Multibillion-dollar industry pressures states to loosen restrictions on resales

BY BRUCE MOLL

October 22, 2006

Bil Wayne Montgomery, a Republican representative from Louisiana, said the bill he crafted with the help of Ticketmaster kept the state's existing antiscalping laws in place but allowed ticket holders to resell their tickets above face value as long as the event organizer gives its approval and the transaction takes place on a website offering full refunds if the event is canceled.

The change in law allowed the 9-1 Saints to launch a ticket exchange this season run by Ticketmaster whose season ticket holders can legally sell their tickets online. Buyers are charged a fee equal to 10 percent of the transaction, while sellers are charged 15 percent.

Michael Stanfield, vice president of ticket sales for the Saints, said the exchange eliminates the possibility of fraud by canceling the bar code of the ticket being sold and e-mailing a new bar code to the buyer.

John Walker, senior vice president for the Phoenix Suns, said the team had moral and business qualms about entering the resale business, but decided it was better to be involved than remain sitting on the sidelines. Last season, more than 15,000 Suns tickets were sold on the team's website, at an average markup of 71 percent.

The New York Yankees recently revoked the season tickets of several fans caught reselling their seats on StubHub and other websites, even as the team is developing Pinstripe MarketPlace, a website where season ticket holders will legally be able to resell their tickets for up to 45 percent above face value, with the Yankees taking a cut. Yankee officials did not return phone calls.

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Part Two: The pressure is on Many states are doing away with their antiscalping laws, prodded by powerful teams and corporations. (10/22/06)

Legislation Ticketmaster is pushing here in Massachusetts and other states with restrictive scalping laws would limit ticket resales only to websites authorized by the team or event organizer.

Competitors say Ticketmaster's language would give the ticket giant a significant competitive advantage, since it has strong ties to most of the nation's concert and sports venues.

"They're trying to create a monopoly," said Jim Holzman, the president of Ace Ticket of Boston.

Jeff Fluhr, the chief executive of San Francisco-based StubHub, was in Boston last week urging state lawmakers to get rid of the state's antiscalping law and reject Ticketmaster's approach. He cited research indicating prices on StubHub
tell dramatically in Illinois the year after resale restrictions were eliminated.

Greg Bettinger, director of event tickets for eBay, said Ticketmaster’s deals with teams are too restrictive. He said sales tend to be high and season ticket holders often can’t sell their tickets below face value, effectively placing a floor on prices. Some teams don’t pay season ticket holders in cash, but instead give them credits toward future season ticket purchases.

The Boston Red Sox, the Boston Celtics, the Boston Bruins, and the New England Patriots are all well aware of the changes taking place in the ticket market around the country, but they aren’t pushing for similar changes here.

Rich Gotham, the chief operating officer of the Celtics, said the club hasn’t come down on one side or the other, but he acknowledges the team would prefer to handle all ticket transactions with its customers.

The Red Sox, the Celtics, and the Patriots all let their season ticket holders resell their tickets on team websites, and the Bruins and the TD Banknorth Garden are moving in that direction. But because of the state law limiting markups to $2 plus some service charges, resale transactions are relatively rare. The Patriots last week had only one ticket posted for resale on their website. The Red Sox handled 30,000 resales this past season.

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