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Tech Gadgets

Politicians want to ban bot-fueled online shopping. Experts agree.

It's a good first step.

By <u>Jack Morse</u> on November 30, 2021









Must. Buy. Toys. Credit: Patrick Daxenbichler / Getty



You have to start somewhere, even if that occasionally means right back at square one.

That seems to be the thinking of a coalition of U.S. lawmakers who, on Monday, <u>reintroduced</u> <u>proposed legislation</u> seeking to prevent automated bot accounts from dominating online sales. Dubbed the <u>Stopping Grinch Bots Act</u>, the measure aims to prevent what are in effect scalpers for physical goods ahead of the holiday season.

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"New tools are needed to block cyber scammers who snap up supplies of popular toys and resell them at astronomic prices," Senator Richard Blumenthal of Connecticut, one of the bill's four Democratic sponsors, is quoted as saying in an accompanying press release.

And while the spirit of the Stopping Grinch Bots Act may be in the right place, as it was the first time it was <u>introduced in 2019</u> before dying in the House, experts who support the effort caution that, without strong follow-through from officials like the Federal Trade Commission, it may not be enough to combat a problem exemplified by <u>sold-out Nintendo Switches</u> and <u>impossible-to-score PS5s</u>.

So observed John Breyault, the vice president of public policy, telecommunications, and fraud at the consumer advocacy-focused <u>National Consumers League</u>, over email. Speaking of the similar <u>2016 Better Online Ticket Sales (BOTS) Act</u>, which was signed into law by former President Barack Obama and seeks to prevent automated ticket scalping, Breyault acknowledged the difficult task of preventing bot-powered scalping and markups.

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"While both the BOTS Act and the Stopping Grinch Bots Acts are important consumer protection bills, we would be the first to acknowledge that they aren't silver bullets to the bots problem," he said. "Whether you're talking about the BOTS Act or the Stopping Grinch Bots Act, their efficacy in addressing the bots problem is only as good as the resources devoted to enforcing them."

Indeed, without proper enforcement mechanisms measures like the Stopping Grinch Bots Act are destined to languish — that's assuming they even get signed into law in the first place. This concern, highlighted by Breyault, is based on recent history.

Specifically, the Federal Trade Commission only announced its <u>first BOTS Act-related</u> <u>enforcement action</u> in 2021. That case, which saw the FTC levy millions of dollars in fines against automated ticket resellers, is specifically what the BOTS Act was designed for. That it took years for the FTC to make such a move highlights the fact that the Stopping Grinch Bots Act, like the BOTS Act before it, won't do anyone any good if the powers it grants are rarely, if ever, used.

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Eric Budish, a professor of economics at the University of Chicago's Booth School of Business, expressed a similar thought over email. Like the NCL, Budish, who in 2019 gave an FTC keynote on the online tickets market, said he supports efforts like the Stopping Grinch Bots Acts and emphasized the importance of action.

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on the way to curtailing it. Enforcement will also be key."

According to the office of Representative Paul D. Tonko (D-NY), the bill's sponsor in the House, <u>50 percent</u> of all web traffic is generated by some form of bot.

Breyault, like Budish, emphasized that there's plenty more which needs to be done.

"As we have testified in the past, anti-bot legislation should be one part of a broader set of reforms that increase transparency and accountability in the ticketing marketplace," he said.

In other words, stopping unscrupulous bot-armed scalpers from buying up sought-after goods is something that will likely remain on many people's holiday wish list for years to come. But, with the Stopping Grinch Bots Act, at least our elected officials have made that wish explicit.

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