

# Ticket Crime

Problem Profile

February 2013



**METROPOLITAN  
POLICE**

**TOTAL POLICING**



# Contents

<b>Foreword</b>	<b>2</b>
<b>Executive Summary</b>	<b>3</b>
○ Key Findings	3
○ Recommendations	4
<b>Ticket Fraud</b>	<b>5</b>
<b>Unauthorised Ticket Resellers</b>	<b>7</b>
<b>Counterfeit Tickets</b>	<b>9</b>
<b>Links to Other Criminality</b>	<b>10</b>
<b>The Impact of Ticket Crime</b>	<b>10</b>
<b>Emerging Threats</b>	<b>11</b>
<b>Conclusion</b>	<b>11</b>
<b>Appendix</b>	<b>13</b>
• Tips for consumers on how to avoid being defrauded	13
• Operation Podium prosecutions for large-scale ticket fraud	13
• Legislation	14

# Foreword

Operation Podium was the Metropolitan Police Service's dedicated team to deal with serious and organised crime affecting the Olympic and Paralympic Games economy

**This Problem Profile has been commissioned to examine ticket crime over the last three years, encompassing ticket crime experienced at the London 2012 Olympic and Paralympic Games.** The focus will be on London, but it will also consider the national and international picture.

This report only analyses crime reports and intelligence over the last three years, so as to provide an up-to-date picture of ticket crime.

It will consider the following types of ticket crime:

- Ticket fraud
- Unauthorised ticket resellers
- Counterfeit tickets

For ease of reading these crime types will be considered separately, but in reality there is a lot of overlap between these criminal areas. For example, an organised criminal network that commits ticket fraud might also tout tickets.

## **Operation Podium**

Operation Podium was the Metropolitan Police Service's dedicated team to deal with serious and organised crime affecting the Olympic and Paralympic Games economy. A large part of the team's work was targeting those engaged in ticket crime.

# Executive Summary

## Key Findings

### Links to other serious and organised crime

**Over 1,000 ticket touts**

**Members of the public are unable to distinguish between authorised ticket websites, unauthorised ticket websites and fraudulent websites**

**The lack of legislation outlawing the unauthorised resale of tickets and the absence of regulation of the primary and secondary ticket market encourages unscrupulous practices, a lack of transparency and fraud**

- Media reports have estimated that the secondary ticket market is worth up to £1billion a year.
- The lack of legislation outlawing the unauthorised resale of tickets and the absence of regulation of the primary and secondary ticket market encourages unscrupulous practices, a lack of transparency and fraud.
- Ticket crime has links to other serious and organised crime.
- Ticket fraud is the most prevalent form of ticket crime, and causes the greatest harm. It is estimated to make organised criminal networks £40million per year.
- Ticket fraud is significantly under-reported.
- The proceeds of ticket fraud are rarely recovered.
- Suspending fraudulent and unauthorised websites is difficult due to a lack of co-operation from many website hosts and registrars.
- The most common method for unauthorised ticket resellers and touts to obtain large numbers of tickets is from compromised contacts within sporting bodies, primary ticket agencies, concert promoters, venue operators and event sponsors.
- Online ticket exchange websites allow professional ticket touts to re-sell large numbers of tickets via their websites.
- Due to the surreptitious way that large numbers of 'primary' tickets are diverted straight onto secondary ticket websites, members of the public have little choice but to try to source tickets on the secondary ticket market.
- Members of the public are unable to distinguish between authorised ticket websites, unauthorised websites and fraudulent websites.
- Figures indicate that there are over 1,000 ticket touts in the UK.

# Recommendations

### **Law enforcement needs to strengthen relationships with website registrars and hosting companies**

✓ Consideration must be given to introducing legislation to govern the unauthorised sale of event tickets. The lack of legislation in this area enables fraud and places the public at risk of economic crime.

✓ The primary and secondary ticket market require regulation to ensure transparency, allowing consumers to understand who they are buying from and affording them better protection from ticket crime.

✓ Law enforcement needs to strengthen relationships with website registrars and hosting companies across the world so that requests to suspend websites are complied with immediately and without the need for a court order.

✓ All victims of ticket fraud need to be encouraged to report to the authorities so that the true scale of this crime can be gauged.

✓ Action Fraud needs to be better publicised as the primary reporting agency for ticket fraud.

✓ As Operation Podium closes, the ticket industry needs to build relationships with search engine companies, UK Payments, the British Bankers' Association, website hosts and website registrars, so as to prevent and mitigate against ticket crime.

✓ Tax investigation by HMRC may be a viable way to target ticket fraudsters and touts with unaccounted wealth.

✓ To disrupt fraudulent websites a range of tactics need to be employed, including removing merchant facilities, suspending websites, terminating websites' email addresses and telephone numbers, and requesting that search engines relegate fraudulent websites to the bottom of their page rankings.

✓ Event organisers should include a 'website checker' on their websites, where members of the public can check to see if websites are official ticket sellers.

✓ The public need to be reminded by promoters when tickets are released for events to only buy tickets from official sites (and these sites need to be publicised).

✓ Merchant acquirers should be encouraged to delay how quickly ticket companies can withdraw funds from their merchant accounts, giving them more chance of recovering funds if tickets are not supplied.

✓ Law enforcement should seek to have banning orders or serious crime prevention orders placed on known ticket touts, so they are excluded from areas close to venues and from engaging in ticket related activity.

The primary and secondary ticket market requires regulation to ensure transparency, allowing consumers to understand who they are buying from

**All victims of ticket fraud need to be encouraged to report to the authorities**

# Ticket Fraud

**Fraudulent websites often appear high up in internet search engine results**

Ticket fraud is committed by organised criminal networks (OCNs) creating legitimate-looking websites, taking payment for event tickets and then failing to supply them. Reports vary, but some estimates indicate that as many as one in seven UK ticket buyers are defrauded by bogus ticket websites, and in 2010 it was estimated that half a million Britons were defrauded by bogus ticket sellers. The true scale of ticket fraud is unknown because the majority of those defrauded do not file a report with the police or Action Fraud.

**8 fraudulent websites 'selling'**

When tickets go on sale for an event, a large number of websites emerge. This is confusing to buyers, as it is difficult to determine which sites are authorised ticket sellers, which are unauthorised, and which are fraudulent. During the London 2012 Olympic and Paralympic Games, there was only one authorised ticket seller in the UK. However, Operation Podium identified over 200 unauthorised websites and eight confirmed fraudulent websites. This confusion, coupled with the high demand for tickets to certain events, creates favourable conditions for fraudsters. It should also be noted that fraudulent and unauthorised websites look and feel as professional as official websites.

**Olympic tickets**

**Victims risk having their payment card details compromised**

Fraudulent websites are difficult to identify. Law enforcement is reliant on good intelligence, as well as on information from private industry and online forums. A number of steps can be taken to verify whether a website is fraudulent, including examining a website structure, how and when it was created, who is behind it, how money is taken, and by examining the wording on the website.

**Since June 2010**

It is difficult to give a precise number of fraudulent websites selling tickets over the last three years, due to the fluid nature of the Internet and the lack of reporting by victims. It is assessed that the number is likely to be at least 100, and this is probably a conservative estimate. Since June 2010, Operation Podium has conducted 19 operations targeting the OCNs behind fraudulent websites 'selling' tickets.

**Operation Podium has**

**conducted 19**

**operations**

Fraudulent websites often feature high up in internet search engine results. Appearing towards the top of search engine rankings not only increases the number of visitors to a website, but further increases a sites credibility as people often believe that high ranking websites must be legitimate.

**targeting the OCNs**

**behind fraudulent**

Victims of fraudulent websites not only lose their money and the chance to see a concert or sporting event, but also risk having their payment card details compromised, as OCNs are known to retain victims' credit and debit card data.

**websites 'selling' tickets**

The difficulty facing law enforcement is determining what action to take when a suspected fraudulent website is identified. As there is no legislation outlawing or regulating the resale of tickets (apart from football and previously the London 2012 Olympic and Paralympic tickets), websites cannot be suspended unless authorities are confident that they are going to

### When websites are suspended they can easily re-emerge on different servers

commit fraud. This is difficult to establish until after the sporting or music event has taken place and victims report that they haven't received tickets. Also, when websites are suspended, they can easily re-emerge on different servers with a slightly different domain name. Website hosts and registrars based overseas are often not compliant with UK law enforcement requests, and some will not act without a court order.

An alternative, and arguably more effective, approach to disrupting fraudulent websites is to remove their merchant facilities. This eliminates their ability to take payments by credit and debit cards. However, as detailed above, it is difficult to prove that a website is fraudulent until victims start coming forward, and there is a considerable risk of litigation if a genuine company has its merchant facility terminated as a result of a police request.

A number of low-level frauds are committed on websites such as Craigslist and Gumtree. People post adverts on these sites offering for sale tickets, but then fail to supply them.



### Case Study: Fraudulent Website Selling Tickets

In October 2011 Podium identified a suspicious website selling Olympic tickets [2012-londonsummergames.com](http://2012-londonsummergames.com). A police request to have the website suspended was complied with and the site was removed from the Internet. Three days later the same website re-emerged under the domain name [2012-londonsummergames.org](http://2012-londonsummergames.org). The website appeared towards the top of Google's results page when running a search for 'Olympic tickets'.

Christakis Ioannou was identified as the person behind the website. He had repeatedly travelled to Portugal over a period of six months to set up the fraud, where he created a Portuguese company, rented office premises and acquired a merchant facility with a Portuguese bank to enable him to process credit and debit card payments. It is believed that Ioannou located the fraud's operations in Portugal so as to evade the attention of UK law enforcement.

In a period of five weeks, the website [2012-londonsummergames.org](http://2012-londonsummergames.org) defrauded over 400 people worldwide and amassed over 500,000 Euros. Christakis Ioannou was arrested in January 2012 on his return to the UK, and 17,500 Euros was found hidden in one of his shoes. In October 2012 he was sentenced to four years imprisonment, having pleaded guilty to fraud and money laundering.

In a period of five weeks  
over **400 people**  
were defrauded

# Unauthorised Ticket Resellers

**The resale of tickets is not illegal, apart from designated football matches**

The manner in which unauthorised ticket resellers obtain large numbers of tickets can be **dishonest** or **illegal**

**Of serious concern are the individuals within official bodies that, for personal gain, sell tickets in bulk to unauthorised ticket sellers**

Some NOCs and ATRs were engaged in unauthorised and illegal practices

It should be noted that the resale of tickets is not illegal, apart from those for designated football matches. However, the manner in which unauthorised ticket re-sellers obtain large numbers of tickets can be dishonest or illegal. Some of the more common ways are as follows:

- From contacts within sporting bodies, primary ticket agencies, promoters, venue operators and event sponsors.
- By using multiple identities and addresses and buying the maximum number of tickets permitted in each identity.
- By paying people to queue at box offices to buy tickets.
- By stealing tickets from box offices, venues and hotels.
- Through the use of ticket-buying 'bots', which impersonate individual visitors to ticket vendor websites and automatically make multiple ticket purchases.
- Through an online marketplace (only accessible to those engaged in the unauthorised market) where large numbers of tickets are traded.
- Purchasing tickets online using compromised credit card details.

## Operating Practices

Of concern are the individuals within official bodies that sell tickets in bulk to unauthorised ticket resellers. Some examples of this practice are as follows:

- In the BBC Panorama programme broadcast on 23 May 2011, a renowned unauthorised ticket reseller alleged that they had purchased large numbers of tickets from the then FIFA Vice President for the 2006 Football World Cup.
- During the London 2012 Olympic Games, The Sunday Times reported that a number of National Olympic Committees and Authorised Ticket Resellers (ATRs) were engaged in unauthorised and illegal practices regarding the resale of their Olympic ticket allocation.
- Prior to the Olympics, a Ukrainian Olympic official resigned, having been filmed by the BBC offering Olympic tickets for cash.

Media reports have indicated that 'fan-to-fan' websites are engaged in irregular practices. A Dispatches programme broadcast in early 2012 reported that these websites allow 'power-sellers' (professional ticket touts) to re-sell large numbers of tickets via their websites. It claimed that only a third of sales on the sites come from legitimate fans trying to re-sell tickets that they can no longer use. The programme also highlighted irregular practices by one company, including:



### Tickets directly channelled to online ticket exchange sites

- Receiving large allocations of tickets directly from concert promoters and re-selling them on their website at an inflated price, with the promoter taking the larger percentage of profit.
- Using a large number of credit cards to purchase tickets from primary ticket sales sites, and then re-selling them on their website.

Recent media articles reported that tickets for the 2013 Rolling Stones tour had been directly channelled to online ticket exchange sites. One company admitted that they sometimes obtained ticket allocations from sports teams and event organisers.

Over **200**  
unauthorised websites  
selling Olympic tickets

### Unauthorised Websites Selling Tickets

As detailed earlier, when tickets go on sale for an event, a large number of websites emerge selling tickets, creating confusion for members of the public. Prior to the London 2012 Olympic and Paralympic Games over 200 unauthorised websites selling Olympic tickets were identified.

Unauthorised websites cause significant problems for consumers by selling tickets that they have not yet sourced. Subsequently, if they fail to source the number that they have sold, some customers do not get tickets. For example, prior to the London 2012 Olympic and Paralympic Games an unauthorised ticket seller sold approximately 20,000 Olympic tickets but failed to supply a significant number. Such is the 'speculative' nature of their trading that some unauthorised sellers use 'street touts' on the day of the event to source tickets for their customers. A further issue is that the tickets sold by unauthorised sellers may not be accepted by venues because they have been re-sold in breach of the terms and conditions.

Some unauthorised sellers use 'street touts' on the day of an event to source tickets for their customers

### Street Ticket Touts

There are no official figures on the number of active ticket touts in the UK. Over the past two years Operation Podium has collated a list of over 1,000 UK-based touts, and over 100 overseas-based touts. During the London 2012 Olympic and Paralympic Games 220 people were arrested for touting London 2012 Olympic tickets. Thirteen foreign nationals known for ticket touting at previous international sporting events were stopped and searched when entering the UK prior to the Games.

Street touting is organised, with its own hierarchy. It consists of three levels:

- **Ground Workers:** The lowest level within the hierarchy, they tout for business amongst members of the public and buy and sell tickets. They do not normally have tickets in their possession prior to an event. Ground Workers lead customers away from the venue into a quiet side street to complete deals.
- **Foot Soldiers:** The middle level who work for Higher Touts. Foot Soldiers can have up to 20 tickets on them at a time. They approach Ground Workers prior to an event and inform them that they have tickets available and their prices. The Ground Workers will try to identify potential customers where they will negotiate a price, marking up the ticket from that asked by the foot

Street touting is organised and has its own hierarchy

## Ticket Crime

### 'Higher Touts' keep possession of the bulk of the tickets

British touts are prominent at sporting and music events worldwide

soldiers. Ground Workers will then collect the tickets and complete the transaction. Foot Soldiers also use Ground Workers to source spare tickets from members of the public.

- Higher Touts: The top level within the hierarchy who keep possession of the bulk of the tickets and stay away from the venue itself. Foot Soldiers will usually collect tickets from Higher Touts. However, if they are not in possession of the required tickets, they will call ahead to a Higher Tout and inform them that they have done a deal with a Ground Worker and that the Ground Worker is on their way to collect the tickets. The Higher Touts choose venues such as betting shops, pubs or hotel bars to operate from.

British ticket touts are prominent at sporting and music events worldwide. For example, at the 2011 Rugby World Cup in New Zealand over 25 British touts were selling or sourcing tickets. A group of approximately 10 British ticket touts were travelling through Europe in the summer of 2012 selling tickets outside music festivals.

# Counterfeit Tickets

### Counterfeit tickets are sold by touts outside event venues

There are no official figures on the prevalence of counterfeit tickets at sporting and music events. They are a less significant threat than ticket fraud and the unauthorised resale of tickets. Counterfeit tickets are not normally sold online but are sold by touts outside venues. Operation Podium has encountered counterfeit tickets on a number of occasions, including:

- Seizing numerous counterfeit tickets at the Champions League Final at Wembley Stadium in 2011.
- June 2011, the arrest of Bradley Roquette for producing and selling counterfeit tickets (see case study below for further details).

Prior to the Olympic and Paralympic Games Podium took enforcement action against several OCNs linked to counterfeit tickets. However, no counterfeit tickets were found during the Games themselves.

#### Case Study: Counterfeit Tickets

Bradley Roquette produced and sold counterfeit tickets to at least 22 unsuspecting victims via the Gumtree website, using a female online persona to gain their trust. He met the victims in central London locations and exchanged the counterfeit tickets for cash. He sold counterfeit tickets to various events, including to the Wimbledon Lawn Tennis Championships.

Roquette was arrested by Podium officers on 22 June 2011 as a result of a proactive operation. A warrant at his home address revealed that he had been producing tickets on his PC and printing them out on his home printer.



## Ticket Crime

The tickets were assessed as good quality counterfeits by the Lawn Tennis Association.

In November 2011 Roquette was sentenced to eight months imprisonment (suspended for two years), having pleaded guilty to five counts of fraud. He was also sentenced to 150 hours of community service, as well as being served a serious crime prevention order to prevent him from selling, distributing, and transferring tickets for all major sporting events and concerts for the next five years.

## Links to Other Criminality

### OCNs engaged in ticket crime have links to other organised crime

Intelligence suggests that OCNs engaged in ticket crime have links to other organised crime, including the importation and production of drugs, as well as the smuggling of firearms and money laundering.

Ticket crime can make OCNs large amounts of money. For example, ticket fraud made one OCN £2.3million in four months, another OCN made approximately £400,000 in five weeks. It is believed that profits from ticket crime are sometimes re-invested in criminal commodities such as drugs.

## The Impact of Ticket Crime

### Ticket fraud impacts on communities

#### Ticket Fraud

Ticket fraud impacts greatly on communities as it creates a substantial number of victims, not just in the UK but worldwide. Although many victims can reclaim money back from credit card companies, they do not get to watch the event that they wanted to see, and their credit card details are often retained by the OCN that defrauded them. The revenue raised from ticket fraud impacts on communities as it can be re-invested into further criminal enterprises.

### Members of the public are driven to the secondary ticket market

#### Unauthorised Resale of Tickets and Ticket Touting

Members of the public find it extremely difficult to buy tickets from official suppliers at face value, due to the surreptitious way that large numbers of tickets are diverted straight in to the secondary ticket market, be that websites or touts. This drives members of the public to the secondary ticket market, where they have to pay a substantial mark up on tickets. They are also at risk of being defrauded by bogus websites.

# Emerging Threats

**The absence of a regulatory or legislative framework enables fraud, dishonesty and a lack of transparency. This clearly places the public at risk.**

The closure of Operation Podium may create an environment that allows greater exploitation by ticket fraudsters and touts, and there is a danger that the progress made over the last two years in disrupting this criminality will be lost. The loss of a dedicated unit, with well established relationships and knowledge, means there is no simple policing solution, resulting in increased disenchantment on the part of victims.

The absence of a regulatory or legislative framework (apart from designated football matches) enables fraud, unscrupulous practices and a lack of transparency. This clearly places the public at risk. This matter was last considered by a Culture, Media and Sport select committee report in 2007. It is noted that, since then, the Internet has grown exponentially providing even more opportunities for fraudsters and unauthorised sellers to exploit.

This situation will not only continue but diminish further unless the market is regulated and/or legislated.

During the Olympic Games an OCN took out adverts in national newspapers in several European countries offering Olympic tickets for sale. Another OCN took out an advert in a local magazine targeting the Surrey area offering Olympic tickets for sale. Both were attempted frauds that were quickly disrupted by Operation Podium. This variation on online ticket fraud is believed to be new and may increase in the future.

The rise in the use of e-tickets causes risks as they are easy to photocopy and re-sell. The purchase of e-tickets is susceptible to credit card fraud due to the immediacy of their distribution.

# Conclusion

**The impetus for change may have to come from fans and performers**

Operation Podium's activity has highlighted issues within the ticket market, including a lack of transparency, unscrupulous practices, large-scale fraud, and links with serious organised criminal networks.

It is difficult to assess whether ticket crime has decreased due to the creation of Operation Podium. However, the small number of British ticket touts at the Olympic and Paralympic Games, the disruption of eight major ticket frauds and the lack of post games fraud allegations demonstrates that Podium's activity has had a significant impact.

The prosecution of Christakis Ioannou, Simon Maxwell, David Spanton, Gary Agar and Andrew Lagan for major ticket frauds has alerted those engaged in ticket crime that they face severe penalties if caught.

It is acknowledged that Operation Podium would not have developed its knowledge or achieved the results that it did without the support of a number of organisations, including the London Organising Committee of the Olympic and Paralympic Games and within the ticketing industry. The creation of the Major Events and Ticketing Hospitality Forum, the Ticket Agents Fraud Forum and the close relationship with the Society of Ticket Agents and Retailers enabled the police to learn from the good practice used by sections of the industry. This clearly demonstrated the benefits of police working closely with industry to prevent crime.

Operation Podium's experience is that investigating and disrupting a global crime is hampered due to jurisdictional issues and the lack of support from many overseas website hosts and registrars in undertaking disruptive action.

Should the opportunity not be taken to pass legislation outlawing or controlling the resale of tickets, or to impose regulation across the primary and secondary ticket markets, the onus will be on the ticketing industry to regulate itself. Self-regulation is unlikely to be successful, given the current lack of transparency and unscrupulous practices by some. The impetus for change may have to come from fans and performers.

# Appendix

## Tips for Consumers on How to Avoid being Defrauded

1. Only buy tickets from the official ticket seller(s) for the event you want to see.

If you buy tickets from an unauthorised ticket seller then you risk:

- Losing your money;
- Not seeing the event;
- Having your credit or debit card details compromised.

2. If a website is listed at the top of a search engine's rankings it doesn't mean that it is an official ticket seller for an event.

3. Research the website on the Internet using a search engine and find out if there are any adverse reports on it.

4. Pay for tickets by credit card. Under the Consumer Credit Act, your card issuer is jointly liable for the failure to provide goods or services if the cash price of a single ticket is over £100.

5. Check who has registered the website via an online 'whois' search.

## Operation Podium Prosecutions for Large-Scale Ticket Fraud

Defendant(s)	Details of offence
Simon MAXWELL (45 year-old male from Claygate)	Sentenced to 5 years for ticket fraud / accommodation fraud.
Christakis IOANNOU (45 year-old male from Catford))	Sentenced to 4 years for € 450,000 ticket fraud.
David SPANTON (43 year-old male from Holloway)	Sentenced to 22 months for money laundering relating to ticket fraud.
Gary AGAR (44 year-old male from Welling) Andrew LAGAN (44 year-old male from Middlesbrough)	Both sentenced to 4 years for £2.3m ticket fraud.
Matthew MOE (32 year-old male from Cambridge)	Sentenced to 8 months (suspended for 2 years) for money laundering relating to ticket fraud.

## Ticket Crime

### Legislation

- S.31 London Olympic and Paralympic Games Act 2006
- S.166 Criminal Justice and Public Order Act 1994
- S.53 Violent Crime Reduction Act 2006
- S.38 London Local Authorities Act 1990
- S.1 Theft Act 1968 (and its application in R v Marshall, Coombes & Eren [1998] 2 Cr App R 282)
- S.2 Fraud Act 2006

Under current UK law it is not illegal to re-sell tickets for concerts and sporting events (apart from designated football matches). However, it is an offence to sell items in the street without a street trading licence. Also, under the terms and conditions printed on the back of a ticket, concert promoters could choose to bring a civil prosecution against anyone reselling a ticket. Also, a person could be convicted under the Theft Act 1968, following the case of R v Marshall, Coombes and Eren 1998, for reselling a ticket to any event (proving dishonesty may be the only issue to resolve). It should also be noted that ticket touts can usually only purchase large numbers of tickets to events by employing dishonest or criminal means.