

Uber hits roadblock as CEO charged in S. Korea

December 24 2014, by Lim Chang-Won



The Uber smartphone app, used by customers to book taxis using its service, is pictured over a parking lot in the Indian capital New Delhi

South Korean prosecutors brought charges on Wednesday against the founder and CEO of controversial smartphone taxi app Uber for operating an illegal cab service, the latest roadblock for the California-based firm.

The charges, which carry a maximum penalty of two years in jail or a 20 million won (\$18,150) fine, came with the company facing criticism and bad publicity around the world despite its high levels of popularity.

Travis Kalanick and Uber's Korean partner MK Korea, a local rental car [service](#) operator, were indicted for violating a law on passenger transport services.

Neither was detained, and it was not immediately clear whether Kalanick would visit Seoul for trial. Last year he showed up at a police station in Seoul for questioning.

In South Korea, rental car service operators are barred from conducting passenger transport business using their cars.

Uber said in a statement it would fully cooperate with the investigation and it is "confident" the court would make a fair and sensible judgment.

"We firmly believe that our service, which connects drivers and riders via an application, is not only legal in Korea, but that it is being welcomed and supported by consumers," the statement said.

Uber, which operates in more than 50 countries, started its service in Seoul in 2013.

Last year the company launched Uber Black, which links users with limousines and, in October this year, it unveiled UberX, which connects passengers with drivers of non-luxury vehicles.



The Uber smartphone app, used to book taxis using its service, is pictured on a smartphone in front of a taxi, December 10, 2014

The Seoul city government, however, filed complaints with prosecutors, saying Uber's operations raised passenger safety issues and threatened the livelihoods of licensed taxi drivers.

One million won reward

City regulators have launched a crackdown on drivers and rental cars that cooperate with Uber, with a one million won reward offered for those who reported the company's activities.

But Uber has vowed to continue its business regardless of the crackdown.

South Korea's online community was split over the indictment, with some users describing Uber as illegal and supporting the crackdown on its service in order to protect domestic taxi drivers.

"Uber is illegal and endangers the livelihood of our [taxi drivers](#)," one user wrote on the popular Internet portal Naver.com.

However, another user named SungNoChoi wrote: "Uber is providing a service catering to our clients. Its fate should be decided by consumers."

Uber is the most prominent of several smartphone apps that are shaking up the traditional taxi landscape in cities around the world.



Travis Kalanick, co-founder and CEO of Uber, speaking during a session of the LeWeb 2013 event in Saint-Denis near Paris

It has already faced significant resistance from regulators in several countries, who accuse it of unfair competition and a lack of standards.

Uber has also sparked angry protests by cab drivers in France and other countries who fear it is chipping away at their client base.

It made headlines this month when an Uber driver allegedly raped a passenger in New Delhi.

Also on Wednesday the company apologised for raising prices as frightened people fled an armed cafe siege in the Australian city of Sydney last week.

The firm reportedly charged customers four times the regular fare to leave the area—a move that sparked outrage.

Globally Uber has defended surge pricing, arguing it effectively matches supply with demand by encouraging drivers to move to areas where there are shortfalls.

It has, however, had to concede to cap surge pricing throughout the United States during national emergencies after reaching an agreement with regulators.

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