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Justice Dept. Clears Ticketmaster Deal

By **[BEN SISARIO](#)**

Ending a yearlong investigation, the Justice Department on Monday announced its conditions for accepting a proposed merger between [Ticketmaster](#) Entertainment and [Live Nation](#), a deal that could significantly remake the live entertainment business by combining touring, management and ticketing into one company.

The decision, widely seen as a litmus test for the Obama administration's attitude toward antitrust regulation, was greeted with cautious optimism by consumer groups who feared that the combination of the two music giants would stifle competition and lead to higher ticket prices.

Under the Justice Department's conditions, Ticketmaster must divest itself of one of its ticketing divisions and license its software to a competitor. In addition, for 10 years the combined company will be subject to what the Justice Department called "tough antiretaliation provisions" to prevent abuse of its power over concert tours, artist management, ticketing and theaters.

"After a rigorous investigation, we concluded that the transaction, as originally proposed, was anticompetitive," [Christine A. Varney](#), assistant attorney general in charge of the Justice Department's antitrust division, said in a news conference. "We were prepared to litigate this case, and I told the parties that. The required divestitures and behavioral prohibitions alleviate our concerns."

Both companies issued statements on Monday indicating that they had accepted the Justice Department's terms and completed the merger.

The deal unites two of the most powerful entities in music. In 2008, Ticketmaster sold 141 million tickets worth \$8.9 billion, and the company also owns a controlling interest in Front Line Management, whose more than 200 clients include the Eagles, [Neil Diamond](#) and [Miley Cyrus](#).

Live Nation, the world's largest concert promoter, owns or operates about 120 theaters. The combined company, to be called Live Nation Entertainment, would have an estimated \$6 billion in annual revenue.

David Balto, a former antitrust lawyer at the Justice Department who is a senior fellow at the Center for American Progress, said that the Justice Department's extensive study and tough stance reflected the changed priorities of the Obama administration.

"In the Republican administration this might have sailed through with hardly a nick," he said. "They gave a careful, thorough evaluation and took a novel approach to remedy which hopefully will work."

To preserve competition, the settlement — which is subject to approval by United States District Court in Washington — calls for Ticketmaster to sell Paciolan, a ticketing company it bought three years ago, to

[Comcast-Spectacor](#) or another firm. It must also license its ticketing software to the Anschutz Entertainment Group, whose concert division, AEG Live, is Live Nation's biggest competitor.

Timothy J. Leiweke, AEG's president and chief executive, said in a statement that the company would sell tickets for its own concerts as well as those produced by other companies.

David B. Kestenbaum, an analyst at Morgan Joseph & Company, called the ruling a big win for Live Nation Entertainment because it would be able to hold on to Front Line, which plays a significant role in setting ticket prices. But he added that the concessions, particularly the licensing of ticketing software, could be a benefit for consumers and for the industry at large. "They could go out and create a new competitor," he said.

The merger, announced last February, has faced vocal opposition from consumer groups, politicians and independent concert promoters.

"We pressed really hard to block the merger," said Sally Greenberg, executive director of the National Consumers League. "This is the next best thing. They seem to have imposed tough conditions. However, the conditions are only as tough as the enforcement, and this will require close monitoring and enforcement" by the Justice Department.

The National Consumers League, along with the American Antitrust Institute, the National Association of Ticket Brokers and other groups, have campaigned against the merger through their Web site, [TicketDisaster.org](#), which describes the merger as being "to the detriment of the average fan." In July, 50 members of the House sent a letter to Ms. Varney urging the Justice Department to oppose the deal.

Ticketmaster and Live Nation have argued that by combining they would be able to reduce inefficiencies in the marketing and presentation of live events, which would help to revive the ailing music industry and ultimately benefit consumers.

Although concerts are seen as the more profitable part of the business for performers, the margins are thin for the companies that produce and market the events. To compete with other large promoters, Live Nation often pays high fees to touring artists — 90 percent of the ticket price, or more, is common — and is left to seek most of its profit from parking, concessions and other ancillary revenue sources.

"The music business is in far worse shape than most people realize," Irving Azoff, Ticketmaster's chief executive, said last year in a hearing called by the antitrust subcommittee of the Senate Judiciary Committee. "We cannot keep doing things that no longer work. This merger will allow the live music industry to avoid repeating the mistakes of the record business."

Canadian regulators reached an agreement in parallel with the United States. The decision comes a month after British regulators approved the merger.

Tim Arango contributed reporting.

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