

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON JUDICIARY**

**Eightieth Session
May 6, 2019**

The Committee on Judiciary was called to order by Chairman Steve Yeager at 9:25 a.m. on Monday, May 6, 2019, in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblyman Steve Yeager, Chairman
Assemblywoman Lesley E. Cohen, Vice Chairwoman
Assemblywoman Shea Backus
Assemblyman Skip Daly
Assemblyman Chris Edwards
Assemblyman Ozzie Fumo
Assemblywoman Alexis Hansen
Assemblywoman Lisa Krasner
Assemblywoman Brittney Miller
Assemblywoman Rochelle T. Nguyen
Assemblywoman Sarah Peters
Assemblyman Tom Roberts
Assemblywoman Jill Tolles
Assemblywoman Selena Torres
Assemblyman Howard Watts

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Joyce Woodhouse, Senate District No. 5

Minutes ID: 1115



STAFF MEMBERS PRESENT:

Diane C. Thornton, Committee Policy Analyst
Bradley A. Wilkinson, Committee Counsel
Linda Whimple, Committee Secretary
Melissa Loomis, Committee Assistant

OTHERS PRESENT:

Mike Schneider, Private Citizen, Las Vegas, Nevada
Myron G. Martin, President and Chief Executive Officer, The Smith Center
Alfredo T. Alonso, representing Ultimate Fighting Championship; Black Knight Sports and Entertainment LLC; and Vegas Golden Knights
Mike Newquist, Vice President of Event Marketing and Ticketing, Ultimate Fighting Championship
Kerry W. Bubolz, President, Vegas Golden Knights
Todd Pollock, Vice President of Ticketing and Suites, Vegas Golden Knights
Joshua J. Hicks, representing Oakland Raiders
Victoria von Szeliski, Senior Vice President and General Counsel, AXS
Lou D'Angeli, Vice President of Marketing and Public Relations, Resident Shows Division, Cirque du Soleil
Jonathan P. Leleu, representing Live Nation Entertainment
Greg Ferraro, representing Nevada Resort Association
David Goldwater, representing Nevada Ticket Brokers Association
Michael O'Neil, representing Vivid Seats LLC
Ken Solky, President, LasVegasTickets.com; and President, Nevada Ticket Brokers Association
William C. Horne, representing StubHub
Ryan Johnson, Owner, Rebel Tickets

Chairman Yeager:

[Roll was called and protocol explained.] We have only one bill on the agenda today, and at this time I will formally open the hearing on Senate Bill 131 (1st Reprint).

Senate Bill 131 (1st Reprint): Revises provisions relating to the resale of tickets to an athletic contest or live entertainment event. (BDR 52-64)

Senator Joyce Woodhouse, Senate District No. 5:

I am here to present Senate Bill 131 (1st Reprint) for your consideration. I have worked with the stakeholders and interested parties to amend the bill in the Senate and address the concerns that were raised. Before I get to the provisions of the bill, I would like to talk briefly about why a policy change is needed. We all know the feeling. We wait for weeks for tickets to become available for our favorite sporting events, concerts, or theater productions, only to learn that they had been sold out in minutes and then appeared later on ticket reseller websites. Professional resellers have a significant competitive advantage over

consumers in buying tickets as soon as they are released. As a result, many consumers can buy tickets only on the resale market at a substantial markup, which may include hefty fees above the price of the tickets. Event ticketing is not federally regulated; however, federal legislation enacted in 2016 restricts ticket-buying software that ticket brokers can use to buy large volumes of tickets online, commonly known as Internet bots. States have had to enact laws that apply to event ticketing.

During the last session, I sponsored Senate Bill 235 of the 79th Session, which passed and the Governor signed. This measure revised existing deceptive trade laws to include resellers of tickets to an athletic contest or an entertainment event. Among the provisions of the bill, a reseller is prohibited from reselling more than one copy of the same ticket to an event or employing another person to wait in line to purchase tickets for the purpose of reselling the tickets if the practice is prohibited by the sponsor, the organizer, or promotor of the event. The use of Internet robots or disguising the identity of the ticket purchaser is also prohibited.

Additionally, Senate Bill 235 of the 79th Session established a toll-free statewide hotline and a website by which a person may file a complaint through the Bureau of Consumer Protection in the Office of the Attorney General. Finally, a person injured by a violation of the provisions in the bill may bring a civil action to seek declaratory and injunctive relief and actual damages or a monetary fine. In an ongoing effort to protect Nevada's residents and tourists, Senate Bill 131 (R1) seeks to establish additional requirements for ticket resellers. Today, anyone can sell tickets on the Internet—an individual with some spare tickets, a primary marketing ticketing company such as Ticketmaster, professional ticket brokers, and secondary market ticket exchanges such as StubHub. These sellers are largely free to sell tickets at whatever prices consumers are willing to pay. To improve consumer protections in this environment, I would like to highlight specific sections of the bill.

Section 3 prohibits a reseller, a secondary ticket exchange, or any affiliate of theirs from reselling a ticket without disclosing the total amount to be charged for the ticket, including a disclosure of the related fees. Section 6 requires a reseller, a secondary ticket exchange, or any affiliate of the reseller or secondary ticket exchange to display within the top 20 percent of each page of his or her website and that the website belongs to that reseller, secondary ticket exchange, or affiliate. Advertising or representing on such a website that the reseller, secondary ticket exchange, or an affiliate has initial ownership rights to a ticket before its public sale is prohibited without contractual authorization to do so from the original owner.

Many of you know that speculative ticketing is widespread. A speculative ticket is one that is put up for sale by a reseller when the reseller does not yet have the ticket in hand, perhaps because the event has not yet gone on sale. This happens way too many times. In some cases, a buyer may never get the ticket or receives seats that are different from those that are advertised. Section 7 of the bill prohibits a reseller, a secondary ticket exchange, or any affiliate from reselling a ticket without first disclosing to the purchaser the location of the seat or the general admission area to which the ticket corresponds. These entities are also prohibited from advertising or reselling a ticket unless it is in their possession, or unless there

is a written contract to obtain the ticket from the person with the initial rights to that ticket, prior to its public sale.

In addition, a primary ticket provider, a reseller, a secondary ticket exchange, or any affiliate is prohibited from reselling a ticket before it has been made available to the public by the person with initial ownership rights without first obtaining authorization to do so. Section 8 of the bill prohibits a person from offering or reselling a ticket if the person knew or reasonably should have known that the ticket was acquired through the misuse of Internet bots. Section 10 increases the amount of damages to \$1,000 or actual damages, whichever is greater, that a person can seek for a first violation of ticket resale requirements and provides for increasing damages and penalties for subsequent violations. As I previously mentioned, the Bureau of Consumer Protection (BCP) has established a statewide hotline and Internet website that a person may use to file a complaint related to ticket resellers and secondary ticket exchanges. Section 9 of the bill requires the BCP to provide information and directions regarding the preferred method of filing such a complaint, and a related complaint form. That concludes my part of my presentation. In the interest of consumer protection in Nevada, I urge your support of S.B. 131 (R1).

With your permission, I have the Senate Committee on Finance standing by for me to return. I want to tell you that the individuals who are coming forward, particularly former Senator Mike Schneider and Myron Martin of The Smith Center, as well as Mr. Alfredo Alonso, have worked an exceedingly long time with all of those who are interested in the pro and the con side of this measure. We have brought to you our very best efforts to provide what we need to protect the consumers in Nevada.

Chairman Yeager:

I appreciate your being here. I know you have a lot going on in the building, so feel free to make your way over to Senate Finance.

Mike Schneider, Private Citizen, Las Vegas, Nevada:

Mr. Martin and I brought together a bill last session and we had to trim it a little bit, which happens with a lot of bills the first time they are presented. To bring you up to speed on The Smith Center, years ago we submitted a bill enabling some funding for The Smith Center, because it is the ongoing operation of The Smith Center or any fine arts performing center that is really critical. We had a small taste of the car rental tax for The Smith Center—it is only tourists who pay that fee; locals do not pay it. It helps to offset some of the cost for The Smith Center. We are all invested in The Smith Center to make sure it continues on and operates properly for the next 350 years.

Last session, we were here by ourselves, and Mr. Alonso tried to represent a few of his clients, but they were really consumed. I have to say that from two years ago when we were here last, the Ultimate Fighting Championship (UFC) has been sold and there is new ownership—a big multinational company owns UFC now—so they were involved in talks. They were trying to put together a hockey team and they did an excellent job, since they were in the Stanley Cup finals. But they were also very consumed. The Raiders football team was

consumed in trying to get a location for Las Vegas and get the stadium approved, which, as you all know, is under full construction. Cirque du Soleil was sold in the last two years. All the big players are here today in support of this, as is the Nevada Resort Association. We came up a little empty-handed last time as it was just Myron Martin, me, and Senator Woodhouse, but this time we are back with a full team of people who want this bill passed and we want to put more teeth in it.

Myron G. Martin, President and Chief Executive Officer, The Smith Center:

Thank you for what you did last session; it helped. Let me give you an example of how our trying to be fair was perhaps not quite fair for consumers. We had our on-sale date for *Hamilton*. We talked about *Hamilton* as being one of the shows that was coming up that we really needed this help for. As it turned out, on the first day of sale, there were dozens of people buying tickets with wads of cash, and these were people who were hired by ticket brokers. We know it because they had to fill out a form and on the form it called for their name and address, and they had to certify that they were purchasing these tickets for their own personal use and not for resale. It turns out that dozens of these people had the same exact mailing address. We tracked the mailing address to a motel in Las Vegas. They were not buying these for their personal use. Fortunately, we were able to stop a number of those sales, but a number of sales did go through. These are sales that might have gone for \$100 face value at The Smith Center that were later sold for \$2,000 or \$3,000, the difference of which—that \$1,900 or \$2,900, whatever the difference is—zero of it went to the intellectual property of the show. Zero of it went to The Smith Center. None of it went to stage hands, ushers, or ticket takers, or anyone involved with the show. None of it. The Smith Center was designed for people who live in the great state of Nevada. Because of that, we try to keep our ticket prices as low as possible. The reality is that those tickets only cover 70 or 75 percent of our total cost. We do that on purpose, but we do not want third parties to benefit from it. We want local families to benefit from that philosophy.

We also found another group of tickets that were all sold to the same address with different names, and we tracked it to being a Mail Boxes Etc. in Boston, Massachusetts—not local families looking to take their kids to see a great show. Our bill, while it had great intentions, did not go quite far enough to be able to prevent these things. Why? Because the fines were less than the amount of money they would make by reselling the tickets. Frankly, many of these people knew that at the time; no one was quite sure who was going to enforce it or if these laws would be enforced. They largely were not. That is why we are here today. We simply want to do what is right for consumers and strengthen the bill a bit. Former Senator Schneider is right; things have changed. We do have professional sports in Las Vegas, and they have a lot more to lose than a little nonprofit in Las Vegas. You will hear from them, but it is important that you know we are not here to say, Let us outlaw secondary ticketing. They are doing that in some states. We are not saying that.

I testified two years ago in front of this Committee that I have personally purchased tickets for sporting events through StubHub. I am not against it. I just think that people have to be transparent and they have to be fair to consumers. That is what today is about. Nonprofits like The Smith Center and commercial enterprises like Cirque du Soleil, UFC, Golden Knights, and the Raiders—this is their lifeblood. Whether they are nonprofit or commercial, ticketing is everything to these organizations, and your action will help us make sure that people who live here—families in Nevada—can go and see a great sporting event or a great show at a fair price.

Alfredo T. Alonso, representing Ultimate Fighting Championship; Black Knight Sports and Entertainment LLC; and Vegas Golden Knights:

I would like to introduce Mike Newquist with the Ultimate Fighting Championship. I would also like to ask if Mr. Joshua Hicks could come up on behalf of the Raiders. In Las Vegas, we have Kerry Bubolz, who is the president of the Vegas Golden Knights, Todd Pollock, who is vice president of ticketing, and Tamara Daniels, who is general counsel for the Vegas Golden Knights.

Mike Newquist, Vice President of Event Marketing and Ticketing, Ultimate Fighting Championship:

I want to reiterate what Myron just said. We are not opposed to the secondary market and the resale of tickets. We are opposed to the deceptive, fraudulent, and dubious practices of some of these ticket resellers. In this brief presentation, we will talk about how these deceptive practices harm the consumers and the business owners alike.

We want to talk about four different areas [page 3, ([Exhibit C](#))]. One is speculative tickets, and I will explain what that is and show some real-time examples of what speculative tickets are and the harm they are doing today. Fraudulent tickets are fake tickets. They are invalid and they are not real. There is the deceptive use of uniform resource locators (URLs), meaning that resellers are attempting to dupe consumers with fake websites into believing that they are buying from the official or authorized ticket seller for that event. Finally, there are the bots—using computer programs to scoop up blocks of tickets that the average ticket buyer cannot purchase.

Speculative tickets [page 5, ([Exhibit C](#))] are when unofficial parties list tickets for sale prior to the event going on sale, even though they do not actually have these tickets. There are unauthorized parties who sell these tickets that they do not own before the event even goes on sale. Speculative tickets are not real tickets. They do not exist. They are basically selling air at this point. People who claim to sell these tickets are creating acts of fraud, and this practice is illegal in other states, including New York.

Some of the negative impacts to both the consumer and the rights holders [page 6, ([Exhibit C](#))]—on the consumer side, there is no guarantee that the consumer who bought these tickets will actually receive either the ticket they purchased or, in many cases, any tickets at all. Unfortunately, I am the one who will get pulled outside of the arena when this happens. There is confusion and frustration. Many consumers believe these are real tickets.

You will see some of these sites. They look real. They have the name of the arena. They have the ticket prices. They show a pretty little map of the arena, but it is not real. This drives up prices for consumers. We will take a look at some of the prices that are being shown, and it is a real missed opportunity for these consumers to be integrated into the ecosystems of these teams. They are fans of the teams. They want to talk to these teams and, unfortunately, they are being sidetracked because they are not purchasing from the actual team or event. Another impact is the potential loss of money, time, and the event experience.

On the rights holders' side—UFC, Vegas Golden Knights, Raiders, Cirque du Soleil—there is lost revenue. This eliminates our ability to acquire new customers into a database. We want to speak to them. The lifeblood of our business is being able to speak to the consumers who want to come to our events and want to speak with us. There is certainly a negative sentiment. Initially, fans think it is the UFC. They think it is the Knights. They think it is the Raiders who sold these tickets until we are actually out there in front of them and explain the whole situation and understand where they bought these tickets from, and, oh no, they did not buy them from the authorized user. Then they start to understand how they have been duped. This minimizes the opportunity for all of us to recoup the business investment that we have made. The UFC has invested hundreds of millions of dollars. We built our global headquarters in Las Vegas. We employ hundreds of people, yet with speculative ticketing, we are never able to speak to the customer and even have an opportunity to recoup any of that investment.

I am going to run through a couple of examples to show you what speculative ticketing is. UFC 239 [page 7, ([Exhibit C](#))] is an event that we are holding in July 2019 at T-Mobile Arena in Las Vegas. Our official on-sale date was April 19. We took the following screenshots [page 8] on March 3—a full month and a half before this event was even going on sale—and this site happens to be a Vivid site from vividseats.com. They are listing hundreds of tickets. To be quite honest, on March 3, I had not even priced this event. I am the person who prices this. I help set the floor arrangement. I had not even thought about prices for this event yet, but you can see hundreds of tickets listed and thousands of dollars for an event that does not exist at this point.

Similarly, UFC 235 was held in March [page 9, ([Exhibit C](#))]. We did not go on sale with this until the new year, January 30. We pulled these screenshots on December 18, shortly after the event was announced. Again, hundreds of tickets—BravoTickets.com, VividSeats.com—I had not priced them. These seats do not exist when they are selling these. The consumers are being duped. These look real. They have real sections. They have real event names. They have real prices, but they are not real. They are fake.

UFC 229 [page 10, ([Exhibit C](#))] is what happens quite frequently when I get pulled out in front of the box office. A father and a son had purchased tickets; they had bought plane tickets to come to Las Vegas. They bought hotel nights, and they took time off of work. I get called out there because they cannot get into the arena, and they are wondering why. In talking to them, they purchased seats through one of these resellers, they were able to get in touch with the reseller there, and the answer they were given was, We did not have the

seats that you originally ordered; in fact, we do not have any seats. Neither did we. This was a big sold-out event. The son is crying. The dad is wondering what is going on. He is talking to the reseller who says, We will give you your money back. The dad says, Well, great. What about my plane tickets? What about my hotel nights? What about my son who is crying here and missing out on this event? It is a horrible experience. This is what happens when this practice takes place.

I want to talk about one more real-time experience that is not just UFC. One of the hottest concerts this summer is the Jonas Brothers show. It is touring the country—I am sure we have fans in here too. Because of speculative ticketing and what is going on, Ticketmaster had to tweet out nationwide that they are seeing tickets for sale on all of these other sites. So we have an event here in Las Vegas in October [page 12, ([Exhibit C](#))]. The seats do not even go on sale until Friday. Ticketmaster said, We have not even sold a single ticket for this event yet. But here we go again. Hundreds of seats listed for a show that has not put a single seat for sale. My daughter asked me about this. She saw seats for sale and she said, Dad, can I buy these tickets? Fortunately, I knew what was going on here, but what about the thousands of other people who do not? That is who we are trying to protect. These seats are not real. There has not been a single ticket to this event sold yet.

The last thing that I would like to speak about is the deceptive use of URLs [page 16, ([Exhibit C](#))]. We talked about The Smith Center and, unfortunately, they are using sites like this. It looks real, it looks like The Smith Center site, but this is not. It looks like a logo, they have exact event dates, and you can buy tickets. It is something that we need to clean up here in this overall.

In closing, I want to reiterate to you that we are not against secondary markets. We are not against the reseller tickets. In fact, we are very pro-resell. If someone is working with us and we have a hundred sales bodies out there working for us, that is value to us. What we need to put a stop to are these fraudulent and deceptive practices that I have just shown you. Thank you for your time.

Kerry W. Bubolz, President, Vegas Golden Knights:

Our owner, Bill Foley, has invested close to \$600 million over the last five years to bring the great game of hockey and major league sports to the state of Nevada. That incredible success on and off the ice the last two years that we have been playing hockey in some ways has brought many bad actors whose sole purpose is to take advantage of the value the team has created without any of the business risk—strictly for profit. These bad actors have also taken advantage of many Golden Knights fans and have left the team to deal with the customer service fallout with no accountability. That is why we are in great support of this bill ([Exhibit D](#)).

Todd Pollock, Vice President of Ticketing and Suites, Vegas Golden Knights:

I will not elaborate too much more as Mike, my counterpart at UFC, eloquently described a few examples that have been detrimental to fans and to unsuspecting buyers, whether it be UFC, Vegas Golden Knights, or The Smith Center. We are proud to call Las Vegas home. We have had over 100 home games at T-Mobile Arena. Kerry and I, as well as the entire ticketing team that we work with, have witnessed two key frequent deceptive and fraudulent activities. The first is the creation of fake tickets ([Exhibit E](#)). Mike alluded to the fact that you have people who come from out of town as well as our local fans, and when they arrive at the gates they find that their tickets are fake and there is no recourse. With the high demand of Vegas Golden Knights tickets, we are not able to provide them an alternative, typically leaving families, children, and their parents extremely disappointed.

Second is the use of deceptive URLs similar to the example shown at The Smith Center. The Vegas Golden Knights have seen several—if not dozens—of websites that seem to portray sales for the Vegas Golden Knights and T-Mobile Arena. These sites are fraudulent and are not authentic. In summary, the Vegas Golden Knights supports authorized resellers. We support Senate Bill 131 (1st Reprint), and we appreciate the opportunity to speak today.

Joshua J. Hicks, representing Oakland Raiders:

Obviously, the Raiders are very excited about starting up in Nevada. We have seen a lot of support in the community—we are starting to see a lot of Raiders license plates to go along with all the Knights license plates that are out there. We expect to have some great games in the future at the stadium. Those are games that are going to be popular and attended not just by Nevadans, but by tourists as well. Having customer satisfaction at these games is extremely important. Some of the stories of what has happened with UFC, The Smith Center, and the Vegas Golden Knights are things that the Raiders want to make sure to avoid as well. That is why we are in support of this bill. We think this bill protects the integrity of the secondary markets while still allowing it to go and thrive under the right circumstances and therefore we support the bill.

Assemblywoman Backus:

I am a die-hard Runnin' Rebels fan, and I hope they do better. As a season ticketholder, I know exactly where my seats are and I renew every year. Just for clarity of the record, I want to make sure that how I am reading section 7, subsection 2, is that even though I know where my tickets are, I am going to have them when the season starts, that no second market can put those tickets on until the tickets are made available to the general public. Is that the intention?

Alfredo Alonso:

That is correct. The impetus of this bill was to be much simpler than the complicated bill we took on last time. We looked at some of the problems that still existed—the separation between the primary, who is anyone from Golden Knights, Raiders, UFC, to your local performing arts center. The purpose of this bill is to separate it out like it used to be where the people making the investment, paying the employees, and putting forth the product can control their tickets to some degree. That does not mean that the person who is purchasing

those tickets will be any worse off, because this section specifically says that once those tickets are available and you purchase that ticket, you can sell it. The problem is that it has become a free-for-all. This bill is trying to take that back.

Assemblywoman Backus:

Thank you, and thank you for not slamming the current status of my team and the hype of my tickets. I was really surprised—the first time I learned of this was from Mr. Alonso about six months ago. The more I keep talking about the bill, the more I get surprised how this deceptive practice has impacted people. I want to thank you for section 6, subsection 3, with respect to the deceptive sites. I now know a senior who was impacted personally by a deceptive site for a Smith Center ticket, paying well above the regular price. That took me to section 10, which is the private right of action. One of the concerns I have is that this provision allows for a suit to be brought in a court of competent jurisdiction. As a lawyer, I would argue that Nevada would have personal jurisdiction over the person or company that may be causing the harm. One thing that I was thinking that could be added in here would be a long-arm statute provision allowing Nevada courts to have personal jurisdiction of those who are causing harm in our state. I know you may not be the ones who can make that decision, but I would be happy to talk with Senator Woodhouse or the cosponsor of the bill.

Alfredo Alonso:

We would agree. As you heard, it is our tourists who get harmed, it is our locals who get harmed, and it is our local businesses that get harmed. The hope is that this bill will curb those behaviors and if there is any way to strengthen the bill, we would gladly accept that on our end.

Assemblywoman Miller:

When I read this bill, I think of personal experiences or other experiences of Nevadans. While we understand regarding any of these fraudulent ways about the tickets that people do generally get their money back and get reimbursed, my concern is that they are missing the experience. As a Nevadan, that is one thing. But we are also in a town where people travel from all over the country and the world to come here specifically for shows or sporting events. Do we know the economic impact for when we have people who come here with the intent to see a show and then realize they cannot get into that show? Maybe for a regular Las Vegas tourist who comes multiple times a year, it is not going to impact them as much, but for the person who may be visiting for their first time or the event is the only reason why they are coming, I can see why that is going to have a bad sting for them. Do we have any numbers or data of the economic impact of this? Are we losing tourists? Are we ultimately losing dollars at the other end from the result of this?

Mike Newquist:

I think that is something we can look into to try to find that data and hard number. From the UFC standpoint, it typically is for the person coming in for the first time and traveling quite a distance. I mentioned the event we had back in October and we were seeing double digits from Europe. If that is your one time—these tickets were expensive—they saved up and we

heard the problems and it put a very bad taste in their mouths. Not just our event, not just UFC, but Las Vegas as a whole. That is what we are trying to address.

Alfredo Alonso:

The data issue is hugely significant because we do not know. They are not our customers anymore. That is the enormous problem that has happened. These secondary marketers basically take all of the information—we have no idea who our customers are. They blame us. We are going to get blamed, so that experience obviously sours them on Las Vegas, Reno, or the state of Nevada in general. But then there is no way to go back and say, We are sorry. We do not know how this happened, but how could we make it up to you? There is no customer service follow-up. Unless they are coming to Las Vegas on a regular basis, they are not going to come back.

Assemblywoman Cohen:

Section 6, subsection 2, is the existing language about the URLs and what you cannot do on the Internet websites, so we do have some existing law about not having the URLs be substantially like The Smith Center—smithcenter.net or whatever. Is there anything that we are doing about it now? What have we seen in the past year since we passed it?

Alfredo Alonso:

We have seen some change in behavior, but not much. I think that is the problem. I think that is why the private right of action section was beefed up a little bit and a little more specific within the chapter with respect to disclosure. They are still there. I do not care what you Google, you are probably going to find five or six sites, minimum, sometimes more, before you find the real one. I think that problem still exists. We would like more tools. I think what happened last session was that this was a start so we could begin assessing how to deal with the problem. This will help us immensely.

Assemblywoman Tolles:

You were sharing the example of the tickets for *Hamilton*, and you said you were able to stop the bad actors once you realized what was happening. I am curious what that process was and what means were available to you at that time to stop it from continuing.

Myron Martin:

The ones we stopped were those that were in line paying with cash. We did not actually issue tickets that day. We issued receipts and once we found out these were all purchased by bad actors, we revoked those tickets and refunded the money. That was it. I cannot tell you about all those that we missed that bought in different ways and then resold their tickets for a multiple of 10 or 20 of what they paid.

Assemblywoman Tolles:

Mr. Newquist, in your presentation you said that you lose revenue. Are you paid back by the resellers for the original cost of the tickets, or is it a loss of revenue from the initial projections?

Mike Newquist:

We receive the initial face value of the tickets. In today's world of ticketing, tickets are dynamically priced up and down real time with every event. If we know there are buyers who are spending \$3,000, that \$3,000 is being taken away from us. As we are pricing our seats in very real time, the economics would tell us that is where the price should be, so we are definitely losing out on that delta.

Myron Martin:

Two years ago, Cirque du Soleil testified that they had a loss of millions of dollars in ticket revenue whereby they actually had some empty seats. People showed up with fraudulent tickets, yet they still found them a place to sit and they did not charge them a penny for it. They did not get any revenue because these were tickets that were sold and they had to put people in empty seats for free. It represented millions of dollars two years ago. This is real.

Assemblywoman Tolles:

I know we will hear from the opposition that this is going to remove their ability to operate as smaller resellers. You stated very clearly that that is not the intention of this bill. How do you picture those resellers still making a profit and being able to operate in a competitive market?

Mike Newquist:

They may partner with UFC, Vegas Golden Knights, or the Raiders. They may buy blocks of tickets directly from the organization as an authorized reseller. That would be okay. They may also buy tickets on their own for the purposes of reselling. Where we have the problem is when it is being sold before the tickets go on sale. That is when we as the rights holders are losing. Once we put the tickets on sale and they have been able to purchase tickets on their own, they can resell them and go about their business exactly the way they have been. We do not have a problem with that at all.

Myron Martin:

There are a number of brick-and-mortar ticketing companies in the state of Nevada that I do not consider to be the bad actors. We are just trying to fix the problem with those who intentionally defraud consumers. It is different.

Assemblywoman Torres:

As an avid concertgoer and a lover of shows, I have definitely seen how easy it is to purchase tickets before they are for sale. I believe we saw it with *Hamilton*. I remember reading at a campaign event right before *Hamilton* and I wanted to go. Actually, the first way to purchase tickets was through one of these sites. I knew immediately what it was, but I can imagine that there were hundreds of other people who did not understand that those tickets were not yet even open to the public. It was rather confusing, even for myself.

I know there were a number of amendments submitted today, and I was wondering if any of those were accepted, or if at this point we will not be accepting any of them.

Alfredo Alonso:

We have not seen them all. We just got to see some of them this morning. My first impression is that they tend to gut the bill. We need to look at them, go through them, and obviously discuss them and get back to the Committee. I think what is really important is that those amendments are coming from a position of, We are at your level; we are exactly like you. I think that is the biggest concern we have. They are not. They are not making the investment. They are not hiring people. None of them have employees in the state of Nevada but for some of the local people. It is a little concerning to us if that is the position from which they are drafting the amendments: We are just like you; we should be able to make a living off of your investment. That is a concern. When we go through the amendments and if some of them are fair, to the point, and make some sense, we will obviously discuss that with you as well.

Assemblywoman Peters:

To me, this is a very important piece of legislation for the arts community. As a friend and family member of people who make their primary living or wish to make their primary living off the art that they do, I think about the impact this kind of resale or fraudulent representation of an art piece is to those people who are trying to make a living. We know that artists live paycheck to paycheck and the starving artist thing is real. Most artists have a second job because they are constantly underselling themselves. I think about what it takes to bring in a significant piece of art to the state. I imagine that you do an economic feasibility assessment or some kind of assessment on how to price tickets. Would you mind walking us through a little bit of what kind of effort goes into it and what kind of thought you put into that effort?

Myron Martin:

As the largest arts institution in the state of Nevada, we take this seriously. As I said before, we try to price things knowing that it is our friends and neighbors who are coming to these events, unlike a commercial enterprise where they try to price things for the maximum amount they can get, whether it is shareholder value or some other reason. It is about the art for us, whether it is local artists performing in our cabaret or touring attractions that are coming to inspire our children.

The pricing is simple. We add up all the costs—the cost to the artist and the cost for any ancillary things such as lighting, sound, et cetera. We know what the delta is. We make an assumption about how many people will attend the event. It is a division equation and it is how we determine the average ticket price. You notice I did not add profit in it. It is about the art. We think that is the fair thing for an arts institution to do. I am totally supportive of what you are saying.

Assemblywoman Peters:

When I think about the reselling of tickets for a profit in an institution such as yours—in northern Nevada we have a significant number of art institutions—I think about the process of bootlegging a video and what that means. Or having a piece of art and trying to sell that piece of art online to someone but not actually having it. To me, those are unconscionable.

I believe that ensuring we have a proper and appropriate market for advancing arts in our communities is what we are trying to get to in this piece of legislation.

Myron Martin:

The same is true with tickets. We are just saying that if the art does not exist, you should not be able to sell it. Should you not own something before you resell it? That is all I am asking.

Chairman Yeager:

Are there additional questions from Committee members? [There were none.] I will open it up for testimony in support.

Victoria von Szeliski, Senior Vice President and General Counsel, AXS:

We provide ticketing systems and services to many clients in Nevada, including sports teams such as the Vegas Golden Knights, the UFC, and T-Mobile Arena.

As a company whose mission is to provide fans with safe, secure, and authentic tickets, we spend millions of dollars combating bots. We and our clients want tickets to go to real fans, not computer programs used to profit by defeating security systems at the expense of fans. We believe many ticket resellers employ bots to hold tickets out of availability from the public in order to profit from arbitraging tickets and buying tickets in the primary market for the sole purpose of making a profit in the secondary market for very popular events. This behavior creates a profit for resellers, but increases scarcity. True fans, who are unable to buy tickets at the initial sales price, are disappointed, as you have heard from previous testimony. If bots were not so profitable for ticket brokers, perhaps more tickets would be available to true fans.

Broker sites should not be able to resell tickets if they have used a bot to defeat CAPTCHA [Completely Automated Public Turing test to tell Computers and Humans Apart] or to deceive our ticketing systems to buy more than the ticket limit. The other proponents of this bill, like AXS, employ people in Nevada. We pay taxes here and help attract tourism and visitors, all of which contribute to Nevada's economic base. We have a vested interest ensuring that fans have a great experience throughout the entire ticket purchase and event attendance experience. We ask that you support this bill in its current form to ensure that Nevada's fans, artists, teams, and venues are prioritized above brokers.

Lou D'Angeli, Vice President of Marketing and Public Relations, Resident Shows Division, Cirque du Soleil:

On behalf of Cirque du Soleil, which has been in the Las Vegas community for 25-plus years and has many legitimate ticketing partnerships, we support the statements made today, specifically from The Smith Center, UFC, and the Vegas Golden Knights. We fully support this bill.

Jonathan P. Leleu, representing Live Nation Entertainment:

I would like to thank the sponsor for bringing forth the bill and register a "me too" or "ditto" on what has been previously testified to. I would like to augment a portion of the testimony, which I think may be somewhat unclear, which is, how do these tickets get into the hands of the secondary market? If your hair looks like mine and you are starting to gray and it is starting to fall out, then you remember camping out for tickets and waiting in line to get tickets. That does not happen anymore, unfortunately. That was a great time back in the 1980s, but it does not happen now. We have become a lot more sophisticated. We have these bots that you just heard about. What are bots? "Bot" is a shortened term for "robot," and they are computer programs that get online and buy tickets in bulk for the purpose of going out and putting them on the secondary market. It is really ticket flipping. So we have become a lot more sophisticated with respect to bots, and that is why I think that what I wanted to talk about is so important.

In the exhibits that have been uploaded ([Exhibit F](#)), ([Exhibit G](#)), and ([Exhibit H](#)), you will see a Distil report that I submitted [this report was not uploaded to Nevada Electronic Legislative Information System]. The Distil report talks about bots. It is long and it is boring, but I wanted to give you the highlights of it so it better explains and fleshes out this phenomenon that might not be as familiar to everyone, but it is critical to our state, and I will explain why.

The key takeaways are that the ticketing industry is under constant attack and is amongst the highest in bot attacks across the country. The average bot traffic for all industries online is about 22 percent. Twenty-two percent of web traffic for any website is not even human. In the ticketing industry, it is 40 percent. If you go on the Ticketmaster website, you are on there with robots and 40 percent of that web traffic is not human. Other industries under bot attacks—and this is where it gets really critical for our state—are airlines and gaming. It is huge. Ticketing, airlines, and gaming. That basically spells Nevada. Bot traffic is big and it is a big problem, which is why we have the Better Online Ticket Sales [BOTS] Act of 2016 that was passed three years ago by the United States Congress. It is a federal law already. What we are trying to do is strengthen it.

What I am speaking on today is not really controversial. The opposition is going to speak about things other than bots. I think we are all on the same page. Bots need to be addressed and they need to be addressed strongly and forcefully and we need to make sure that they are not legal in our state. Ticketing bot sophistication continues to rise. They are ranked and the bot sophistication on ticketing websites are all ranked either medium to high. As technology evolves to try and combat bots, their technology evolves to try and work around the system. What you are seeing is a very high level of technology in the ticketing industry. The majority of bots impacting ticketing domains originates in the United States.

The four ways that bots impact ticketing are the following: (1) they deny inventory for real fans, (2) it creates a seat spinning or seat flipping industry, which would not exist without these bots, (3) they cloud the seat maps, which you just saw in the slides and, (4) they access fan accounts. You heard prior testimony regarding the importance of that. When you go

onto the primary market and register for a ticket, you are putting in your name and address. The actual event—the people who hold the intellectual property and are putting on this show—use that for future marketing. They are creating future events for you so they can directly market to you to get you to go to more events. If bot traffic is allowed, all of that is lost. That is really where the rubber hits the road here. It is not the single event. It is the three events afterwards which could be marketed to these people, which are not being marketed at all because bots are buying up the tickets and reselling them on the secondary market.

Chairman Yeager:

Are there any other questions? [There were none.]

Greg Ferraro, representing Nevada Resort Association:

We very strongly support this commonsense legislation. It is not often you get to see something that is so clear. We also think that Senator Woodhouse's effort to strive for a higher level of transparency and fair-mindedness is important, and we urge your support of this legislation.

Chairman Yeager:

Is there anyone else in support in Carson City or Las Vegas? [There was no one.] I will take opposition testimony.

David Goldwater, representing Nevada Ticket Brokers Association:

These are the brick-and-mortar operators who live, work, and employ people in the state of Nevada. Unfortunately, we have to oppose S.B. 131 (R1), even though the Nevada Ticket Brokers Association agrees with the intent of the sponsor. As professionals, a robust and healthy market for tickets to the entertainment capital of the world is in everyone's best interest. Because there seems to have been so much confusion around people's experience with tickets, I thought it might be worthwhile to differentiate between what speculative ticketing is and what a broker does [page 2, ([Exhibit I](#))].

Speculative ticketing is, as was pointed out earlier, listing a Row T when the arena only goes up to a Row M, listing a ticket that does not exist, listing a ticket that is not offered to the public, listing a ticket from a primary website, as Mr. Martin points out, or listing a ticket without the owner's specific knowledge. We agree; these are bad things. But what does a broker do? He does not do these things. A broker, like a real estate agent, sells something. If someone wants to sell something, they call a broker and ask the broker to sell it. If someone wants to buy something, they call a broker and they say, We would like to buy this ticket. If someone owns a ticket and they want to put it out for consignment, they call a broker and say, Please use your distribution networks to consign out there. Very often it is a distribution channel for the primary rights holder.

We were talking about the arts. Ultimate Fighting Championship has under a dozen events per year. There are 45-plus Vegas Golden Knights games, 8 Raiders games—hopefully more—but there are thousands of events in Nevada for which tickets need to be distributed and people need to buy them. They do not have the elaborate networks that brokers do. They are also a trusted secondary market for a season ticket holder, charities, and sponsors of events. They often use ticket brokers to sell.

Where can consumers buy and sell through a broker [page 3, ([Exhibit I](#))]? The distribution network of the broker—as you can see—is vast. There are a number of different subscription services for which a consumer can access a robust market. One of the issues under S.B. 131 (R1) is that the only place you will be able to sell or buy a ticket is with the permission of the primary rights holder. We read the bill a lot differently than the proponents of the bill do. It is pretty clear that the rights holder has to give you permission in order to sell the ticket.

What might happen under S.B. 131 (R1)? This is a really good example of a primary rights holder showing you that the ticket goes on sale to the public on June 3—this happens to be for the U.S. Open [page 4, ([Exhibit I](#))]. But there is a secondary marketplace. This secondary marketplace is owned by the primary rights holder. So they are, in effect, leading. They have the ability to sell the tickets ahead of time before they are available to the public. You might see this happen, where the rights holders are very generous, but they are out ahead because they have not given permission to anyone else to sell the ticket, but they will be out before they are available to the public, even a season ticket holder.

There are some questions about this bill that even our legal experts could not answer [page 5, ([Exhibit I](#))]. In section 3, it requires the disclosure of costs and fees only to the secondary market. So in the previous example, you could see that competitive advantage of not having disclosure of the fees for the primary rights holder, yet the disclosure of the fees for the secondary rights holder creates a competitive advantage when you advertise the price of the ticket, perhaps to either make them both disclose or neither.

The violation of selling a ticket has multiple penalties; in fact, there are three layers of penalties. It is an unfair trade practice, it is subject to a private right of action, and it is also a misdemeanor subject to jail time. We have gun laws that do not have this many layers of penalties. It is something that is important for you to consider. As far as enforcement, we do not quite understand what happens regarding enforcement of S.B. 131 (R1). Is this for events only in Nevada? Or are we enforcing only against brokers in Nevada? For example, if a Nevada broker sells you tickets to the Masters Golf Tournament or an event in another state, are they subject to this law? Or, conversely, if this transaction is for an event in Nevada but the broker is in California, are they subject to this law? We are not sure.

If you take anything from this presentation, this is the most important thing—the known trouble of requiring possession versus the unintended consequences [page 6, ([Exhibit I](#))]. Let us say a hotel concierge, for example, spends her day serving hotel clients. Many times a guest just wants to go to a show or an event. The concierge will oftentimes call the local broker and that broker has access to many different distribution channels. Under the bill, the

concierge, the broker, and perhaps the hotel operator would be in violation of the law subject to all those penalties, including the private right of action, if they do not obtain the express permission of every single primary rights holder out there.

Casino hosts do the same thing. Maybe at the last second you want to go to a fight or a concert. The casino host can call the local broker and get that ticket, unless that broker has the express permission of whatever the event happens to be. Maybe it is a big event like a UFC fight; maybe it is a small event, like a Donny and Marie concert. Maybe it is an even smaller event, such as a local production of a play. Unless they have the express permission of that event and that primary rights holder, they cannot do business. Oftentimes my clients will, at the last moment, have a bundle of tickets donated by a boxer or a fighter or an artist, and that charity wants to distribute that and sell them. It happens oftentimes at The Smith Center. They use local brokers. Unless that broker has the express permission under this bill, they cannot sell them. If you want to come to Las Vegas for a visit, you know you are going to come in December, but you are not sure what events are going on and tickets may not be available. The visitor knows they can call a local broker and get a ticket to the event. There is the issue of delayed delivery. Many times a ticket is not delivered into your account or into your possession until days before the event. If you cannot sell it or if you cannot get it done, only your local broker can do it. If that broker does not have the express permission of the primary rights holder, they are subject to jail time. For season ticketholders—it is confusing to me. I am a Vegas Golden Knights season ticket holder. They do not appear in my flash accounts, even though they have been charged to my credit card, even though I know where my seats are. I split the seats with my partner. I sell them to him. They are not in my flash account. I am in violation of the law under this bill and subject to all those penalties.

There are so many different great events in Las Vegas, but there are even more less compelling events. The ticket broker is the distribution channel for all of these events, and to go out and receive permission from every single primary rights holder is a problem. I think the biggest bullet point on this list is the law of unintended consequences. There is going to be a situation that we look back and say, Wow, we could not even think of it, but providing a year in jail for someone who sold a ticket or having them get sued in a class action suit did not seem like the right thing to do.

Fear not, I have a solution to this problem. Despite what Mr. Alonso says, I have shared this concept with him since the first month of session. The solution is to provide disclosure to the consumer [page 7, ([Exhibit I](#))]. Clearly inform everyone that if you do not have the ticket, tell them. By telling them, they can then make a good decision as to whether or not they want to continue to work with this broker or move on and not work with him. If they do not make the disclosure, then they are subject to all of the penalties of this bill. That seems to be the most pragmatic way to get at what I think the sponsors intend, which is to get rid of speculative ticketing. Someone who is truly speculative ticketing will not make these disclosures, but someone who wants to participate in the secondary market will make these disclosures and the consumers will know.

The UFC presentation in the beginning showed Governor Cuomo's quote as getting at speculative ticketing [page 5, ([Exhibit C](#))]. No other states that have considered these important issues have required possession of the tickets. All of the other states that have required a strong disclosure—New York, New Jersey, California, Minnesota, Tennessee, Maryland—the amendment at the suggestion of the Nevada Ticket Brokers Association that has the exact wording of the disclosure that is required and, in fact, is stronger than all of these states [page 8, ([Exhibit I](#))]. It is modeled after New York, but deletes the requirement for a ten-day waiting period before people get their money back, and therefore would be the strongest disclosure of any state that has been considered.

In summary, speculative ticketing is not ticket brokering [page 9, ([Exhibit I](#))]. Requiring possession and requiring the rights holder's permission on every secondary transaction is a virtual monopoly for the primary rights holder. Lastly, a simple solution to this whole problem is a strongly worded disclosure, backed by the penalties in this bill that are enforced should there not be the disclosure.

Michael O'Neil, representing Vivid Seats LLC:

I work on community engagement for Vivid Seats. Vivid Seats is an online ticket marketplace which partners with ESPN, Rolling Stone, and teams from the National Football League, National Basketball Association, and National Collegiate Athletic Association. Our business is to provide fans access to live events across the United States and Canada. We pride ourselves on providing a 100 percent buyer guarantee for every ticket sold and that a valid ticket will be delivered on time or your money back. We offer exceptional customer service through a 300-person call center located at our headquarters in Chicago, Illinois. We work with nationally recognized brands such as Capital One, Marriott, American Express, Groupon, T-Mobile, and others to provide live event experiences to all of our customers.

Specifically, with respect to S.B. 131 (R1), we are merely asking for some small changes to dial it back just a notch. We are very much against deceptive trade practices. We agree 100 percent with customer protection. We think the legislation goes a little too far for creating unintended consequences that would overly restrict the consumer marketplace, especially for out-of-state fans. We are antibot and antifraud. These things are also bad for our customers as well.

First, with respect to speculative ticketing, we engage in this business practice. It is a very small part of our business, and it happens to be a very popular part of our business. Fans often want to purchase tickets early, exactly like preordering a toy or some other items for the holidays that are not exactly ready yet. They give these as Christmas and birthday gifts. Sometimes you cannot wait and get your ticket at 10 a.m., and this is a service that people want across the country. It is a legitimate business practice that adds value to the entertainment market and is recognized by a variety of states across the country, including New York. A ban in Nevada would likely be the first in the nation. Because of this, we would request the removal of the proposed language that we believe is too restrictive to fans in section 6, subsection 3, and portions of section 7 [page 2, ([Exhibit J](#))].

Second, we would like to address the ability of ticket holders to sell a ticket they cannot use. We note that the language "any other restrictions imposed by the rights holder" would allow teams to cancel a fan's ticket on a whim and restrict the ability for out-of-town tourists to enjoy live events. This is a normal practice for fans who had to change their plans due to normal unforeseen events. We believe that fans should have the ability to resell their tickets for their hard-earned purchase as they see fit. We do oppose some of the language in section 7.

While there is nothing wrong with simple contractual restrictions governing fan behavior while attending a venue, we do not think that consumer protection means eliminating the resale of a simple concert ticket by an individual on the marketplace of their choice. We also propose removing language requiring disclosure of a specific seat in resale. We are concerned that if teams can identify specific seats, they may cancel tickets, as has been done a few times previously. This creates the sort of problem this bill was intended to resolve and we want to make sure that the fan has the right to resell his or her property.

We very much support the overall goal of creating a safe marketplace for consumers. However, we do not believe this should be done through the surrender of consumers' rights to buy and sell their own purchases. We have been working with legislators across America to craft consumer-friendly laws and to have appropriate disclosures for the fans. We hope to do the same thing in Nevada.

Ken Solky, President, LasVegasTickets.com; and President, Nevada Ticket Brokers Association:

In regard to S.B. 131 (R1), I would like to add a brief layer as a businessman who has been here for 25 years in Green Valley in southern Nevada and operated a business just as long. We only have one URL, which is www.lasvegastickets.com. There are many things in this bill—as you have already heard testimony about—that we agree with. We are against fraud. We are against bots. We are against deceptive URLs. We work with a lot of the primary sellers to sell their tickets, sometimes at a premium, sometimes at their cost, and a lot of times at a discount because they are overpriced and they need to be moved into consumer's hands that we can reach because we have done that for a long time.

To get attorneys involved to get permission from the hundreds or thousands of promoters who promote shows in southern and northern Nevada is seemingly a next-to-impossible task. If anything, perhaps obtaining the permission of the person who owns the rights at that time would be something that would make more sense than going back to the original seller. Although we are in favor and 100 percent aligned with the proponents in a lot of cases, there are just one or two tweaks that I think are necessary so that the consumer can have a choice and make their purchase knowingly.

William C. Horne, representing StubHub:

I am with Strategies 360 and am here representing StubHub in opposition to S.B. 131 (R1). StubHub is an online ticket exchange platform. We are not ticket brokers and do not ever have possession of any tickets that are placed on our platform for sale. StubHub is a worldwide, reputable online ticket reseller which sells tickets online every second of every day. They also have a fan protection guarantee, which provides either full refunds or an equal or better seat in the unlikely event that the ticket they present is invalid in some way.

I would like to start by pointing out that, despite the best intentions of Senator Woodhouse and Myron Martin, this bill is not about consumer protection. This bill is about primary ticket providers maintaining further control after they have sold a ticket to a consumer. During the 2017 Legislative Session, which was outlined earlier by Senator Woodhouse, a similar bill, Senate Bill 235 of the 79th Session, was taken up by this body. The proponents of that bill also told us that the bill was necessary for consumer protection and StubHub worked in good faith to address the concerns that were presented. The bill was amended with agreed-upon protections and it was signed into law. Those provisions included:

1. Reseller shall post terms and conditions for resale.
2. Disclosure of refund policies; amount to be paid for a ticket.
3. Limit location tickets could be resold from, whether it is your brick and mortar or your online site.
4. Reseller cannot advertise an event until it has been officially announced.
5. Cannot accept consideration for a ticket unless the ticket has been issued by authorized persons to issue the ticket.
6. Resell more than one copy or offer to sell counterfeit copies is prohibited.
7. Prohibits employing persons to wait in line to purchase tickets for the purpose of resale.
8. Resell site must not display trademark or copyright URL, designation, image, mark, or symbol without consent.
9. Allows accepting consideration within 14 days of an event, even without possession, if they disclose.
10. If the playoffs are occurring, cannot sell or advertise more than 21 days prior to that event.
11. Mandated that the Bureau of Consumer Protection in the Office of the Attorney General establish a toll-free hotline and an Internet website for people to file complaints in violation of these provisions. That was your suggested amendment, Chairman Yeager.
12. Allows for persons injured by violations of any of these provisions to bring civil action seeking declaratory relief and actual damages.

These are all provisions that are already in law. Many of the complaints you have heard from proponents today are complaints that are already in law. We may have an enforcement issue, but we have already addressed these concerns during the last session. If we already have these in law, then it begs the following questions: What is occurring in the secondary market that these provisions have not addressed? How many complaints, if any, has the Bureau of

Consumer Protection in the Office of the Attorney General received since 2017? We heard a question asked about that earlier today and they did not have an answer for it. I would suspect that if there had been an onslaught of continued abuses of our laws and our state, we would have heard about it in this hearing, but we did not. We heard the opposite that they do not have the data to support it. However, if the Committee believes that there is still room for improvement to consumer protections, I have submitted a proposed amendment for your consideration ([Exhibit K](#)).

In section 6, paragraph 3, we ask that lines 6 and 7 be deleted as well as the last sentence of the paragraph. This addresses the disclosure that the website is a secondary market. StubHub already has this language on our landing site, when you navigate throughout the system, and when you check out. StubHub is a top-destination ticket platform for buyers and sellers. Prices may be higher or lower in value.

In section 7, we ask that the line "In addition to any other restrictions imposed by the rights holder" be stricken as this language is too broad and too permissive. Basically, this would allow your primary ticketer, your sports teams, your venues, et cetera, after *sine die*, to change their restrictions. They keep control whenever they want by just changing the terms of the tickets of which have already been sold. They have received the face value of what they have placed up for sell—they have already received it, and they want to continue to control it. Having that language in there allows them to continue to do that. We ask for that to be stricken.

The third one is adding the word "knowingly" at line 29 in section 7 before resell. The next one, also in section 7, subsection 1, we ask that in paragraph (c), "the seat or, if there is no assigned seat, the general admission area to which the ticket corresponds" be deleted and then when identifying the seat, row, and section number, we just ask that the word "seat" be taken off. We believe that these teams are using this, and there are examples of it, to identify those they believe are excessively reselling their seats and revoking their seats and tickets. We believe that it is upon the consumer to choose whether or not to purchase a ticket on it. Also, if I am a season ticket holder, which I am, and I want to place it on a platform, I may not get as many responses if I do not put the seat number, but I will put the section and the row number on there, and consumers can make those decisions on their own, but we think that that is adequate at this time.

We also ask that lines 42 through 45 in the same section and paragraph be deleted and instead incorporate that disclosure language which was testified as many states—California, New York, Tennessee—all have adopted in some form, giving the consumer notice of the tickets. We also ask that subsection 2 of section 7 be deleted in its entirety. Last, in section 8, subsection 2(b), we ask to delete "or reasonably should have known" as that is vague.

[Assemblywoman Cohen assumed the Chair.]

Ryan Johnson, Owner, Rebel Tickets:

I have been involved with the ticket resale business for over 20 years. I am a member of the National Association of Ticket Brokers as well as the Nevada Ticket Brokers Association. I stand in opposition to this bill in its current form. While I am not opposed to regulations that protect consumers, I am opposed to regulations written by certain special interests that are meant to further their business models masquerading as consumer protection. The bill in its current form is a veiled attempt by a few primary ticket sellers to manipulate the laws in order to secure control over the secondary market for event tickets. These proposals would limit the ability of professional resellers, marketplaces, and consumers to access the free market. This would hurt both small businesses and consumers.

The language in this bill concerning preselling, short selling, or speculative selling is confusing, arbitrary, and unenforceable. The architects and supporters of this language have not shown sufficient evidence to identify a problem that exceeds those in any other retail marketplace. Giving one or two examples of bad orders out of millions of tickets sold monthly in Nevada does not demonstrate a problem that current law does not already cover. The same can be said about the language concerning intellectual property rights which is clearly covered by federal law.

Ticket sales are governed by the contract that is entered into between the customers and their suppliers. Ticket sales are not substantially different than the sales of any other goods or services in Nevada. Plane flights are regularly overbooked and customers bumped off flights due to short selling. Rental car companies regularly have issues supplying the car types they rent out. Same with hotel rooms. Yet these are not crimes in our system. They are transactions that are governed by the terms and conditions of the sale and by contract laws. They are civil matters and relatively rare. This bill removes rights from both resellers and buyers and will have severe, unintended consequences on consumers.

The supporters of this bill should solicit more input from the resale industry in order to find language that focuses on consumer protection in the form of clear and present disclosure and disclaimer statements from secondary suppliers. Using the legislative process to enrich special interests and monopolize an industry is never in the best interests of consumers. I urge you to consider all the strong opposition to this bill and to reconsider the language.

Assemblywoman Hansen:

I am a business-friendly sort of person. I love the free market. I am adverse to monopolies. With that being said, when businesses come against businesses, hopefully it is a good thing that we find a good fit somewhere in between. Something Mr. Martin from The Smith Center mentioned, If you do not own something, how can you sell it? That resonated with me. I am trying to understand if you own the rights to UFC, or you own the rights to *Hamilton*, that is their ticket. So the understanding of a resale market—I am trying to understand how—it belongs to them, so they should have the say so in releasing those tickets. How do you get the tickets? It looked as if there was pushback, but it is in the language and it sounds as though, at least from the StubHub amendment, we are okay with the idea that you would be in possession or at least have authorization from the rights holder to sell those tickets. Are we okay with that?

David Goldwater:

We are not okay with that per se. Sometimes things are sold that you do not own. If you purchased a house, for example, your real estate broker did not own the house, but they marketed and sold your house. It is similar to what a ticket broker does with a ticket. Some of you may have purchased tickets and had your credit cards charged. You know where your seats are, but according to the primary rights holders, you do not have that ticket. That happens all the time. The amendment that we have suggested is that if you are selling or marketing a ticket—like a resell broker—or you may have paid for the ticket and you may know where it is, you have to say, I do not physically have the ticket ([Exhibit L](#)). That is the disclosure language that has been suggested and is in effect in New York in very strong terms. That makes the consumer aware of the fact that they are dealing with someone who does not physically possess the ticket.

Ken Solky:

To further explain, it really comes down to two issues, one of which is actual physical possession. As you heard testimony earlier about the late delivery, it is now commonplace for the primary to withhold the delivery of tickets until they see fit. So physical possession is something that a lot of times is beyond the control of the owner of the ticket. The second thing is the authorization from the primary rights holder who may have already sold this ticket, it might have been given, transferred, or sold two, three, or four different times and is now in the hands of the rights holder who has that ticket, not the primary rights holder. In theory, that is the person who is choosing to sell it. I believe that is the person who should be giving the authorization. If you have tickets that you want to sell, you have six tickets and you cannot go, you are giving the authorization to sell it. I do not have to go get two sets of legal teams at \$450 an hour to draft an agreement that says it is okay for me to sell your tickets that you purchased.

Assemblywoman Hansen:

If I had purchased legitimate tickets through a broker, and if this law passes and now I cannot go to the event and I want to sell them, am I am going to be constrained by some of the language in this bill?

David Goldwater:

In every reading of this bill from our perspective, from every attorney representing our clients, they read the bill that if you want to resell the ticket—and the way it is written is in the conjunctive—you need the permission of the primary rights holder.

Assemblywoman Hansen:

But I am in physical possession of the ticket. So to me, that does not apply to me. What we are trying to protect is people selling tickets that either do not have authorization—I do not expect them to physically have the ticket, but to have bought a lot of them in a lot from the rights holder and then they are selling them as a reseller—to me, that is what we are talking about.

Vice Chairwoman Cohen:

If there are specific provisions you are considering, would you please point those out so our legal counsel can look at that?

Ken Solky:

I think the answer lies in—as you said—if you have it in your possession, you can sell it. Of course, you are busy doing your job and you want to employ your broker to do it for you. Now your broker has to have it in their possession. It is your broker who essentially cannot do their business unless they either get to your office, get it from your possession if you have it, and then go ahead and take care of their business, not just authorization from you to sell it for them.

David Goldwater:

In section 7, subsection 2, "A primary ticket provider, a reseller, a secondary ticket exchange or any affiliate of a primary ticket provider, reseller or secondary ticket exchange shall not resell a ticket before the ticket has been made available to the public by the rights holder without first obtaining permission from the rights holder to do so." That is a good example. Furthermore, in section 7, subsection 1(c), "Resell a ticket without first informing the purchaser of the location in the entertainment facility" and then paragraph (d), subparagraph (1), "The ticket is in the possession of the reseller; or (2) The reseller has a written contract with the rights holder to obtain the ticket." The reading of those is that if you do not physically have possession of the ticket, then you have to obtain the permission of the primary rights holder.

Vice Chairwoman Cohen:

I want to be clear so we can have our legal counsel address it. Would you please restate your question, Assemblywoman Hansen?

Assemblywoman Hansen:

If I purchase a ticket from a legitimate resale and then I cannot go to the event, can I then employ the reseller to sell the tickets for me, or could I even just sell them privately?

Bradley A. Wilkinson, Committee Counsel:

As that provision reads, if you have the ticket, you can resell it to someone else. As far as using a ticket broker—it seems that Mr. Goldwater was going to say that—but the ticket broker would have to have possession of that ticket or have a written contract with the rights holder to obtain the ticket, which would not apply under any circumstances I could see. Yes, you could resell it to another person if you had the ticket. As far as using a broker, it seems that the ticket would have to be physically transferred to the broker in order to do that.

David Goldwater:

That is how we understand it. One of the concerns there is delayed delivery even after your credit card is charged. Even though you know you have it, you may not physically have it until days before the event, and that creates an additional layer of concern.

Assemblywoman Torres:

If I had a contract saying that I was going to obtain the ticket with the individual who had that ticket in their possession, would that ticket broker then be able to sell that ticket?

Bradley Wilkinson:

Who has a contract with whom?

Assemblywoman Torres:

With the agency with the ticket. For example, I just checked a concert for T-Mobile and they are going through AXS. They obviously have that contract, so even if they do not physically obtain that ticket, they would already know that that ticket is theirs because they have some type of agreement with T-Mobile. Would ticket brokers be able to sell tickets if they had that agreement with that individual vendor?

Bradley Wilkinson:

I have to think about that for a minute. I am not really sure.

David Goldwater:

It is our understanding that it works into the definition in the bill, I believe in section 1.5, who is the primary rights holder versus who the service is. It is this kind of confusion that we think disclosure alleviates and, because it is subject to lawsuits and subject to time in jail over this bill, these are important questions to answer.

[Assemblyman Yeager reassumed the Chair.]

Assemblyman Watts:

Mr. Goldwater, I appreciate your pointing out those provisions, although I would say that it is not my reading of it that this prevents any of these transactions from happening without the authorization of the rights holder. One of the things I want to bring up is the policy around resale of the ticket without possession and the example of a real estate broker. They enter into a contract with the homeowner to facilitate that transaction—I will address that. I want to ask a few clarifying questions. On the proposed amendment to section 6 ([Exhibit J](#)), it proposes striking the language without contractual authorization from the rights holder. As I read that amendment now, no reseller would be able to represent that they are essentially working in concert with the rights holder, even if they do have a cooperative agreement. Is that the correct interpretation of that language?

William Horne:

If I understand your question, you are asking about whether or not they have an agreement with the primary?

Assemblyman Watts:

That is correct.

William Horne:

There are instances when that is not the case. For instance, the StubHub platform oftentimes does not have a contractual agreement with the sporting team or an entertainment venue. That gets to the gist of what they are trying to do. They are okay with the secondary market as long as you contract with us and go through us to sell something that we have already sold. With StubHub being just a platform, the individuals who put their tickets on sale on our site have already made that purchase and cannot attend that venue. StubHub should not be restricted from having them place that on their site just because StubHub does not have a contract with the venue or sporting team.

Assemblyman Watts:

So this would make any reseller or secondary ticket exchange have to provide that disclosure whether or not they have an agreement to represent that primary rights holder or not, is that correct?

William Horne:

We do not have a problem with disclosing whether or not you are contracted with the venue. We believe this language without contractual authorization is almost like a mandate saying you have to contract with these in order to do that.

Assemblyman Watts:

I do not quite understand that interpretation. This is essentially discussing whether they can represent that they are partnered with the primary, so this is now making everyone disclose that they are secondhand, whether they actually have that partnership or not. It then strikes the language that actually clarifies how that notice has to be presented.

The other question I have is in section 7 of the amendment ([Exhibit J](#)) where it adds the word "knowingly." Does StubHub have control? I am not familiar with it from the point of a person listing a ticket for sale. Do they have to provide the specific seat information when that exists, when it is not a general admission ticket? In other words, are there processes in place where StubHub can determine if the same ticket has been listed on their site multiple times?

William Horne:

I cannot answer that question specifically on what their procedure is on identifying whether or not one specific ticket has been listed on their site multiple times. I am sure there is, but I cannot describe what it is. Whether or not a ticket is listed—you own a ticket and you say, I am going to list it on StubHub, but I am also going to list it on site A and then site B to widen my net. StubHub has no control over where else you list your ticket for sale.

Assemblyman Watts:

On the proposal to strike out and add the new language around the disclosure, it has been said multiple times that there has to be physical possession of the ticket but as is written in section 7, subsection 1, paragraph (d), subparagraph 2, it says, "The reseller has a written contract with the rights holder to obtain the ticket."

Going to the example brought up about a real estate transaction and broker, why can we not simply tweak that language a little bit more to what is proposed under the amendment? For example, section 7, subsection 1, paragraph (d), subparagraphs (1) and (2) make it clear that there can be physical possession, ownership, or under contract or other agreement, coming to these issues where you may have already paid but you may not have clear physical possession of a ticket. I am unclear as to why the solution is not broadening that language a little bit. My reading of the interpretation is that it is not meant to require that you absolutely have to have possession as long as there is that contract or other agreement that guarantees it is going to be delivered to the person who is making the purchase.

The concern I have heard is that it mandates that you must have possession. I am asking why a broadening of the language in subparagraph (2) is not sufficient to provide that as long as there is an agreement and the person who is making the purchase and planning a trip here knows they are actually going to have a ticket for the show. Why would that not be sufficient as opposed to striking that all out and putting in disclosure language?

David Goldwater:

I think what you are saying is—let us use real estate as an example. I have a contract with my real estate broker to sell my house. That real estate broker then puts that house on a multiple listing service. The myriad of people who look at that and want to buy it do not necessarily have to get the permission of the owners each and every time in order to market and sell that to multiple listing services. It extends out that way. The language as it is seems to require the possession, no matter where the ticket is in the system. If you do not physically have it and you do not have a specific contract with the primary rights holder, the bill seems to require the permission of the primary rights holder, even though the ticket has already been sold, each and every time it moves along, if it does not meet those two very narrow criteria. That seems to be our main concern. We feel like if there is just a disclosure different than the one you reference—the one we suggest in section 7 as another condition to say, We do not physically possess a ticket anytime there is a transaction. It is more elaborate, but I will not read it all. That seems to satisfy the goal of consumer protection.

Assemblywoman Tolles:

How does craigslist play into this? Would they be impacted by this? For instance, in Assemblywoman Hansen's example, if she can no longer go to the event and she wants to resell the ticket, she puts it on craigslist. Do they then have to be in possession and have authorization by the primary ticket provider?

Bradley Wilkinson:

I do not believe it would be affected by this provision. I do not believe they are considered a secondary ticket exchange or an affiliate of it. I would have to look into it a little more.

Assemblywoman Peters:

When you buy a ticket, you sign onto a contract that has limitations on how you can use that ticket, including liability limitations. I think the argument in section 7, subsection 1, paragraph (d), subparagraph (2), "The reseller has a written contract with the rights holder to

obtain the ticket." If I become the rights holder via the ticket, then that is a contract between me and the primary rights holder to have the right to use that to get in, as per the contract. That is how I would interpret this.

David Goldwater:

I think we agree with you. I think we would like to understand a little bit better what a primary rights holder has, and after the primary rights holder versus the rights holder, what rights they have after they have sold you the ticket. That seems to be what we would like to understand a lot better.

Assemblywoman Peters:

When I receive a ticket, sometimes it says, "Not transferrable," "Cannot be sold for retail," or "Cannot be sold for certain things." There are limitations associated with that contract that I bought into by the purchase of that ticket. My understanding is that it has been pretty well upheld, including the liability that you sign off on—it becomes a liability waiver. When I go into a concert venue, I have signed off on a liability waiver by the purchase of that ticket. I think that is a pretty binding contract.

Chairman Yeager:

We will end questions at this time. Is there anyone neutral on Senate Bill 131 (1st Reprint)? [There was no one.] At this time, I will invite our presenters up for brief concluding remarks and/or rebuttal.

Alfredo Alonso:

I think it is very important to understand section 7. Section 7 basically says that I either own the ticket—possession is constructive. It is either online or you have a contract. Assemblywoman Peters was absolutely right. You have a contract when you purchase a ticket. That makes it very simple. Then there is the "or." It is either possession or the reseller has a written contract with the rights holders. You are either contracting with the rights holder or you have the ticket. It is really simple. I do not think there is any place to be confused, and I believe how it is written is very up-front.

To rebut what I heard earlier, our lawyers feel very strongly that this is a very simple way of writing this bill. That is why we are so consistent with what we did last time. You heard earlier that it does not seem like there is a problem. I contend that any of you who have tried to buy a ticket for anything knows there is a problem. There is a clear problem. There is a clear problem across the country. If you Google "tickets" at any moment, I do not care what state you are in, we are catching up, but we are not even close. We are just trying to figure out a way to handle these tickets and protect the public because we are the first line of defense. We are the people who get yelled at. The discussions are not with the people behind me. They are not with StubHub. They get their money back and they are still unhappy and they are unhappy with us. I think that is very important to understand.

There is not enough disclosure. Again, that is why we are going back. There needs to be more disclosure. There needs to be "We are not the primary" at the top of the page. We are not the people selling the tickets and investing the dollars. That is not us. I also heard the broker question. Why do you not buy the ticket? Because there is risk. If you now ask the brokers to have risk, they are going to be like us, because we have risk. We have risk in everything we do. That is also very important. Then again, the seat issue. I heard that we have problems with season tickets and by placing a seat number in the statute, it would somehow target the seat holder. It is the exact opposite. It is how you protect the consumer. Again, we are the people who end up having the complaints, the crying kids, and we have large stacks of fraudulent tickets, bad tickets, and duplicate tickets. I think this is a very simple bill. Own it, disclose, have a contract, and that is it.

Myron Martin:

As far as I am concerned, someone purchasing tickets for their own personal use to come to The Smith Center who has something come up at the last minute and they want to sell their tickets on StubHub or craigslist or some other place, they should have that right. Just as we said when we went on sale for *Hamilton*, that someone has to certify and it is part of their contract and owning that ticket, as Assemblywoman Peters said, that in that case we said you have to certify that you are buying these for your own personal use and not for resale. That is a contract. It is different. Assemblywoman Hansen should be able to sell her tickets. It is certainly our intent.

You all recall that there were issues at The Smith Center—it is what started all of this. Our biggest problem at the moment is that the complaint mechanism is tough. The hotline, which was intended to be a phone number where someone could call and actually speak with a person, is only a recorded line referring you to a website. You get to the website and the complaint form is the same complaint form that we use for Open Meeting Law violations and many other things. Someone just trying to complain because they were defrauded for a ticket purchase gets in the middle of this process, they do not know which pages to fill out and which ones apply to them, and they give up. There have not been that many complaints officially filed with the Attorney General's Office. I hope we fix that this go-around. You have heard my stories of the families who showed up at The Smith Center with tickets that they bought from secondary sources and they were turned away for shows because we were completely sold out. That is all I am asking for. Let us make sure that people are not led to believe that they are at the official Smith Center website, buying official Smith Center tickets, only to find out that they were defrauded. Thank you.

Chairman Yeager:

I will close the hearing on S.B. 131 (R1). Would anyone like to give public comment either in Carson City or Las Vegas? [There was no one.] Is there anything else from our Committee members? [There was nothing.]

I want the members to know that I had referenced the warrant-quashing clinic that happened in Clark County over the weekend and wanted to report that over 3,000 warrants were quashed in the Las Vegas area, and that represented 1,300 unique individuals. I want to say publicly on the record for a job well done to all of those who were involved Saturday morning. They had lines out the door and more people preregistered than could be helped. Hopefully, we will see another one of those in the near future. The meeting is adjourned [at 11:32 a.m.].

RESPECTFULLY SUBMITTED:

Linda Whimple
Committee Secretary

APPROVED BY:

Assemblyman Steve Yeager, Chairman

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "UFC," presented by Mike Newquist, Vice President of Event Marketing and Ticketing, Ultimate Fighting Championship.

[Exhibit D](#) is a memorandum dated May 3, 2019 to the Assembly Committee on Judiciary, from Black Knight Sports and Entertainment LLC dba Vegas Golden Knights; Kerry Bubolz, President; Todd Pollock, Vice President, Ticketing and Suites; Tamara Daniels, Esq., General Counsel; and presented by Kerry Bubolz, President, Vegas Golden Knights, in support of Senate Bill 131 (1st Reprint).

[Exhibit E](#) is a packet of copies of tickets, presented by Todd Pollock, Vice President of Ticketing and Suites, Vegas Golden Knights.

[Exhibit F](#) is an article titled "The man who invented ticket bots explains why you can't get that gig ticket," dated October 16, 2017, authored by James Purtill, submitted and presented by Jonathan P. Leleu, representing Live Nation Entertainment.

[Exhibit G](#) is a document comprising four articles on the subject of ticket scalping, submitted and presented by Jonathan P. Leleu, representing Live Nation Entertainment.

[Exhibit H](#) is an article titled "Resale sites renege on tickets," dated January 30, 2015, authored by Darren Rovell, submitted and presented by Jonathan P. Leleu, representing Live Nation Entertainment.

[Exhibit I](#) is a PowerPoint presentation titled "Nevada Association of Ticket Brokers," dated May 6, 2019, submitted and presented by David Goldwater, representing Nevada Ticket Brokers Association.

[Exhibit J](#) is a proposed amendment to Senate Bill 131 (1st Reprint), submitted and presented by Michael O'Neil, representing Vivid Seats LLC.

[Exhibit K](#) is a proposed amendment to Senate Bill 131 (1st Reprint), submitted and presented by William C. Horne, representing StubHub.

[Exhibit L](#) is a proposed amendment to Senate Bill 131 (1st Reprint), dated May 6, 2019, submitted and presented by David Goldwater, representing Nevada Ticket Brokers Association.