e.g.*, Venmo, Zelle), making it easy to avoid reporting income.¹⁵ Self-employed workers are among the highest contributors to underreported taxable income.¹⁶ A 2017 survey by Finder.com estimated that nearly 70 million Americans in the gig economy do not report their income, resulting in over \$200 billion in unreported earnings annually.¹⁷

Illegal operators routinely fail to pay state and federal taxes on their earnings. Some may report partial income, especially if they also work through legal channels, but most do not properly collect or remit sales tax where required. In states such as New York, sales tax must be charged on limousine services for intrastate trips, yet unlicensed operators either ignore this obligation entirely or misapply it.¹⁸ In New York City, they also avoid the Congestion Surcharge levied on qualifying trips—fees that licensed drivers and bases must collect and remit.

¹⁵ <https://law.stanford.edu/wp-content/uploads/sites/default/files/publication/259083/doc/slspublic/Morse%20Bankman%20Karlinsky%20StanL%20PolyRev37.pdf>; www.bauer.uh.edu/departments/accy/research/documents/Ryan-Hess_Paper.pdf

¹⁶ www.journals.uchicago.edu/doi/10.1086/733522; www.cpapracticeadvisor.com/2018/04/24/32-of-self-employed-workers-admit-they-under-report-taxable-income/29704/

¹⁷ www.finder.com/taxes/side-hustle

¹⁸ See NY Tax Law § 1105(c)(10)

In some cases, illegal operators engage in outright fraud by presenting themselves as compliant businesses. A tactic is to include a “sales tax” line item on invoices or receipts, despite being unlikely to remit the funds or sales tax, even if it applies to the trip. One documented example involved an employee submitting an invoice that improperly included New York sales tax for a trip between New York City and Connecticut. NY sales tax does not apply to interstate trips, demonstrating a willingness to exploit riders’ lack of knowledge.

Taken together, tax evasion and fraudulent billing practices deepen the problem of unfair competition. Licensed operators who follow the law are penalized financially, governments are deprived of revenue, and passengers are deceived into thinking they are booking legitimate, regulated transportation. Without stricter enforcement and stronger consumer education, these practices will continue to undermine both industry stability and public trust.

D. Why Unlicensed Operations Persist

Unlicensed for-hire drivers continue to flourish due to a mix of financial incentives, regulatory gaps, and limited enforcement. High barriers to legal entry, low rideshare pay, and the high cost of commercial insurance push some drivers to operate outside the system. Passengers often cannot distinguish between legal and illegal services, especially when off-app drivers display rideshare logos. At the same time, enforcement agencies lack the resources to keep pace, and online platforms offer unlicensed operators a low-cost and low-risk way to advertise.

1. Barriers to Lawful Entry

Regulatory and financial hurdles remain a significant driver of illegal operations in the for-hire vehicle (FHV) sector. In New York City, capped licenses and strict entry limits mean that, in many cases, there is no legal pathway for new drivers to join the market.

Unlike in New Jersey or Long Island, where licensing systems are less restrictive and drivers can more easily enter the market legally, New York’s capped FHV system and higher compliance costs have created stronger incentives for drivers to turn to WhatsApp groups and virtual bases.

These challenges are compounded by limited access to credit and financing, particularly for immigrant drivers and small operations with thin or nontraditional credit histories. As a result, many are effectively pushed toward the informal market, where they can begin operating immediately with lower costs and fewer requirements, albeit without the legal protections or safety standards of licensed service.

2. Higher Take-Home Pay Outside the System

For many drivers, operating illegally can be far more lucrative than legal compliance. By avoiding regulatory fees, commercial vehicle insurance, and income tax reporting, unlicensed operators retain a larger share of their earnings. If enforcement is weak or the penalties are low, the financial incentives often outweigh the perceived risks of being caught.

Low base pay from rideshare platforms has further driven this trend.¹⁹ CTANJ found that several drivers told investigators they initially signed up with Uber and transitioned to independent, off-platform operations due to the high platform fees. Rideshare companies typically deduct operational expenses (*e.g.*, commercial insurance), third-party fees (*e.g.*, tolls), and applicable taxes from the passenger fare before taking a 25–30% service fee from the driver’s net pay.²⁰ Off-app drivers keep 100% of the fare. Additionally, off-platform drivers can avoid reporting income through the app, thereby bypassing tax obligations and other deductions.

Another significant motivator is the cost of commercial auto insurance. While required for legitimate for-hire operations, these policies can cost between two and five times more than personal auto insurance, with annual premiums often exceeding \$5,000. By skirting these costs, illegal drivers can offer more competitive pricing while maximizing personal profit.

3. Lack of Effective Enforcement

Enforcement of for-hire vehicle regulations has not kept pace with the rapid growth and complexity of the sector. Responsibility for oversight is divided among multiple agencies—most prominently local taxi and limousine commissions and port authorities that control airports and seaports. While these agencies have the legal authority to regulate, license, and penalize unlicensed operators, their enforcement has been inconsistent and, in many cases, inadequate.

TLCs, which were created specifically to regulate the industry, have scaled back their enforcement presence in recent years. The NYC TLC, for example, reported a **36% decline in patrol summonses for illegal street hails and a 33% decline in summonses for unlicensed activity in Fiscal Year 2024 compared to FY 2023.**²¹ This drop was attributed to staffing shortages and a strategic shift away from policing unlicensed operations toward initiatives targeting unsafe driving. The result has been a dramatic decrease in enforcement against illegal operators, leaving legitimate businesses at a competitive disadvantage and consumers exposed to unvetted, uninsured services.

Port Authorities, which oversee high-demand locations like airports and transit hubs, have also failed to fully address rampant illegal solicitation. While they are well aware that these areas are magnets for unlicensed activity, enforcement efforts are often sporadic, reactive, or reliant on stretched-thin local police departments. This lack of sustained, visible enforcement has allowed illegal operators to openly solicit passengers at terminals, undermining both public safety and the integrity of the regulated industry.

¹⁹ www.usatoday.com/story/money/2024/12/18/rideshare-drivers-riders-look-for-alternatives-on-facebook-amid-fee-worries/77074269007/

²⁰ Rideshare drivers’ gross pay is calculated after taxes, third-party fees, and operational expenses (*e.g.*, commercial insurance) are deducted from the passenger fare. See www.uber.com/us/en/drive/driver-app/service-fee/, www.lyft.com/blog/posts/driver-net-earnings

²¹ www.nyc.gov/assets/operations/downloads/pdf/mmr2024/tlc.pdf

Even when violations are identified, cases are typically handled administratively rather than through criminal prosecution. While fines and license suspensions are important tools, the absence of meaningful criminal prosecution means repeat offenders often view penalties as a manageable cost of doing business. Without the real threat of arrest, seizure, or jail time, the deterrent effect of existing laws is severely undermined.

Without consistent, visible, and well-resourced enforcement, statutory penalties are meaningless. Strengthening enforcement capacity and coordination among agencies is critical to ensuring that penalties achieve their intended purpose: deterring illegal operations and protecting public safety.

4. Difficulty Distinguishing between Legitimate Rideshare Drivers & Off-App Activity

Unlike traditional taxis and limousines, which typically bear distinct commercial license plates, rideshare vehicles often operate with standard passenger vehicle plates—commonly referred to as “straight plates.” Licensed taxis and limousines are usually easy to identify due to their distinct license plates, which clearly identify them as commercial vehicles. For instance, in New Jersey, licensed limousines display plates beginning with “OL” and marked with the word “Limousine,” while registered taxis carry plates beginning with “OT” labeled “Taxicab” (see Figure 4).



Figure 4. Source: NJ Motor Vehicle Commission, www.nj.gov/mvc/business/commbus.htm

This clear visual distinction makes it easy for the public and law enforcement officers to recognize licensed vehicles. By contrast, the use of straight plates on rideshare vehicles makes it extremely difficult for regulators and enforcement agencies to determine whether a driver is operating under a valid TNC platform or engaging in unauthorized, off-app activity. This ambiguity presents a significant obstacle to detecting and deterring illegal passenger transport.

5. The Public Is Unaware

Most consumers are unaware of the distinctions between legal and illegal for-hire service providers. This confusion is exacerbated by the deliberate efforts of illegal operators to mimic legitimate services. Many display trade dress, vehicle decals, or digital devices associated with well-known rideshare platforms, such as Uber and Lyft, lending an appearance of legitimacy even when the vehicle and driver are operating completely outside the law.

Unlicensed pre-arranged services pose an even greater challenge. These operators often present themselves as upscale or professional, offering luxury vehicles, websites with booking

functionality, and polished branding that masks their lack of proper licensing, insurance, and regulatory compliance. Consumers are often unable to distinguish between a properly licensed operator and an illegal one, especially when there is no centralized public database.

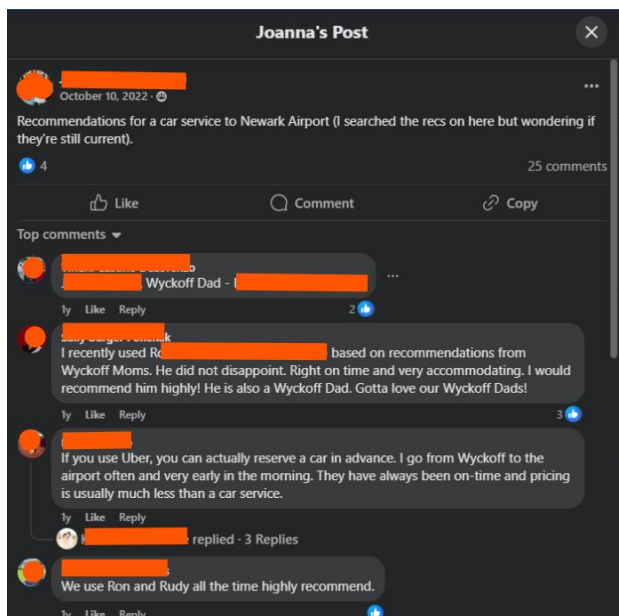


Figure 5. Screenshot of Facebook post asking for car service recommendations

Compounding the problem is the growing use of online marketplaces to advertise these services. Platforms such as Facebook Marketplace, Craigslist, and Yelp allow individuals and companies to advertise transportation offerings with no verification. These sites typically do not require proof of operating authority, nor do they provide meaningful mechanisms for reporting suspected illegal activity. For example, Yelp explicitly states that verifying business licensing is not its role, noting: “It’s the regulatory authorities themselves who are in the best position to determine whether or not a business is properly licensed.”²² This hands-off approach allows unlicensed operators to exploit the reach and anonymity of online

platforms to solicit business.

Passengers may be drawn in by lower prices, convenience, or the outward professionalism of illegal operators, without realizing they are taking on serious risks. The resulting information gap undermines consumer protection and safety. Bridging this gap will require stronger public education campaigns, clearer labeling of licensed vehicles, and collaboration with online platforms to flag or remove unauthorized listings.

6. Virtual Base Enforcement Issues

WhatsApp groups and other virtual bases present significant risks to both enforcement and public safety. By bypassing the TLC’s strict base licensing system, these networks undermine the regulatory framework that underpins New York’s FHV market. For consumers, the risks are heightened by confusion: passengers, particularly at airports and nightlife hubs, cannot easily distinguish between a legitimate TLC-licensed driver dispatched through a licensed base and an unlicensed operator dispatched through WhatsApp.

The scale and coordination of these groups further complicate enforcement. Unlike isolated illegal operators, organized networks can saturate hotspots, quickly replace seized vehicles with

²² www.yelp-support.com/article/Can-I-report-a-business-if-I-think-it-s-unlicensed?l=en_US

new entrants, and adapt their tactics to enforcement patterns. Compounding these challenges, WhatsApp’s encrypted and private communications make group activity effectively invisible to regulators, who cannot monitor these networks without cooperation from state or federal law enforcement agencies.

II. Solutions to the Problem

Combating unlicensed and illegal for-hire vehicle operations requires a coordinated and multi-pronged strategy. Solutions range from undercover stings and vehicle seizures to targeted legislative and regulatory reforms. The overarching goals are to deter unauthorized activity, protect public safety, and maintain a level playing field for compliant operators.

A. Enforcement Through Fines, Vehicle Seizure, and Criminal Penalties

The most direct approach to deterring illegal activity is to impose meaningful penalties. Jurisdictions across the United States have enacted laws that treat operating or soliciting rides without a proper license as either traffic infractions, misdemeanors, or even criminal offenses, often punishable by steep fines, vehicle impoundment, and jail time. Below are examples of how available penalties in various jurisdictions in New York and New Jersey:

New Jersey

Under N.J. Stat. § 39:5G-1, unlicensed limousine operators and company owners face substantial penalties:

- **Operating without a municipal license or required commercial insurance:**²³
 - First offense: \$2,500
 - Subsequent offense: \$5,000
- **Allowing a driver to operate a limousine without a valid chauffeur’s license:**²⁴
 - First offense: \$2,500
 - Subsequent offense: \$5,000
- **Operating without commercial plates or a valid inspection:**²⁵
 - First offense: \$1,250
 - Subsequent offense: \$2,500

²³ N.J. Rev. Stat. § 48:16-22

²⁴ N.J. Admin Code § 13:21-23.1

²⁵ N.J. Admin Code § 39:3-19.5, N.J. Rev. Stat. § 39:8-1

Newark, NJ

The City's Autocab, Limousine, and Livery Service Commission can revoke or suspend driver and vehicle licenses, or impose fines up to \$1,000 per offense for operating without a permit, failing insurance/inspection compliance, or allowing illegal activity.²⁶

Jersey City, NJ

Under Jersey City Chapter 307, it is unlawful to operate a limousine service without a city-issued license. Violations enable city officials to suspend or revoke licenses and enforce penalties via local enforcement authority.²⁷ The City's limousine regulations allow a maximum penalty of up to \$2,000, imprisonment for 90 days, and/or 90 days of community service for violations not subject to penalty by state law (N.J. Stat. § 39:5G-1).²⁸

New York State

N.Y. Veh. & Traf. Law § 1220-B prohibits unauthorized solicitation of transportation services at airports. Violations are classified as traffic infractions, with escalating penalties:

- First offense: \$750–\$1,500 fine, up to 15 days in jail, or both
- Second offense (within 18 months): \$1,500–\$2,000, up to 45 days in jail, or both
- Subsequent offense (within 18 months): \$2,000–\$3,000, up to 90 days in jail, or both

New York City

The NYC TLC enforces a robust regulatory regime:

- **Operating without an FHV license:**
 - Criminal conviction: \$1,000–\$2,000 fine, up to 60 days in jail, or both²⁹
 - Civil penalties: \$1,500 (1st violation), \$2,000 (subsequent within 36 months)³⁰
 - Vehicle may be seized or forfeited after multiple violations³¹
- **Operating without a NYC TLC Driver's license:**
 - Criminal conviction: \$500–\$1,000 fine, up to 30 days in jail, or both³²
 - Civil penalties: \$1,500 (1st violation), \$2,000 (subsequent within 36 months)³³
- **Soliciting or Picking-Up Passengers Other Except Through a Licensed Base:**³⁴

²⁶ Newark, NJ Code §§ 34:2-18 and 34:2-24

²⁷ Jersey City, NY Code of Ordinances § 307-39

²⁸ Jersey City, NY Code of Ordinances § 307-43

²⁹ NYC Admin Code § 19-506(b)(1)

³⁰ NYC Admin Code § 19-506(e)

³¹ NYC Admin Code § 19-506(h)

³² NYC Admin Code § 19-506(d)

³³ NYC Admin Code § 19-506(e)

³⁴ 35 RCNY § 80-19(c)(1)

- Fines range from \$200 to \$300 for the first violation
- Escalating fines for repeat offenses
- Potential license suspension or revocation
- Vehicle owners may be fined \$100 (1st violation) to \$10,000 (subsequent)³⁵
- **Unlicensed For-Hire Base Operations:**
 - Fines range from \$200 to \$1,500
 - Daily fines of \$100 may apply for ongoing violations
 - The base may be sealed by order of the NYC TLC³⁶

Suffolk County, NY

Under Suffolk County Code Ch. 571, unlicensed for-hire operations are met with both civil and criminal penalties:

- Civil fines up to \$1,500
- Misdemeanor charges carrying penalties of up to \$5,000 or one year in jail
- The county may also suspend or revoke operator licenses

Westchester County, NY

The Westchester County TLC (WCTLC) has broad administrative authority to penalize violations:³⁷

- Operating without a valid WCTLC driver permit: \$125
- Operating a vehicle without a valid WCTLC vehicle permit: \$300
- Operating an “out-of-county” vehicle point-to-point in the county: \$750
- Unlawful street hails by WCTLC licensed drivers: \$350
- Vehicles may be immobilized or impounded for repeat violations

Through a mix of high fines, vehicle seizures, criminal penalties, and administrative actions such as license revocation or base closure, regulators send a clear message: illegal operators will not be tolerated. However, penalties—no matter how steep—are meaningless if they are not consistently enforced. In practice, the deterrent effect depends on whether law enforcement and regulatory agencies actually detect violations and impose the sanctions authorized by law. A lack of enforcement undermines public safety and consumer protection. It also emboldens repeat

³⁵ 35 RCNY § 59A-25(a)

³⁶ 35 RCNY § 59B-11(a); NYC Admin Code § 19-528.

³⁷ Westchester County, NY Code §§ 270.122, 270.124; Westchester County TLC Rules § 800.11

offenders who recognize that the risk of being caught is low compared to the potential profits from illegal operations.

To support these penalties and increase the likelihood of detection, law enforcement and transportation agencies may conduct undercover sting operations, in which officers or inspectors pose as passengers to catch unlicensed drivers in the act. These stings are typically concentrated in high-demand areas where illegal activity is most common.

Taken together, these enforcement strategies penalize bad actors and, when carried out consistently, serve as a visible deterrent—reinforcing the importance of compliance with safety regulations and preserving trust in the licensed transportation system.

B. Criminalize Impersonating a Rideshare, For-Hire Vehicle, or Taxi Driver

Making impersonating a TNC, limousine, or taxi driver a criminal offense raises the legal stakes for those operating without a license. With criminalization, police gain a clear legal tool to investigate and detain individuals impersonating rideshare drivers.

Several states have made impersonating a rideshare driver a crime punishable by fines or jail time:

- **California**
Fraudulently impersonating a rideshare driver is a misdemeanor, punishable by imprisonment in a county jail for up to six months, a fine of up to \$10,000, or both.³⁸
- **North Carolina**
Impersonating a TNC driver is a class 2 misdemeanor, punishable by up to 60 days in jail. If the impersonation occurs during the commission of a felony, it can be charged as a class H felony, which could result in up to 39 months in prison.³⁹
- **South Carolina**
Following the 2019 murder of Samantha Josephson, South Carolina passed the Samantha L. Josephson Ridesharing Safety Act, which makes misrepresenting oneself as a rideshare driver a misdemeanor punishable by up to \$500 and 30 days in jail.⁴⁰ The law also requires rideshare vehicles to display the vehicle's license plate number on the front of the vehicle.
- **Tennessee**
In March 2025, Tennessee passed House Bill 786, making it a Class B misdemeanor to

³⁸ Cal. Bus. & Prof. Code § 7462

³⁹ www.ncleg.gov/Sessions/2019/Bills/House/PDF/H391v7.pdf

⁴⁰ www.scstatehouse.gov/sess123_2019-2020/bills/4380.htm

impersonate a rideshare or taxi driver. Offenders face up to six months in jail and a \$500 fine. If the impersonation occurs during the commission of another felony, the charge escalates to a Class E felony.⁴¹

Criminalizing impersonation is a targeted approach that complements broader enforcement efforts.

C. Target Illegal Dispatcher Networks

To target licensed drivers working through illegal dispatcher networks, such as WhatsApp groups, regulations should explicitly authorize law enforcement agents to conduct administrative stops to verify compliance with pre-arrangement requirements. During such inspections, drivers should be required to display the waybill or proof of booking, either electronically or electronically on a phone or tablet, so law enforcement can verify the trip was booked through a licensed base.

In NYC, under 35 RCNY § 80-12(j), drivers are obligated to cooperate with enforcement by producing required documents, including electronic trip records, upon request. Refusal to do so constitutes a separate violation with fines of \$300 if pled and \$400 if found guilty at a hearing. If the inspection confirms that a booking originated from an unlicensed WhatsApp or other virtual dispatch group, the driver may be cited under 35 RCNY § 80-19(c)(1) for accepting passengers except through a licensed base. Penalties escalate from \$200–\$350 for a first offense, to \$350–\$500 and up to a 30-day suspension for a second violation within 24 months, and revocation for a third violation within 36 months. At the same time, enforcement actions can be pursued against the unlicensed base or group, which faces fines ranging from \$200 to \$1,500 per violation, daily penalties of \$100 for ongoing violations, and potential base sealing orders.⁴²

To maximize deterrence against organized illicit networks, law enforcement agencies should consider adopting cooperation protocols that allow for enforcement discretion. Drivers who provide credible evidence or testimony about unlicensed dispatch groups could be eligible for reduced penalties, while the information gathered would support broader investigations aimed at dismantling ringleaders and shutting down unlicensed bases. This dual approach—holding individual drivers accountable while leveraging cooperation to reach higher-level organizers—offers a practical pathway to curbing unlicensed digital dispatch activity.

⁴¹ <https://tnhousegov.org/member-newsroom/2025/03/general-assembly-approves-enhanced-penalty-for-impersonating-taxi-rideshare-drivers/>

⁴² 35 RCNY § 59B-11(a); NYC Admin Code § 19-528.

D. Laws Targeting Advertising of Unlicensed For-Hire Services

Recognizing the growing role of digital platforms in facilitating illegal for-hire activity, several jurisdictions have enacted laws specifically targeting advertising of unlicensed transportation services. These laws aim to disrupt illegal operations at their source by cutting off demand before a ride is ever arranged. By criminalizing the promotion of unlicensed services, regulators gain a powerful tool to deter operators who may otherwise avoid detection by staying off the street and soliciting passengers online.

These laws are especially relevant in an era where unlicensed operators increasingly rely not only on social media, online classifieds, and websites, but also on peer-to-peer messaging apps such as WhatsApp and Telegram, which now function as private dispatch networks. As discussed in the section on *Virtual Bases and WhatsApp Groups*, these encrypted platforms can host thousands of drivers and coordinate trips outside the licensed base system, creating organized networks that rival legitimate operators. To address this evolving threat, regulators should expand advertising prohibitions to explicitly cover private group coordination and partner with federal law enforcement to compel messaging platforms to assist in investigations of organized, illegal activity.

At the same time, regulators should leverage industry intelligence by working closely with industry associations such as the Black Car Fund (BCF), the Chauffeured Transportation Association of New Jersey (CTANJ), and the Long Island Limousine Association (LILA). These organizations are well-positioned to monitor trends, identify group activity, and provide regulators with actionable leads for enforcement. Their on-the-ground visibility into driver behavior and industry dynamics makes them a critical partner in efforts to disrupt digital advertising and the coordination of illegal for-hire services.

Jurisdictions that prohibit advertising without a valid license broaden the scope of enforcement and allow agencies to pursue violators even when no actual ride occurs. For example, New York City makes it a violation punishable by fines of \$500 to \$10,000.⁴³ Enforcement agencies can also use screenshots, timestamps, and archived URLs as evidence, even if the original post or message has been deleted, pairing these digital traces with undercover ride requests to build stronger cases.

As enforcement strategies evolve, targeting illegal advertising provides a proactive alternative to traditional stings. Monitoring both public platforms and private digital networks allows regulators to identify and disrupt illicit operations earlier in the process. Although underutilized in many regions, these laws represent a critical enforcement tool in today's digital environment.

⁴³ 35 RCNY § 59A-25(b)

E. Technological Solutions

As illegal and unlicensed for-hire vehicle activity becomes more sophisticated, enforcement efforts must evolve to keep pace. Traditional enforcement tools—traffic stops or field inspections—remain necessary, but they can be reactive, resource-intensive, and limited in scope. Technology can help strengthen enforcement and better protect riders, legitimate operators, and public safety.

Technological tools offer new ways to detect unauthorized activity, from identifying high-risk vehicles through data analytics to reducing impersonation and fraud through real-time digital verification. These solutions allow regulators to proactively target illegal operations, improve efficiency, and reduce risks for passengers who may unknowingly enter unsafe vehicles. Technology can also facilitate reporting suspected illegal activity, which can expand the reach and impact of enforcement.

1. Use of Data Analytics to Support Enforcement

While most traffic violations can be automatically captured through red light or speed cameras, the challenge of identifying illegal for-hire vehicle operations is far more nuanced. Unlicensed drivers and vehicles do not stand out by appearance alone—they often blend in with legally operating taxis, limousines, or rideshare vehicles.

However, enforcement agencies can leverage technology such as automated license plate readers (ALPRs) at hotspots—airports, entertainment venues, and transit hubs—where legal and illegal pickups commonly occur. By cross-referencing license plate data with records from TNCs and licensed for-hire vehicle regulators, cities can flag suspicious vehicles that frequently appear at these locations without matching an authorized trip. For instance, a vehicle that shows up at JFK Airport four times a week but is not affiliated with any licensed base or TNC platform would warrant further investigation.

These systems can be further refined with AI-powered computer vision software. By analyzing behaviors characteristic of passenger pickups—like trunk openings, passengers entering rear doors, or luggage handling—these systems can help distinguish legitimate service from loitering or unauthorized pickups. This reduces false positives and allows enforcement personnel to focus on the most likely violators, making better use of limited enforcement resources.

2. Digital Verification Requirements for TNCs

In addition to detecting illegal vehicles, technology also plays a role in preventing impersonation and protecting passengers in real-time. Namely, digital identity verification, which enables passengers to confirm they are getting into the right car, with the right driver.

Regulators can require TNCs to implement standardized digital safety features that help thwart individuals posing as rideshare drivers. New Jersey's Sami's Law (P.L. 2019, c. 128) offers a

model for such protections. Passed in response to the tragic death of a college student who mistakenly entered the wrong vehicle, believing it was her rideshare driver, the law requires multiple safeguards:

- QR codes or other machine-readable codes for riders to scan and confirm driver identity (must be on the driver and passenger side rear windows),
- Reflective or illuminated signs on TNC vehicles to improve visibility at night,
- Credential placards in both the front and back windows to clearly display the driver's information and vehicle details.

These features help riders avoid fraudulent pickups and empower law enforcement and the public to recognize legitimate vehicles. As impersonation incidents remain a safety risk, standardizing these digital safeguards is a smart, scalable step for cities nationwide.

While laws like New Jersey's Sami's Law mandate safety measures, CTANJ and others report that implementation has been inconsistent among TNCs, and there appears to be no enforcement of the New Jersey law. Without consistent enforcement, these safety measures fail to serve their intended purpose.

3. Mobile Reporting Tools

Several jurisdictions have introduced or promoted mobile apps or text-based systems for the public to report unlicensed or suspicious activity. These tools empower passengers and licensed drivers to be part of the enforcement ecosystem by submitting license plate numbers, photos or screenshots of unauthorized advertisements, and time-stamped location data. These reports can be used to trigger investigations or support citations. For example, the NYC TLC's online complaint system enables riders and members of the public to report complaints about illegal pickups, unlicensed vehicles, and solicitation through the NYC TLC web portal or by calling 311. Complaints can include license plate numbers, photos, and other identifying information.³¹

F. Measures Targeting Illegal Street Hails at Airports & Venues

High-traffic areas like airports, stadiums, and transit hubs are taking a range of measures to ensure that travelers use only licensed taxis and authorized rideshare vehicles, in response to growing concerns about unlicensed and potentially unsafe operators soliciting passengers. These efforts typically include:

- **Designated Pickup Zones**
Creating official pickup and drop-off areas helps prevent random street pickups and restricts access by unauthorized vehicles. Most airports now require licensed taxis and TNCs to pick up passengers in clearly marked, designated areas. These zones are often

located away from general curb space to control access and facilitate monitoring. Unauthorized vehicles picking up outside these areas can be more easily spotted and cited. Many TNCs use geofencing to ensure trips can only be requested from these zones.

Example: Citi Field (NYC) has a designated rideshare lot with clear signage and wayfinding systems for fans.⁴⁴

- **Traffic Control & Access Restrictions**

Venues implement barricades, checkpoints, and permit-only access to control vehicle entry. Only taxis, for-hire vehicles, or rideshares with verified credentials are allowed into controlled zones, which helps law enforcement and staff easily identify unauthorized operators.

Example: MetLife Stadium (NJ) uses a color-coded traffic system to separate rideshare, taxi, and general traffic.⁴⁵

- **Signage & Public Messaging**

Visible signage, digital displays, and public announcements direct passengers to approved transportation services and warn against accepting rides from soliciting drivers. Messaging also notifies drivers that soliciting is illegal and subject to penalties. Some airports have begun using geo-targeted push notifications, QR codes, or TNC app integrations to connect travelers with authorized transportation options before they exit the terminal.

- **Enforcement & Patrols**

Airport police and transportation inspectors conduct regular patrols in arrival areas to deter illegal solicitation. Many airports conduct undercover operations, particularly in high-volume areas such as baggage claim exits or “meet and greet” zones, to catch unlicensed drivers who approach travelers.

Many venues coordinate with law enforcement and licensing authorities to create temporary enforcement zones, conduct license checks, and issue citations. Patrols often increase after major events, when illegal activity spikes.

- **Permit Systems and Driver Credentialing**

Airports issue special permits to for-hire ground transportation operators, requiring drivers to comply with licensing requirements. These permits often come with visible decals or transponders that airport personnel and passengers can use to identify authorized vehicles.

⁴⁴ www.mlb.com/mets/ballpark/transportation/rideshare

⁴⁵ www.metlifestadium.com/getting-here/rideshare

These strategies help protect passengers from fraud, harassment, and safety risks while maintaining fairness for licensed operators who comply with legal and regulatory requirements.

G. Public Awareness & Education Campaigns

Public awareness campaigns play a vital role in combating unlicensed for-hire transportation by educating passengers and encouraging them to report suspicious activity. These efforts are most effective when targeted at high-risk locations—airports, entertainment venues, and transit hubs—as well as specific populations and times of year when the use of hired transportation spikes.

A prime example is prom and graduation season, when teens and young adults often book limousines and party buses for special events. Campaigns aimed at students, parents, and school administrators can raise awareness of these risks and encourage them to verify company licenses before booking. Similarly, education campaigns can target event planners and hospitality staff to help spread accurate information about safe, legal transportation options.

The goals of these campaigns are simple and clear:

- 1. Inform the public about the safety, legal, and financial risks** of using unlicensed services, such as a lack of insurance and background checks, and limited recourse if something goes wrong.
- 2. Teach consumers how to identify legitimate operators** by checking for vehicle decals, verifying operator licensing with the regulator, and using only official pickup zones.
- 3. Encourage the public to report suspicious solicitations.**

Various methods are used to reach the public, including posters in airport terminals, train stations, and subway platforms; audio announcements over PA systems; digital signage; and social media videos warning of illegal operations. Some campaigns also leverage in-app notifications from rideshare platforms to remind passengers to confirm the driver's identity before entering a vehicle. Additionally, frontline staff such as airport personnel, hotel concierges, and security teams are often trained to guide passengers toward licensed transportation options and explain the risks of accepting unauthorized rides.

Industry groups have taken a leading role in these efforts. The Long Island Limousine Association (LILA) launched its “Only Hire Licensed” campaign to educate the public about the dangers of using unlicensed for-hire vehicle services and to promote the use of properly vetted, insured, and authorized operators.⁴⁶ The campaign includes outreach through social media, community events, and partnerships with local officials, emphasizing the importance of verifying that a company is licensed before booking a ride. LILA highlights the safety, insurance coverage,

⁴⁶ <https://lilimoassociation.com/lila-launches-next-phase-of-public-awareness-campaign-with-video-read-the-full-press-release-here/>

and consumer protections that come with licensed services, contrasting them with the risks posed by illegal operators who often lack background checks, commercial insurance, and vehicle inspections. The initiative aims to empower consumers with information while supporting compliant businesses that follow industry regulations.

CTANJ uses its social media pages to warn against illegal operators (see Figure 6).



Figure 6 CTANJ Awareness Material⁴⁷

“Sami’s Law” awareness signage reminds rideshare users to “stop, ask, match, and inform” before getting into a rideshare. According to the #WHATSMYNAME Foundation established by the parents of Samantha Josephson, the Port Authority of New York and New Jersey installed over 400 SAMI signs at Newark Airport, JFK, LaGuardia Airport, 3 Bus Terminals, the World Trade Center, and the NJ/NY Path train stations.⁴⁸

⁴⁷ https://www.facebook.com/ChauffeuredTransportationAssociationNJ/photos/illegal-operators-put-passengers-reputations-and-the-entire-industry-at-risk-by-/1151124087056167/?_rdr

⁴⁸ <https://www.whatsmyname.org/airports>



Figure 7 SAMI Sign. Source: Manchester Township, NJ Police

49

These campaigns work. Transport for London's "Know what you're getting into" / "Safer Travel at Night" campaigns featuring TV, radio, and outdoor ads achieved dramatic results: illegal minicab-related sexual offenses dropped 50%, and illegal minicab use among women late at night fell from 19% to just 3% in 2008.⁵⁰

⁴⁹ <https://manchesterpolicenj.com/samis-law-rideshare-awareness-signs-come-manchester-township/>

⁵⁰ <https://tfl.gov.uk/info-for/media/press-releases/2008/september/latest-safer-travel-at-night-campaign-to-tackle-illegal-cabs-and-touting>; <https://tfl.gov.uk/info-for/media/press-releases/2009/november/know-what-youre-getting-into>

IV. Recommendations

Based on the findings in this report, the following recommendations are proposed to improve enforcement, protect public safety, and ensure a fair and transparent for-hire vehicle industry in New York, New Jersey, and similar jurisdictions:

1. Strengthen Enforcement Authority

- Expand administrative powers to issue civil fines, suspend or revoke licenses, and impound vehicles involved in unlicensed for-hire activity.
- Create or amend statutes to explicitly criminalize driver impersonation, the misuse of rideshare decals, and the operation of unlicensed services at transportation hubs.
- Authorize regulators to treat digitally coordinated, unlicensed dispatch groups as unlicensed bases subject to penalties, injunctions, and seizure of assets.

2. Deploy Undercover Stings and Surge Patrols

- Conduct targeted enforcement operations at high-risk locations such as airports, stadiums, and nightlife districts, especially during peak demand periods.
- Encourage interagency coordination among police departments, taxi and limousine commissions, transportation authorities, and port agencies.

3. Target Illegal Advertising

- Pass legislation that prohibits the promotion or advertisement of unlicensed for-hire services, including on websites, apps, and social media platforms such as Craigslist, Facebook, and Yelp.
- Use digital evidence such as screenshots, timestamps, and saved URLs to build enforcement cases even after ads are removed.
- Impose escalating penalties for repeat offenders or organized networks operating under false business identities.

4. Leverage Technology for Detection and Reporting

- Implement tools such as geofencing, automated license plate readers, and digital credential verification to identify unauthorized operators.
- Develop mobile or web-based reporting tools that allow the public to submit real-time reports of suspected illegal activity.

6. Enhance Passenger Awareness

- Launch visible and sustained public education campaigns to warn riders about the dangers of using unlicensed services.
- Use signage, announcements, and digital displays at airports, hotels, and venues to direct passengers to safe, legal transportation options.
- Train frontline workers (*e.g.*, airport staff, security, event staff) to recognize and redirect passengers from illegal operators.

7. Support Lawful Entry into the Market

- Review and reform licensing requirements to reduce unnecessary financial and procedural barriers that push drivers into the informal market.
- Expand access to financial assistance, insurance guidance, and business training programs for new or aspiring for-hire vehicle operators.
- Encourage pathways to compliance for illegal operators and off-app drivers willing to become licensed and insured.

8. Legislative Reform

- Authorize vehicle seizure for repeat unlicensed operations to create a stronger deterrent.
- Establish criminal penalties for fraudulent representation, including impersonation of licensed drivers and unauthorized use of TNC logos or app-based identifiers.
- Ban the resale or distribution of expired or counterfeit for-hire decals, and criminalize the possession of forged transportation credentials.
- Require regulators to list licensed operators on their website. It should be easy for the public to determine if an individual or company is licensed.
- Require licensed operators to include their license number on their website and in all advertisements.

V. Conclusion

Illegal and unlicensed for-hire vehicle operations pose a serious and persistent threat to public safety, consumer protection, and the integrity of regulated transportation systems in New York, New Jersey, and beyond. These operations exploit enforcement gaps, regulatory loopholes, and digital platforms to operate without oversight, undermining legitimate drivers, evading taxes, and exposing passengers to unacceptable risks.

Despite existing laws and agency efforts, enforcement has not kept pace with the evolving tactics of unlicensed operators, particularly those soliciting rides through social media or impersonating rideshare drivers. At the same time, high entry barriers and inconsistent regulatory frameworks have made compliance difficult for well-intentioned drivers, contributing to the growth of informal or off-app networks.

This report highlights how targeted enforcement, public education, and smart use of technology can help restore control over the for-hire vehicle market. However, meaningful progress will also require legislative reform, such as authorizing stronger penalties, expanding enforcement authority, and closing digital and jurisdictional loopholes that illegal operators exploit.

By acting decisively and in coordination, state and local leaders can protect passengers, support legitimate businesses, and rebuild a fair, accountable, and transparent transportation system that works for everyone.