



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

ERIC T. SCHNEIDERMAN
ATTORNEY GENERAL

DIVISION OF ECONOMIC JUSTICE
BUREAU OF INTERNET AND TECHNOLOGY

SENT BY OVERNIGHT DELIVERY AND EMAIL

April 26, 2016

Tod Cohen, Esq.
General Counsel
StubHub, Inc.
199 Fremont Street, Floor 4
San Francisco, CA 94105

Aaron Johnson, Esq.
Director of Litigation
eBay Inc.
2065 Hamilton Ave.
San Jose, CA 95125

Re: New York State Office of the Attorney General (“NYAG”) Inquiry into Ticket Resale Practices

Dear Messrs. Cohen and Johnson:

I write regarding the NYAG’s efforts to increase transparency in the ticket resale market and bring ticket resellers into compliance with New York laws. As you may know, on January 28, 2016, the NYAG released a report, *Obstructed View: What’s Blocking New Yorkers from Getting Tickets*, describing the results of a multi-year investigation into the live entertainment ticket industry. As described in this report, the NYAG has found evidence of widespread violations of New York’s tickets and consumer protection laws by ticket resellers. The report proposed a series of industry reforms to address these violations and called upon industry players to act. The NYAG would like StubHub to join this effort to help bring ticket resellers into compliance with New York laws and put an end to ticket resale platforms’ unwarranted tolerance of these unlawful sales activities.

To “safeguard[] the public against fraud, extortion, and similar abuses” that have long been a concern in the ticket resale industry, the New York legislature has enacted laws that carefully regulate the resale of tickets.¹ Any person, firm, or corporation that resells or engages

¹ Arts and Cultural Affairs (“ACA”) Law § 25.01.

in the business of reselling tickets to venues located within the state must obtain a ticket reseller license from the New York Secretary of State.² Licensees are subject to the supervision of the Secretary of State and are required to post a bond of \$25,000, to be used to compensate their customers for damages occasioned by their misstatements, misrepresentations, fraud, deceit, or unlawful acts or omissions.³

New York also mandates certain disclosures. Resellers that conduct business from a physical office must post and conspicuously display both a copy of the license and a ticket price list that includes the established ticket price charged by the operator of the New York venue.⁴ Ticket resellers that conduct business through the Internet must similarly conspicuously display the price list, or a hyperlink to a price list, on the Internet page on which tickets are accessed and provide a hyperlink, displayed in a conspicuous manner, to a scanned copy of the ticket reseller license.

Our investigation has revealed that many professional ticket resellers that offer tickets for sale through ticket resale platforms are out of compliance with these laws. For example, many professional ticket resellers – including, we believe, many resellers using your company’s platform – do not have a New York ticket reseller license. Many professional ticket resellers also do not disclose the face value of the tickets they offer for sale, in part because they operate through ticket resale platforms that do not permit resellers to supply this information to consumers.

Many professional resellers also are violating New York consumer protections laws by advertising and selling “speculative tickets” through ticket resale platforms. As we have discussed, speculative tickets are tickets that resellers offer for sale, despite not having a ticket in hand or even the right to sell that particular ticket. Resellers that offer tickets to particular seats, rows, sections, or areas of a venue that they do not have and cannot provide, without clearly and conspicuously disclosing that that is the case, may be engaging in deceptive acts or practices and/or fraud in violation of New York General Business Law §§ 349 and 350 and New York Executive Law § 63(12).

These violations harm both consumers and the ticket industry. Consumers who unwittingly purchase speculative tickets often do not receive the seats that were advertised. Consumers cheated by unlicensed ticket resellers offering speculative or counterfeit tickets or engaging in other misconduct are deprived of protections of the law, including recourse to a \$25,000 bond that licensees are required to post and the benefit of oversight by the Secretary of State, who has authority to investigate and sanction licensees for such conduct. And most consumers shopping through ticket resale platforms are deprived of the licensing and ticket markup information that would allow them to make fully informed decisions prior to purchase. These issues impact consumer confidence and sow distrust of the industry.

² ACA Law § 25.13. The licensing requirement does not apply to persons, firms or corporations that purchase tickets solely for their own use or the use of their invitees, employees, or agents. ACA Law § 25.03(8).

³ ACA Law § 25.19.

⁴ ACA Law §§ 25.19, 25.23.

Ticket resale platforms are uniquely positioned to help address these issues by facilitating legally compliant sales on their platforms. The NYAG believes that to do so, ticket resale platform operators such as your company should take the following steps:

1. Verify that professional ticket resellers are properly licensed by requiring that high volume resellers reselling tickets to events in New York through your resale platform provide you with a New York ticket reseller license number.
2. Facilitate professional ticket resellers' compliance with New York disclosure laws, for example by enabling resellers to provide face value information when listing a ticket to an event in New York for sale and a scanned copy of their license, and making that information available to consumers.
3. Discourage speculative ticket sales by actively identifying ticket resellers that routinely list tickets for sale that they do not have the right to sell and taking action against those resellers.

We expect that ticket resale platforms that implement these changes would also limit the exposure of their customer resellers to law enforcement action.

Please advise me, in writing, by no later than May 10, 2016 as to whether you intend to adopt these proposals.

If you have any questions, please feel free to contact me.

Sincerely,



Jordan Adler
Assistant Attorney General
Bureau of Internet and Technology
(212) 416-6307



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ATTORNEY GENERAL

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April 26, 2016

Jared Smith
President
Ticketmaster
7060 Hollywood Blvd
Hollywood, CA 90028

Re: New York State Office of the Attorney General (“NYAG”) Inquiry into Ticket Resale Practices

Dear Mr. Smith:

I write regarding the NYAG’s efforts to increase transparency in the ticket resale market and bring ticket resellers into compliance with New York laws. As you may know, on January 28, 2016, the NYAG released a report, *Obstructed View: What’s Blocking New Yorkers from Getting Tickets*, describing the results of a multi-year investigation into the live entertainment ticket industry. As described in this report, the NYAG has found evidence of widespread violations of New York’s tickets and consumer protection laws by ticket resellers. The report proposed a series of industry reforms to address these violations and called upon industry players to act. The NYAG would like Ticketmaster to join this effort to help bring ticket resellers into compliance with New York laws and put an end to ticket resale platforms’ unwarranted tolerance of these unlawful sales activities.

To “safeguard[] the public against fraud, extortion, and similar abuses” that have long been a concern in the ticket resale industry, the New York legislature has enacted laws that carefully regulate the resale of tickets.¹ Any person, firm, or corporation that resells or engages in the business of reselling tickets to venues located within the state must obtain a ticket reseller license from the New York Secretary of State.² Licensees are subject to the supervision of the Secretary of State and are required to post a bond of \$25,000, to be used to compensate their

¹ Arts and Cultural Affairs (“ACA”) Law § 25.01.

² ACA Law § 25.13. The licensing requirement does not apply to persons, firms or corporations that purchase tickets solely for their own use or the use of their invitees, employees, or agents. ACA Law § 25.03(8).

customers for damages occasioned by their misstatements, misrepresentations, fraud, deceit, or unlawful acts or omissions.³

New York also mandates certain disclosures. Resellers that conduct business from a physical office must post and conspicuously display both a copy of the license and a ticket price list that includes the established ticket price charged by the operator of the New York venue.⁴ Ticket resellers that conduct business through the Internet must similarly conspicuously display the price list, or a hyperlink to a price list, on the Internet page on which tickets are accessed and provide a hyperlink, displayed in a conspicuous manner, to a scanned copy of the ticket reseller license.

Our investigation has revealed that many professional ticket resellers that offer tickets for sale through ticket resale platforms are out of compliance with these laws. For example, many professional ticket resellers – including, we believe, many resellers using your company’s platform – do not have a New York ticket reseller license. Many professional ticket resellers also do not disclose the face value of the tickets they offer for sale, in part because they operate through ticket resale platforms that do not permit resellers to supply this information to consumers.

Many professional resellers also are violating New York consumer protections laws by advertising and selling “speculative tickets” through ticket resale platforms. Speculative tickets are tickets that resellers offer for sale, despite not having a ticket in hand or even the right to sell that particular ticket. Resellers that offer tickets to particular seats, rows, sections, or areas of a venue that they do not have and cannot provide, without clearly and conspicuously disclosing that that is the case, may be engaging in deceptive acts or practices and/or fraud in violation of New York General Business Law §§ 349 and 350 and New York Executive Law § 63(12).

These violations harm both consumers and the ticket industry. Consumers who unwittingly purchase speculative tickets often do not receive the seats that were advertised. Consumers cheated by unlicensed ticket resellers offering speculative or counterfeit tickets or engaging in other misconduct are deprived of protections of the law, including recourse to a \$25,000 bond that licensees are required to post and the benefit of oversight by the Secretary of State, who has authority to investigate and sanction licensees for such conduct. And most consumers shopping through ticket resale platforms are deprived of the licensing and ticket markup information that would allow them to make fully informed decisions prior to purchase. These issues impact consumer confidence and sow distrust of the industry.

Ticket resale platforms are uniquely positioned to help address these issues by facilitating legally compliant sales on their platforms. The NYAG believes that to do so, ticket resale platform operators such as your company should take the following steps:

1. Verify that professional ticket resellers are properly licensed by requiring that high volume resellers reselling tickets to events in New York through your resale platform provide you with a New York ticket reseller license number.

³ ACA Law § 25.19.

⁴ ACA Law §§ 25.19, 25.23.

2. Facilitate professional ticket resellers' compliance with New York disclosure laws, for example by enabling resellers to provide face value information when listing a ticket to an event in New York for sale and a scanned copy of their license, and making that information available to consumers.
3. Discourage speculative ticket sales by actively identifying ticket resellers that routinely list tickets for sale that they do not have the right to sell and taking action against those resellers.

We expect that ticket resale platforms that implement these changes would also limit the exposure of their customer resellers to law enforcement action.

Please advise me, in writing, by no later than May 10, 2016 as to whether you intend to adopt these proposals.

If you have any questions, please feel free to contact me.

Sincerely,



Jordan Adler
Assistant Attorney General
Bureau of Internet and Technology
(212) 416-6307

cc: Linda Goldstein, Esq.



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April 26, 2016

Donald J. Vaccaro
CEO
TicketNetwork Inc.
75 Gerber Rd East
South Windsor, CT 06074

Re: New York State Office of the Attorney General (“NYAG”) Inquiry into Ticket Resale Practices

Dear Mr. Vaccaro:

I write regarding the NYAG’s efforts to increase transparency in the ticket resale market and bring ticket resellers into compliance with New York laws. As you may know, on January 28, 2016, the NYAG released a report, *Obstructed View: What’s Blocking New Yorkers from Getting Tickets*, describing the results of a multi-year investigation into the live entertainment ticket industry. As described in this report, the NYAG has found evidence of widespread violations of New York’s tickets and consumer protection laws by ticket resellers. The report proposed a series of industry reforms to address these violations and called upon industry players to act. The NYAG would like TicketNetwork to join this effort to help bring ticket resellers into compliance with New York laws and put an end to ticket resale platforms’ unwarranted tolerance of these unlawful sales activities.

To “safeguard[] the public against fraud, extortion, and similar abuses” that have long been a concern in the ticket resale industry, the New York legislature has enacted laws that carefully regulate the resale of tickets.¹ Any person, firm, or corporation that resells or engages in the business of reselling tickets to venues located within the state must obtain a ticket reseller license from the New York Secretary of State.² Licensees are subject to the supervision of the Secretary of State and are required to post a bond of \$25,000, to be used to compensate their

¹ Arts and Cultural Affairs (“ACA”) Law § 25.01.

² ACA Law § 25.13. The licensing requirement does not apply to persons, firms or corporations that purchase tickets solely for their own use or the use of their invitees, employees, or agents. ACA Law § 25.03(8).

customers for damages occasioned by their misstatements, misrepresentations, fraud, deceit, or unlawful acts or omissions.³

New York also mandates certain disclosures. Resellers that conduct business from a physical office must post and conspicuously display both a copy of the license and a ticket price list that includes the established ticket price charged by the operator of the New York venue.⁴ Ticket resellers that conduct business through the Internet must similarly conspicuously display the price list, or a hyperlink to a price list, on the Internet page on which tickets are accessed and provide a hyperlink, displayed in a conspicuous manner, to a scanned copy of the ticket reseller license.

Our investigation has revealed that many professional ticket resellers that offer tickets for sale through ticket resale platforms are out of compliance with these laws. For example, many professional ticket resellers – including, we believe, many resellers using your company’s platform – do not have a New York ticket reseller license. Many professional ticket resellers also do not disclose the face value of the tickets they offer for sale, in part because they operate through ticket resale platforms that do not permit resellers to supply this information to consumers.

Many professional resellers also are violating New York consumer protections laws by advertising and selling “speculative tickets” through ticket resale platforms. As we have discussed, speculative tickets are tickets that resellers offer for sale, despite not having a ticket in hand or even the right to sell that particular ticket. Resellers that offer tickets to particular seats, rows, sections, or areas of a venue that they do not have and cannot provide, without clearly and conspicuously disclosing that that is the case, may be engaging in deceptive acts or practices and/or fraud in violation of New York General Business Law §§ 349 and 350 and New York Executive Law § 63(12).

These violations harm both consumers and the ticket industry. Consumers who unwittingly purchase speculative tickets often do not receive the seats that were advertised. Consumers cheated by unlicensed ticket resellers offering speculative or counterfeit tickets or engaging in other misconduct are deprived of protections of the law, including recourse to a \$25,000 bond that licensees are required to post and the benefit of oversight by the Secretary of State, who has authority to investigate and sanction licensees for such conduct. And most consumers shopping through ticket resale platforms are deprived of the licensing and ticket markup information that would allow them to make fully informed decisions prior to purchase. These issues impact consumer confidence and sow distrust of the industry.

Ticket resale platforms are uniquely positioned to help address these issues by facilitating legally compliant sales on their platforms. The NYAG believes that to do so, ticket resale platform operators such as your company should take the following steps:

1. Verify that professional ticket resellers are properly licensed by requiring that high volume resellers reselling tickets to events in New York through your resale platform

³ ACA Law § 25.19.

⁴ ACA Law §§ 25.19, 25.23.

provide you with a New York ticket reseller license number.

2. Facilitate professional ticket resellers' compliance with New York disclosure laws, for example by enabling resellers to provide face value information when listing a ticket to an event in New York for sale and a scanned copy of their license, and making that information available to consumers.
3. Discourage speculative ticket sales by actively identifying ticket resellers that routinely list tickets for sale that they do not have the right to sell and taking action against those resellers.

We expect that ticket resale platforms that implement these changes would also limit the exposure of their customer resellers to law enforcement action.

Please advise me, in writing, by no later than May 10, 2016 as to whether you intend to adopt these proposals.

If you have any questions, please feel free to contact me.

Sincerely,



Jordan Adler
Assistant Attorney General
Bureau of Internet and Technology
(212) 416-6307

cc: Peter Harvey, Esq.



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April 26, 2016

Holly Spurlock, Esq.
VP, Risk Management and Legal Affairs
Vivid Seats Ltd.
344 N Ogden Ave, Floor 4
Chicago, IL 60607

Re: New York State Office of the Attorney General (“NYAG”) Inquiry into Ticket Resale Practices

Dear Ms. Spurlock:

I write regarding the NYAG’s efforts to increase transparency in the ticket resale market and bring ticket resellers into compliance with New York laws. As you may know, on January 28, 2016, the NYAG released a report, *Obstructed View: What’s Blocking New Yorkers from Getting Tickets*, describing the results of a multi-year investigation into the live entertainment ticket industry. As described in this report, the NYAG has found evidence of widespread violations of New York’s tickets and consumer protection laws by ticket resellers. The report proposed a series of industry reforms to address these violations and called upon industry players to act. The NYAG would like Vivid Seats to join this effort to help bring ticket resellers into compliance with New York laws and put an end to ticket resale platforms’ unwarranted tolerance of these unlawful sales activities.

To “safeguard[] the public against fraud, extortion, and similar abuses” that have long been a concern in the ticket resale industry, the New York legislature has enacted laws that carefully regulate the resale of tickets.¹ Any person, firm, or corporation that resells or engages in the business of reselling tickets to venues located within the state must obtain a ticket reseller license from the New York Secretary of State.² Licensees are subject to the supervision of the Secretary of State and are required to post a bond of \$25,000, to be used to compensate their

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customers for damages occasioned by their misstatements, misrepresentations, fraud, deceit, or unlawful acts or omissions.³

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1. Verify that professional ticket resellers are properly licensed by requiring that high volume resellers reselling tickets to events in New York through your resale platform

³ ACA Law § 25.19.

⁴ ACA Law §§ 25.19, 25.23.

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2. Facilitate professional ticket resellers' compliance with New York disclosure laws, for example by enabling resellers to provide face value information when listing a ticket to an event in New York for sale and a scanned copy of their license, and making that information available to consumers.
3. Discourage speculative ticket sales by actively identifying ticket resellers that routinely list tickets for sale that they do not have the right to sell and taking action against those resellers.

We expect that ticket resale platforms that implement these changes would also limit the exposure of their customer resellers to law enforcement action.

Please advise me, in writing, by no later than May 10, 2016 as to whether you intend to adopt these proposals.

If you have any questions, please feel free to contact me.

Sincerely,



Jordan Adler
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