

**Remarks by Curt Mosel, Chief Operating, ArtsQuest
For the House Consumer Protection, Technology and Utilities Committee
Hearing on HB 1658, September 7th**

Good morning and thank you Chairman Matzie and Republican Chairman Marshall for allowing me the opportunity to comment on HB 1658. My name is Curt Mosel, and I am the Chief Operating Officer of ArtsQuest.

ArtsQuest is a Lehigh Valley-based, non-profit organization whose mission is to provide access to the arts for all. This year, 2023, we are celebrating our 40th year in existence! ArtsQuest sells up to 250,000 tickets annually with an approximate revenue of \$6 Million annually (around 24% of our total gross revenue). These ticket sales help fund our mission, allowing us to provide upwards of 4000 programs, including art-based classes for all ages (from pre-school to seniors), youth summer camps, festivals throughout the year (including Musikfest, the largest non-gated music festival in the country) and a multitude of concerts. ArtsQuest is proud to be able to provide this programming of which more than 50% is free to the public.

ArtsQuest is happy to join the Better Business Bureau, Ticketmaster, Live Nation and the National Independent Venue Association (NIVA), of which we are member, in supporting HB 1658.

Ticket speculation not only hurts us directly, with people selling our tickets at a higher rate when we almost always still have inventory available, but it also becomes a challenge for our box office team on the day of the show. Additionally, there is an issue of speculators jamming up our social platforms - "selling their tickets because they had a change in their schedule." This is a constant struggle as ArtsQuest has one full time social media staff member who typically writes and posts 25-35 posts per day across multiple platforms and accounts for ArtsQuest. She would spend most of her day flagging and deleting speculative posts which come in waves at all hours and are nearly impossible to keep up with in real time.

Here are some specific examples of how speculation occurs and negatively impacts our organization.

- This past weekend, we held Sangriafest - more than half of the comments from people on Facebook were speculators trying to lure ticket sales. This practice is now expanding beyond ticket sales to speculators saying they are the only approved person to sell vendor space!
- On rare occasions and more prominently during Covid, ArtsQuest was forced to reschedule many concerts, including *Willie Nelson* and *The National* at Musikfest.

The *Willie Nelson* concert was moved from 2020 to 2021 and then ultimately, the performance took place in 2022. During that time, the show was considered sold out, but tickets were constantly changing hands. As the performance date changed from one year to the next, people with aftermarket tickets wanted refunds that we were offering, but because they purchased their tickets through a third party, we were unable to refund them their money back.

Additionally, we were forced to relocate and find seats for multiple patrons who purchased the same seats as other patrons from speculators and third-party resellers.

Regarding *The National* concert that took place at Musikfest in 2020 (as a ticketed headliner), people purchased tickets through speculation, although there were literally thousands of tickets still available for purchase through our official website.

On our social media channels, numerous fans started asking for refunds. Our policy, at that point, was not to refund until a show was either cancelled or rescheduled to a new date. At that point, if the show was to be cancelled, everyone would be refunded. If rescheduled, patrons had the opportunity to request a refund if they were unable to attend the new scheduled show date.

It was impossible to assist patrons who had bought their tickets from speculators or resellers, even when we refunded everyone that had bought tickets. This ultimately forced the band to cancel the performance, not wanting any bad PR with their fans.

Various types of speculation that our organization has been exposed to thus far:

- **Speculation before an on-sale** – tickets are advertised on social media and via SEO ads after a concert is announced, but before they are on sale to the public.
- **Tickets for shows/events that are not sold out**- Here tickets have not yet been purchased and on social media, speculators comment on one of our social posts that they “just got their tickets, but now sadly can’t make it.”
- **Hot tickets for shows selling well**- Sometimes speculators have success and begin buying blocks of tickets and end up having more inventory than they can sell. We then see these speculators requesting chargebacks for the tickets with their credit card company, stating it was not authorized.

Ultimately, speculators are bad for the fans who end up mistrusting the rightsholders and artists. It also causes mistrust of the presenting organization and can lead to a loss of interest or fandom for the artist.

Broker sites will use our name and image to sell tickets. Success of a performance begins at 60% of tickets sold, so speculation is easy by presenting sections with availability, but not an actual seat location. This deceives our customers.

The ArtsQuest Center is a \$27 Million Performing Arts Center that we raised 100% of the funds for and financed. We also pay our staff to book and work events, as well as paying the artists. We charge a fair ticket price that is negotiated with artist management for the performance, \$25-35, for example. A broker and their speculators, with zero overhead or cash outlay will try to sell that same show for \$64-92/ticket without having purchased it.

Broker sites offering speculative seats can often manipulate Google ads, so that their site shows up first in a Google search for our shows. This literally redirects sales from our site to theirs. Many times, we see patrons who are not as well-versed in ticket sites end up being misled, purchasing tickets on a broker site from a speculator for a lot more money than face value, not realizing what has happened. Approximately 60-70% of people who reach out to us about tickets they bought through a third-party website have no idea they purchased tickets this way.

A recent example was an individual who bought two *El Gran Combo* tickets (with a face value of \$10) for \$150 because she unknowingly bought from a third-party ticket seller. This is clearly an epic failure of

the system when a member of a community that speaks English as a second language is marginalized and exploited, clearly by a deceptive practice.

This erodes consumer confidence in ArtsQuest. Both the consumer and our organization are victims. Patrons show up at our venue and see the show is not sold out, only to learn they paid significantly more for their seats than we are charging. Subsequently, they become angry at our volunteers and staff, often demanding refunds. Ultimately, we often allow chargebacks through because the patron feels violated.

Finally, ticket speculators contribute to valid safety concerns because we have no knowledge of exactly who is inside our venue. For example, there could be an individual or stalker who purchased tickets through a broker site and comes to the show alone with bad intent. We would not have that person or their information in our computer ticketing system which means there is no trail left for law enforcement to track and ultimately identify that person.

Independent, non-profit organizations, like ArtsQuest, need help to stop these deceitful and manipulative practices.