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Proposed New Law will Protect Rhode Islanders Who Purchase Tickets to Attend Live Sports and Concerts; State Assembly Considers Legislation Today

WASHINGTON, D.C. – The House Committee on Corporations will hold a legislative hearing today that includes [H 5362](#), “An Act Relating to Businesses and Professions – Shows and Exhibitions” which contains strong consumer protections for those who purchase tickets online for live events including sports games and music concerts. Introduced earlier this month by Representatives Robert E. Craven, Sr. and Carol Hagan McEntee, if passed and enacted it will become one of the nation’s strongest consumer protection laws that apply to live event ticket sales and resale.

Among other things, H 5362 will protect a ticket buyer’s right to resell or transfer their purchased ticket if they wish, prohibit event venues from denying entry to a ticketholder based solely on their ticket being purchased from a ticket resale marketplace (i.e., the secondary resale market), and require strong purchase protections and refund policies of resellers so that consumers are protected if their purchase is not fulfilled or the event is cancelled. The legislation also condemns deceptive website advertising practices by resellers so they cannot imply a direct relationship with a sports team, music artist, box office or venue unless one actually exists. Comprehensively, these laws will help to protect Rhode Island consumers and protect a vibrant and competitive market for tickets to live events. Protect Ticket Rights supports H 5362 and calls for its swift passage in the State Legislature and enactment by Governor Raimondo.

“This is an important step toward protecting Rhode Island consumers from unfair ticketing practices that restrict the purchase, sale, and transfer of tickets, which punishes consumers and leads to a market with less choice and unnecessarily higher prices. This is common sense legislation that puts the ticket buyer first, the way it should be, and this is why it is supported by professional companies involved in selling or reselling tickets, because it makes the market a better one. Laws like this one help to root-out the fraudsters who don’t care about fans or the live event experience,” said Gary Adler, spokesperson for Protect Ticket Rights and Executive Director and Counsel of the [National Association of Ticket Brokers](#).

Similar laws have been enacted in the last two years in Virginia and Connecticut, and other State Legislatures are currently considering such proposed laws. Consistent with the intent of this legislation, NATB and its Protect Ticket Rights initiative (www.ProtectTicketRights.org) draws attention to efforts underway in many different forms that restrict the purchase, sale and transfer of tickets. These include:

- **Restricting Transferability:** Some performers, promoters and venues use paperless tickets which

require the credit card holder who purchased them to show the card and ID at the door of the event. This impedes the right of the ticket owner to employ them as desired: perhaps to sell them, or to give them away, for instance, if it proves impossible to attend the event. They claim this is to reduce fraud, when in reality it's merely a scheme to restrict a consumers' right to sell or transfer your tickets. Meanwhile recent experience shows arenas are not equipped to handle paperless tickets resulting in fans being unable to enter events with their tickets only to seek refunds. In 2018, Ticketmaster rolled out its latest paperless scheme, called Presence, which ties venue entry to a ticketholders' smart phone. While this may seem convenient, it is a system to prevent ticketholders from reselling their purchased tickets on their own terms (e.g., using a Ticketmaster competing platform). When a ticket is purchased and full asking price is paid, along with fees and taxes, the ticketholder should be able to use it, resell it, or give it away if he/she chooses.

The latest attack on ticket transferability comes in the form of a program called Verified Fan, by Ticketmaster, that initially was presented as a program to fight illegal software bots from hacking its online purchasing system. Verified Fan was rolled out in 2017 and has become a nightmare for ticket buyers because it makes the process of purchasing tickets more complex. It has led to less choice in terms of where people can purchase or resell tickets, which has resulted in higher prices too.

Importantly, some states have passed laws protecting ticket transferability rights, making it illegal for the original seller (after being paid) from limiting or restricting a ticketholders ability to transfer the ticket. These laws also prevent discrimination against ticketholders who purchased their tickets from a secondary market outlet – including online exchanges or a professional ticket broker.

- **Ticket Cancellations:** For some events or as a matter of policy, some venues, artists, ticket issuers, and also sports teams are cancelling or threatening to cancel ticket orders of ticketholders that they believe are reselling tickets, in an effort to have even more control over the primary and secondary ticket markets. Meanwhile, resale does not harm the original seller in any way since the ticketholder has already paid full price plus all applicable fees and taxes.
- **Resale Platform Exclusivity with Resale Price Minimums and Added Fees:** Some ticket issuers and venues are requiring ticket buyers to use a single designated resale ticket platform, should they wish to resell their tickets, that come with strings attached (such as minimum resale prices regardless of actual market value, or another round of fees even though fees were already paid at the original sale). Recent reports indicate fees can average 21% of face values. Meanwhile, according to report from the Government Accountability Office (GAO) last year, approximately 40% of tickets sold on the secondary resale market sell for below face value. Therefore, setting an arbitrarily resale price can result in consumers paying more than they necessarily need to.
- As part of a multi-state Settlement Agreement in November 2016 with the Attorneys General of New York, Ohio, Pennsylvania, Massachusetts, Florida and the District of Columbia, the NFL agreed to halt its league-wide "price floor" policy that artificially restricted the resale price of NFL tickets in the secondary market. In addition, the Settlement Agreement prohibits the NFL from directing or requiring ticketing practices among teams that are designed to preclude fans from using competing exchanges. This is an important precedent, and certainly a win for consumers and fans.
- **Ticket Holds:** Event promoters and venues commonly place "holds" on large numbers of tickets before they go on sale to the public. Reports indicate that only 46% of tickets become available when tickets go on sale, leaving less than half to meet demand – which is the reason events sell

out too quickly and lead to frustration over supply and market price.

- **Ticket-Buying Software - “Bots”**: The use of computer software commonly known as “bots” and auto-dialing programs to rapidly buy up event tickets before fans can access them is detrimental, manipulating demand and driving up prices significantly. In 2016 a new federal law was passed making the use of software bots illegal.

NATB and its **Protect Ticket Rights** initiative defend the rights of ticket buyers and sellers through a stringent Code of Ethics, legislative advocacy and in the public arena. We do so according to the values outlined in [NATB's Ticket Owner Bill of Rights](#). Founded in 1994, NATB is comprised of approximately 200 member resale companies, professional ticket brokers that offer a 200% refund on guaranteed tickets, and have long opposed ticket brokers who utilize software bots.

Learn more at www.ProtectTicketRights.org