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Will Call War - Ticket agents strike out at scalpers over fan club ticket fraud

The war between scalpers and musicians took a heated turn in May, when veteran rocker Tom Petty exercised what his management called unprecedented action against ticket re-sellers.

When Petty's management found out that 460 concert tickets meant for fan club members for his St. Paul, Minn., shows (June 26-27) were purchased by scalpers and posted online at inflated prices, Petty's management and Ticketmaster immediately canceled them, setting off a chain reaction that was on the leading edge of widespread changes across the industry in how fan club tickets are distributed and policed.

In addition to the Minnesota tickets, 800 tickets for Petty's New York show at Madison Square Garden (June 20) were also canceled for the same reason, leading Petty's camp to huddle with Ticketmaster and search for a strong-voiced solution to the problem. According to Petty publicist Heidi Robinson, a pair of tickets for one of the MSG shows was going for \$9,000 on stubhub.com.

In comments posted on TomPetty.com, Petty's longtime manager, Tony Dimitriades, said that after realizing the tickets had not gone to fan club members, working with Madison Square Garden, Live Nation, Ticketmaster and Signatures, they identified the offenders and canceled the tickets and the memberships.

Petty then arranged to make those tickets available to club members who complied with the conditions of club membership and were willing to pick up their tickets at a special fan club will call window on the night of the show. Several experts said that the forced will call move could become the gold standard of avoiding fan club ticket fraud in the near future.

Xcel Center Vice President/General Manager Jack Larson was the point person at the Saint Paul venue for dealing with the ticketing snafu and

said it was alert fans who tipped Petty and openers Pearl Jam to the fraud.

Larson said that a "long discussion" occurred between Xcel, Ticketmaster and the band's camps and they all agreed that the best answer was to refund the money to the people who bought those tickets with a note explaining that they were found for sale well over the listed price, which goes against the fan club rules. "We assume [the scalpers] bought fan club memberships, which, if you think about it, a \$30 investment in a membership for a markup of \$300-\$500 on a \$90 ticket is worth it," Larson said.

Although requiring fan club members to come to the box office on the day of show to pick up their tickets with proper identification was an extra step that none of the parties wanted to add, Larson said his group felt they had no other choice. This has never really happened on this scale before with fan clubs, Larson said. At least not in a way that someone has noticed like this.

In fact, in February of 2005, after receiving a flood of complaints from irritated fans, U2 drummer Larry Mullen Jr. issued a formal apology after discovering tickets to the band's Vertigo tour ended up in the hands of scalpers.

"The idea that our long-time U2 fans and scalpers competed for U2 tickets through our Website is appalling to me," Mullen wrote to fans. A provision in the band's U2.com subscription agreement allowed the band to cancel any ticket orders for scalpers, brokers or their suppliers, as well as anyone using automated technology to buy tickets or whose order exceeded the stated limit.

While everyone wants to make it as easy as possible for fan club members to get the tickets they want, as a result of the increasing abuse of fan club pre-sales, Larson said Xcel is considering making everyone who buys fan club seats come to a special Will Call window to pick up their tickets.

Like many bands, Petty gives his devoted fans a chance to buy prime seats before they go on sale to the general public. But as was the case with U2, it appears that scalpers joined the fan club with the intention of buying and reselling tickets at a higher price, which violates the club's rules and, in the case of Minnesota, state laws.

The Petty incident was a further wake up call to Larry Peryer, the president of Brooklyn-based UltraStar, which runs fan clubs for major artists ranging from the Rolling Stones and David Bowie to Sting, INXS, the Red Hot Chili Peppers, Mariah Carey, the Counting Crows and American Idol. A big aspect of UltraStar's business is offering fans early access to tickets and Peryer said that trying to stop brokers from joining just to gain access to those prime seats is hard. "I liken it to mercury, they'll slither around and find ways to get around obstacles," he said.

But UltraStar has implemented a few measures to help counter the problem, among them encouraging artists to enforce business rules governing pre-sales. A lot of artist fan clubs have an all-you-can eat-policy where you can buy up to the ticket limit on any show you want, Peryer said. Artists see it as fan-friendly, but ticketing companies looking at purchase histories know that most fans will go to one, two or three shows, so the only people who really take advantage of all-you-can-eat are brokers or resellers.

One advantage he said his company has over other fan club companies is their insistence on selling all their tickets through Ticketmaster, without pulling any out of the system to sell on their own. That way, UltraStar has access to Ticketmaster and other ticket seller's fraud prevention and broker screening software, which allows them to cancel suspect orders before they get fully processed.

While Peryer said he hasn't seen fan club ticket scams on a widespread basis with any of his artists so far, it is a steady issue and one of the other ways he's found to combat it is to participate aggressively in the secondary market.

"We do a lot with value-added packages where you get a piece of merchandise, a pass to attend a sound check, a cool t-shirt, or priority parking that's priced at what you would pay on the secondary market," he explained. "But we sell it through the artist's site so they capture the money. The feedback has not been, I can't believe you're charging me \$500 for a \$200 ticket; it's that they'd rather buy it from the artist and get a cool extra. Since they were going to spend that much anyway, they might as well get it from the artist."

Ticketmaster has also introduced at least one tactic to combat the general problem of broker ticket grabs through its TicketExchange program, which allows ticket holders to legally sell unused seats on the Ticketmaster Web site. But as fan clubs emerge as a more mainstream

phenomenon, broker participation is an expected by-product, according to David Marcus, the company's vice president of Strategic Marketing, who heads up the company's fan club ticketing initiatives.

Marcus was unwilling to discuss the particular tools Ticketmaster uses to monitor suspicious activity and identify possible scalper activity for competitive reasons, but he said the firm does make sure ticket limits are enforced and it monitors suspect fan club activity using tools to identify purchasers who have been problematic in the past.

"Really, it's hard for us to insert ourselves in there," he said. "The best thing we can do is give an efficient way for the market to make fan club tickets available and get them into fans hands quickly and safely and enforce the club rules. Over time, if the reputation of the fan club industry is that it's simply a tool used by brokers to get tickets that will dissuade true fans from signing up and artists from using them."

Having come at the problem from both sides as both a ticket provider and third party seller Jason Mastrine, regional manager of the Pacific Coast region for Portland-based TicketsWest, said he doesn't necessarily believe that scalpers joining fan clubs to resell tickets is fraud. "I was a proponent of fan club and artist ticketing for a number of years," he said. "Being part of TicketsWest, I've seen another side of it. I've seen controls on ticket sales loosen as the number of fan club ticket sellers increased. Back when it was just a few third-party ticket agents working on behalf of their client, it was easier to control these types of scalpers because you limited the number of points of sale. Now, with fan club ticket sales you have 4-5 big artists companies, each with their own fraud prevention policies, if they have one, which is the reason you've seen a proliferation of fan club ticket sales going to scalpers."

When the current Petty tour hit the Spokane (Wash.) Arena, one of Mastrine's solutions was to insist that the band not use its fan club ticketing company at the venue and instead mandated that they work directly with TicketsWest.

"We gave them single-use passwords for our website and some fan club members could only buy one or two tickets and they were for will call only with ID and no name changes," he said. "We have a responsibility to the client to protect them from those customer service issues that arise when things go awry and while we represent the artist, venue and promoter, ultimately it's the customer that we have to protect."